

**EMIRATES REEM INVESTMENTS
COMPANY P.J.S.C**

**Reports and consolidated financial statements
for the year ended 31 December 2025**

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

**Reports and consolidated financial statements
for the year ended 31 December 2025**

Table of Contents	Pages
Directors' report	1 - 4
Independent auditor's report	5 - 8
Consolidated statement of financial position	9
Consolidated statement of profit or loss	10
Consolidated statement of comprehensive income	11
Consolidated statement of changes in equity	12
Consolidated statement of cash flows	13
Notes to the consolidated financial statements	14 - 49



Directors' Report

TO THE SHARE HOLDERS



شركة الامارات ريم للاستثمار (مساهمة عامة)
Emirates Reem Investments Company P.J.S.C

Report Statement

Dear Shareholders,

On behalf of the Board of Directors of Emirates Reem Investments Company P.J.S.C Group, it is with great pride and gratitude that I present the Chairman's Report and financial statements for the year ending 31st December 2025.

This year has been marked by important achievements, robust operational performance, and strategic advancements that have strengthened our position in the market. Despite the challenges posed by the global economic environment, our company has demonstrated resilience, adaptability, and a commitment to delivering value to all stakeholders.

Operational Highlights

1. Operational Profits:

In 2025, ERIC achieved a positive operational profit, while maintaining the effectiveness of our cost optimization strategies, enhanced operational efficiencies, and disciplined execution of expansion initiatives. Our strong financial performance positions us for sustained long-term growth, reinforcing our commitment to operational excellence.

2. Revenue Growth:

ERIC's total revenue for 2025 surged to AED 192 million, marking a 33% increase compared to the previous year. This impressive expansion was fueled by:

- Increased market demand for our diverse product and service portfolio.
- Launched a new Direct Trade business vertically, enabling direct international sourcing and margin-optimized trade models across coffee, seafood, and FMCG commodities
- Launched eco-friendly paper cups and rPET products to significantly reduce plastic usage and advance sustainability goals, it marked a strategic shift towards sustainable packaging solutions, positioning the Group for future regulatory alignment and environmentally responsible growth.

3. Cost Optimization:

Through rigorous cost control measures, process automation, and operational streamlining, ERIC successfully have seen slight increase in operational expenses by 3% only, significantly enhancing our profitability. Our unwavering commitment to efficiency continues to drive sustainable, high-margin growth.

4. Emiratization:

ERIC continues to support the UAE's national Emiratization objectives and has initiated efforts to provide employment and development opportunities for Emiratis across the organization.

5. Future Growth Strategy

ERIC's management remains firm in its strategic vision for expansion and value creation. We are actively pursuing new business opportunities while implementing targeted initiatives to increase market share and strengthen our position in the UAE. Our proactive approach ensures we capitalize on upcoming opportunities, laying the groundwork for sustained success

Key Achievements

1. Strategic Partnerships

ERIC has successfully established a long-term strategic business partnership with key pillar dealers in the commodities market. This significant collaboration greatly enhances our access to a diverse portfolio of globally recognized brand products.

These agreements strengthen our market position, broaden and diversify our revenue streams, and significantly improve our capacity to seize emerging opportunities—solidifying ERIC's trajectory of sustained strategic growth.

This partnership marks a pivotal step forward in expanding our footprint and delivering greater value in the dynamic commodities landscape.

2. Product Innovation & Market Expansion

Innovation remains a cornerstone of our success. In 2025, we launched a range of new high-demand products, including:

- Tuna, Dairies, Frozen ...Etc. in addition to the existing portfolio: Water, Coffee, Tissue, Snacks, Plastic, premium food stuff ..etc. These products received overwhelming market acceptance, contributing 84% of ERIC's annual revenue. Our dedicated Research & Development (R&D) team continues to push the boundaries of innovation, ensuring our product portfolio remains at the forefront of market trends.

3. Sustainability & ESG Commitment

ERIC remains deeply committed to Environmental, Social, and Governance (ESG) principles, integrating sustainability as a core pillar of our corporate strategy. In 2025, we made significant progress towards our sustainability goals, reinforcing our long-term responsibility to ethical business practices, environmental stewardship, and social impact initiatives.

Strategic Outlook – 2026 & Beyond

As we look ahead, ERIC remains resolute in its mission to drive sustainable growth, enhance operational efficiency and create long-term value for our stakeholders. Our strategic priorities for the This coming year includes:

- Pursuing strategic equity investments and targeted acquisitions to expand market reach.
- Broadening our product portfolio to meet evolving consumer and market demands.
- Strengthening partnerships and collaborations to unlock new growth opportunities.

- Accelerating digital transformation to enhance customer experience and operational agility.
- Deepening our commitment to sustainability through responsible corporate initiatives and ESG-driven strategies.

Corporate Governance Excellence

ERIC remains fully compliant with the UAE’s corporate governance framework, ensuring transparency, accountability, and ethical business conduct. Our Corporate Governance Manual, endorsed by the Board, defines the structures and processes that govern ERIC, ensuring the highest standards of corporate integrity. This framework outlines the roles and responsibilities of key stakeholders, including:

- General Assembly of Shareholders
- Board of Directors & Board Committees
- Executive Management & Management Committees
- Internal & External Audit Functions
- Company Secretary & Governance Stakeholders

ERIC remains unwavering in its commitment to strong governance, ensuring long-term stability, investor confidence, and regulatory compliance

Acknowledgments & Conclusion

On behalf of the Board of Directors, I extend my profound gratitude to:

- His Highness Sheikh Mohammed bin Zayed bin Sultan Al Nahyan, President of the UAE, for his visionary leadership and steadfast support in the economic sector.
- His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister of the UAE, and Ruler of Dubai, for his continued guidance and contributions to national economic development.
- Our employees, customers, and shareholders are the driving force behind our achievements. None of these milestones would have been possible without their dedication, trust, and support. I extend my deepest appreciation to each of you for your contributions to ERIC’s success.

As we move forward, our strong foundation, clear strategic vision, and relentless pursuit of excellence will propel ERIC to even greater heights. Together, we will continue to build a prosperous, sustainable, and dynamic future for Emirates Reem Investments Company P.J.S.C.

Yours Faithfully,



Mohamed Haji Abdulla Husain Al Khoori

Ref: 023/122025/007115

Independent auditor's report

To,
The Shareholders
Emirates Reem Investments Company P.J.S.C
P.O. Box: 5567
Dubai, United Arab Emirates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Emirates Reem Investments company P.J.S.C (the "Parent Entity") and its subsidiaries (together referred to as "the Group"), Dubai, United Arab Emirates, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and 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 a summary of material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2024 which are shown as comparatives, were audited by another auditor who expressed an unmodified opinion on those statements on 18 March 2025.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Revenue is a material component of the Group's consolidated financial statements and is a key indicator of performance and profitability. This creates an inherent risk that revenue may be overstated to present improved financial results.

The Group recognizes revenue from the sale of goods when control is transferred to customers in accordance with its accounting policy. The determination of the timing of revenue recognition requires judgment, particularly around year-end cut-off.

Given the magnitude of revenue and the inherent risks associated with its recognition, we considered this area to be a key audit matter.

Independent auditor's report (continued)

To the Shareholders of Emirates Reem Investments company P.J.S.C Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

How our audit addressed the above key audit matter

- Evaluated the Group's revenue recognition policies and assessed whether they were applied consistently across subsidiaries with similar operations.
- Tested the design and implementation of controls over order processing, dispatch, delivery confirmation, invoicing.
- Focused specifically on the effectiveness of year-end cut-off controls given the high volume of transactions near the reporting date.
- Performed detailed substantive testing of sales recorded immediately before and after year-end by matching invoices to dispatch records, delivery notes, and shipping documents to assess whether revenue was recognized in the correct period.
- Reviewed credit notes issued after year-end to identify indicators of revenue recorded prematurely or requiring adjustment.
- Evaluated the Group's consolidation process, including the elimination of intra-group sales and alignment of cut-off procedures across entities.
- Assessed the adequacy of revenue-related disclosures in accordance with IFRS 15.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and their preparation in compliance with the applicable provisions of the articles of association of the Parent Entity and the U.A.E. Federal Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent auditor's report (continued)

To the Shareholders of Emirates Reem Investments company P.J.S.C Report on the Audit of Consolidated Financial Statements (continued)

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 error or fraud, 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 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 judgement 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the 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 period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Independent auditor's report (continued)

To the Shareholders of Emirates Reem Investments company P.J.S.C Report on the Audit of Consolidated Financial Statements (continued)

Report on Other Legal and Regulatory Requirements

Further, as required by U.A.E Federal Law No. 32 of 2021, we report that:

- (a) We have obtained all the information we considered necessary for the purpose of our audit.
- (b) The consolidated financial statements have been prepared and comply, in all material aspects, with the applicable provisions of the U.A.E. Federal Law No. 32 of 2021, and the Memorandum and Article of Association of the Parent Entity,
- (c) The Group maintained proper books of account.
- (d) The financial information included in the Directors' Report is consistent with the books of account and records of the Group.
- (e) Note 10 reflects the disclosures relating to shares purchased or invested by the Group during the financial year ended 31 December 2025,
- (f) Note 13 to the consolidated financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted, and
- (g) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2025 any of the applicable provisions of the U.A.E. Federal Law No. 32 of 2021, and the Memorandum of Association of the Parent Entity which would materially affect its activities or its consolidated financial position as at 31 December 2025.

Crowe Mak



Basil Naser
Partner
Registered Auditor Number: 5507
Dubai, United Arab Emirates
5 March 2026

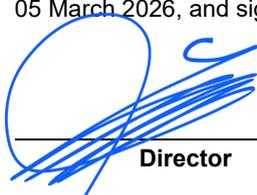


EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

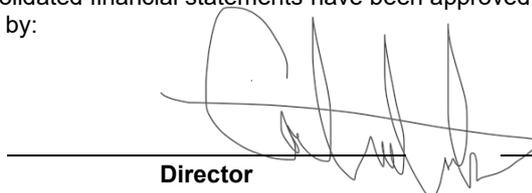
Consolidated statement of financial position as at 31 December 2025

	Notes	31 December 2025 AED	31 December 2024 AED
ASSETS			
Non-current assets			
Property, plant and equipment	5	34,249,499	29,715,238
Intangible assets	6	11,672,020	13,647,221
Goodwill	7	12,800,665	12,800,665
Investment properties	8	3,280,000	3,280,000
Right-of-use assets	9	3,355,629	3,302,845
Investment in financial assets classified as at FVOCI	10	1,916,433	1,137,863
Other receivables	12	-	2,250,000
Total non-current assets		67,274,246	66,133,832
Current assets			
Investment in financial assets classified as at FVTPL	10	25,262,688	20,912,687
Inventories	11	24,369,348	13,282,443
Trade and other receivables	12	106,391,054	44,623,402
Due from related parties	13	80,571,523	60,188,397
Cash and bank balances	14	110,439,081	207,743,767
Total current assets		347,033,694	346,750,696
Total assets		414,307,940	412,884,528
EQUITY AND LIABILITIES			
Equity			
Share capital	15	319,871,064	319,871,064
Statutory reserve	16	4,555,190	3,719,750
Fair value reserve		1,521,484	742,914
Retained earnings		26,247,517	18,388,046
Equity attributable to the Owners of the Company		352,195,255	342,721,774
Non-controlling interests	28	6,665,460	6,566,018
Total equity		358,860,715	349,287,792
Non-current liabilities			
Provision for employees' end of service benefits	17	2,863,726	2,540,188
Lease liabilities	18	2,777,468	2,533,442
Bank borrowings	20	986,979	563,962
Deferred tax liability	32	897,479	1,006,522
Total non-current liabilities		7,525,652	6,644,114
Current liabilities			
Lease liabilities	18	864,761	1,111,124
Trade and other payables	19	45,192,917	54,041,372
Bank borrowings	20	627,782	423,017
Income tax liabilities	31	1,236,113	1,377,109
Total current liabilities		47,921,573	56,952,622
Total liabilities		55,447,225	63,596,736
Total equity and liabilities		414,307,940	412,884,528

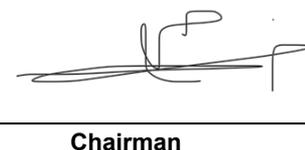
To the best of our knowledge, the consolidated financial statements included in the report fairly present in all material respects the financial condition, results of operations and cash flows of the Group as of 31 December 2025, and for the period presented in the report. The consolidated financial statements have been approved by the Board of Directors on 05 March 2026, and signed on its behalf by:



Director



Director



Chairman

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Consolidated statement of profit or loss for the year ended 31 December 2025

	Notes	2025 AED	2024 AED
Revenues	21	192,450,363	144,427,313
Less: Discount		<u>(765,707)</u>	<u>(808,950)</u>
Revenue, net		191,684,656	143,618,363
Cost of sales	22	<u>(151,631,672)</u>	<u>(109,738,054)</u>
Gross profit		40,052,984	33,880,309
Selling and distribution expenses	23	(20,999,188)	(13,151,036)
General and administrative expenses	24	<u>(17,201,475)</u>	<u>(10,490,090)</u>
Operating profit		1,852,321	10,239,183
Finance cost		(480,157)	(408,386)
Finance income		5,081,115	11,248,955
Gain on sale of property, plant and equipment		84,339	17,867
Rental income		142,857	142,857
Gain on sale of investment	10	-	64,962
Fair value gain / (loss) on investment in financial assets classified as at FVTPL	10	4,350,001	(10,349,176)
Other expenses		<u>(1,185,441)</u>	<u>(362,095)</u>
Profit before tax		9,845,035	10,594,167
Income tax	32	<u>(1,050,682)</u>	<u>(563,282)</u>
Net profit for the year		<u>8,794,353</u>	<u>10,030,885</u>
Profit for the year attributable to:			
Owners of the parent entity		8,694,911	9,926,044
Non-controlling interests		<u>99,442</u>	<u>104,841</u>
		<u>8,794,353</u>	<u>10,030,885</u>
Basic and diluted earnings per share	25	0.027	0.031
Other comprehensive income that will not be reclassified to statement of profit or loss			
Fair value gain / (loss) on investment in financial assets classified as at FVOCI	10	<u>778,570</u>	<u>(73,195)</u>
Total comprehensive income for the year, net of tax		<u>9,572,923</u>	<u>9,957,690</u>
Total comprehensive income, net of tax, attributable to:			
Owners of the parent entity		9,473,481	9,852,849
Non-controlling interests		<u>99,442</u>	<u>104,841</u>
		<u>9,572,923</u>	<u>9,957,690</u>

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Consolidated statement of changes in equity for the year ended 31 December 2025

	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Non-controlling interests	Total equity
	AED	AED	AED	AED		AED
Balance at 31 December 2023	319,871,064	2,727,146	816,109	9,454,606	-	332,868,925
Profit for the year	-	-	-	9,926,044	104,841	10,030,885
Additions from business combination	-	-	-	-	6,461,177	6,461,177
Other comprehensive loss for the year	-	-	(73,195)	-	-	(73,195)
Total comprehensive income for the year	-	-	(73,195)	9,926,044	104,841	9,957,690
Transfer to statutory reserve	-	992,604	-	(992,604)	-	-
Balance at 31 December 2024	<u>319,871,064</u>	<u>3,719,750</u>	<u>742,914</u>	<u>18,388,046</u>	<u>6,566,018</u>	<u>349,287,792</u>
Profit for the year	-	-	-	8,694,911	99,442	8,794,353
Other comprehensive income for the year	-	-	778,570	-	-	778,570
Total comprehensive income for the year	-	-	778,570	8,694,911	99,442	9,572,923
Transfer to statutory reserve	-	835,440	-	(835,440)	-	-
Balance at 31 December 2025	<u>319,871,064</u>	<u>4,555,190</u>	<u>1,521,484</u>	<u>26,247,517</u>	<u>6,665,460</u>	<u>358,860,715</u>

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Consolidated statement of cash flows for the year ended 31 December 2025

	Notes	2025 AED	2024 AED
Cash flows from operating activities			
Profit before tax		9,845,035	10,594,167
Adjustments for:			
Gain on disposal of property, plant and equipment		(84,339)	(17,867)
Finance cost		338,538	408,386
Dividend income from investment securities		(85,743)	(59,543)
Depreciation of property, plant and equipment	5	4,664,113	3,316,183
Amortisation of intangible assets	6	1,975,201	1,176,216
Depreciation of right-of-use assets	9	1,213,132	1,511,932
Fair value loss on investment in financial assets classified as at FVTPL	10	(4,350,001)	10,349,176
Provision for obsolete inventories	11	241,101	108,717
Finance income	12	(5,081,115)	(11,248,955)
Provision for expected credit loss	12	75,000	227,500
Provision for employees' end of service benefits	17	534,633	637,203
Gain on disposal of investment in financial assets		-	(64,962)
Operating cash flows before movements in working capital		9,285,555	16,938,153
Decrease/(increase) in inventories		(11,328,006)	1,070,443
Increase in trade and other receivables		(60,220,646)	(5,338,075)
Decrease/(increase) in amount due from related parties		(20,383,126)	(52,133,050)
(Decrease)/increase in trade and other payables		(8,848,455)	10,995,780
Cash used in operations		(91,494,678)	(28,466,749)
Employees' end of service benefits paid	17	(211,095)	(290,880)
Income tax paid		(1,300,721)	-
Net cash used in operating activities		(93,006,494)	(28,757,629)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(8,119,542)	(1,570,296)
Proceeds from sale of property, plant and equipment		84,339	96,763
Dividend income received		85,743	59,543
Finance income received		5,709,109	14,803,588
Decrease in fixed deposits	14	74,177,119	43,448,759
Acquisition of subsidiaries	27	-	(11,550,000)
Proceeds from disposal of investment	10	-	3,819,759
Purchase of investment	10	-	(1,678,692)
Cash acquired from a new subsidiary on acquisition		-	253,462
Net cash generated from investing activities		71,936,768	47,682,886
Cash flows from financing activities			
Finance cost paid		(338,538)	(408,386)
Repayment of lease liability	18	(1,268,253)	(1,406,016)
Repayment of short-term loan	20	(451,050)	(101,847)
Net cash used in financing activities		(2,057,841)	(1,916,249)
Net (decrease)/increase in cash and cash equivalents		(23,127,567)	17,009,008
Cash and cash equivalents at the beginning of the year		35,482,701	18,473,693
Cash and cash equivalents at the end of the year	14	12,355,134	35,482,701
Non-cash transactions			
Property, plant and equipment acquired under bank borrowings		1,078,832	-
Additional right-of-use assets arising from new lease arrangement		1,265,916	-
Net assets acquired from the new subsidiaries	27	-	16,553,849
Unpaid portion of purchase price of new subsidiaries	19	-	3,850,000

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025

1 General information

Emirates Reem Investments Company P.J.S.C, Dubai (the "Parent Entity") is a public joint stock company registered and incorporated under license no. 300050 under a decree issued by His Highness the Ruler of Dubai. The Parent Entity is listed on the Dubai Financial Market.

The principal activities of the Group are bottling and selling mineral water as well as manufacturing plastic bottles and containers and trading in tissues, snacks, carbonated drinks, cereals, coffee, dates and juice. The Parent Entity has a plant located in Hatta, U.A.E. The Parent Entity markets, distributes and sells its products across the U.A.E., other Middle East countries and Africa.

The registered office of the Parent Entity is located at P.O. Box: 5567, Dubai, United Arab Emirates.

These consolidated financial statements incorporate the operating results of the commercial license no. 300050 and the following subsidiaries, which together comprise the Group:

Name of Subsidiaries	Effective Ownership		Country of Incorporation	Principal Activities
	2025	2024		
Evergreen Plastic Products Manufacturing L.L.C. Emirates Refreshments L.L.C.	100%	100%	U.A.E.	Manufacturing of plastic caps, lids, bottles and containers. Trading of mineral water, juice, soft drinks and carbonated drinks
Worldwide General Trading L.L.C. (a)	55%	55%	U.A.E.	Wholesale and retail sale of foodstuff trading and general trading
Pallets General Trading L.L.C. (a)	55%	55%	U.A.E.	Wholesale and retail sale of foodstuff trading and general trading
Jeema Refreshments L.L.C. (b)	0%	100%	U.A.E.	Trading of mineral water, juice, soft drinks and carbonated drinks

- a) Effective 1 October 2024, the Group acquired 55% equity interest in Worldwide General Trading LLC and Pallet General Trading LLC, for a total consideration of AED 15.4 million which was accounted for using the acquisition method under IFRS 3. The new acquisitions are limited liability companies, registered and incorporated in Abu Dhabi, United Arab Emirates.
- b) The Management intended not to renew the trade license of Jeema Refreshments L.L.C and canceled the same on 16 January 2025. The subsidiary has no transactions since its inception.

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

<u>New and revised Standards</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 21 Lack of exchangeability	1 January 2025

2.2 New and revised Standards in issue but not yet effective

The Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised Standards in issue but not yet effective (continued)

<u>New and revised Standards</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of assets between an Investor and its Associate or Joint Venture:	No effective date set
Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026
Amendments to IFRS 9 Financial Instruments and IFRS 7 Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to the Classification and Measurement of Financial Instrument- Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 18 Presentation and Disclosure in Consolidated Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

Management anticipates that, apart from IFRS 18, the above-mentioned standards will not have any significant impact on these consolidated financial statements.

3 Material accounting policy information

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

3.2 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Current/Non-Current Classification

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

Expected to be realised or intended to sold or consumed in normal operating cycle or held primarily for the purpose of trading or expected to be realised within twelve months after the reporting year, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting year, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year.

The Group classifies all other liabilities as non-current.

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policy information (continued)

3.2 Basis of preparation (continued)

the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

3.3 Basis of consolidation

The consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries. Control is achieved when the Parent:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.4 Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the consolidated statement of profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except:

- Deferred tax assets or liabilities in accordance with IAS 12;
- Assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 19;
- Liabilities or equity instruments related to share-based payment arrangements measured in accordance with IFRS 2; and
- Assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policy information (continued)

3.4 Business combination (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), then the excess is recognised immediately in the consolidated statement of profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that does not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Another contingent consideration is re-measured to fair value at subsequent reporting dates with changes in fair value recognised in the consolidated statement of profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in the consolidated statement of comprehensive income are reclassified to the consolidated statement of profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3.5 Functional currency

These consolidated financial statements are presented in Arab Emirati Dirham, which is the Group's functional currency.

3.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or the Groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.7 Revenue recognition

The Group has applied the following accounting policy in the preparation of its consolidated financial statements.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policy information (continued)

3.7 Revenue recognition (continued)

For contracts determined to be within the scope of revenue recognition, the Group is required to apply a five-step model to determine when to recognise revenue, and at what amount.

The Group recognises revenue from contracts with customers based on the five-step model set out in IFRS 15:

Step 1: Identify the contract(s) with a customer:

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify the performance obligation in the contract

A performance obligation is a unit of accounts and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price

The transaction price is the amount of consideration the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract

For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

The Group satisfies a performance obligation and recognises revenue over time, when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Performance obligation

Sale of goods

Sale of goods is recognised when the Group has transferred to the buyer the control over the goods supplied. Control is generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

Rental income

Rental income from operating leases of the Group's investment properties is recognised on a straight-line basis over the term of the lease.

3.8 Leases

The Group leases various items of motor vehicle. Rental contracts are typically made for fixed periods of 2 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policy information (continued)

3.8 Leases (continued)

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represents substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- it has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- it has the right to direct the use of the asset.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group's incremental borrowing rate can be used.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentive receivables,
- variable lease payment that is based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest in the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the year.

The lease liability is presented as a separate line in the statement of financial position.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

They are subsequently measured at cost less accumulated depreciation and impairment losses.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policy information (continued)

3.8 Leases (continued)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated using straight-line method from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the property, plant and equipment policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

3.9 Foreign currencies

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the consolidated profit or loss in the period in which they arise.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned from the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.11 Employee benefits

End of service indemnity

Provision is made for the full amount of end of service indemnity due to non-U.A.E. national employees in accordance with the applicable Labour Law and is based on current remuneration and their period of service at the end of the reporting year.

3.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policy information (continued)

3.12 Taxation (continued)

that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences, and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale. The Director of the Group reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the Director has determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.13 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income when incurred.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policy information (continued)

3.13 Property, plant and equipment (continued)

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation is recognized on a straight-line basis to write-down the cost less estimated residual value of property and equipment other than freehold land. The following estimated useful lives are applied:

	<u>Useful lives</u>
Building and improvements	3 – 22 years
Plant, machinery and equipment	2 – 15 years
Furniture and fixtures	2 – 9 years
Transport vehicles	2 – 9 years

3.14 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognise

3.15 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The following useful life is used in the calculation of amortization:

	<u>Useful lives</u>
Customer relationships	5 – 10 years

3.16 Impairment of tangible and intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policy information (continued)

3.16 Impairment of tangible and intangible assets (continued)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Raw materials

The cost of raw materials includes insurance, freight and other incidental charges incurred in acquiring the inventories and bringing them to their present location and condition. Valuation of the raw material is determined on a weighted average cost basis.

Finished goods

The cost of finished goods is arrived at on a weighted average cost basis and includes cost of direct materials and direct labour plus an appropriate share of production overheads based on normal operating capacity.

Spares and consumables

Cost is determined on a weighted average cost basis and comprises the purchase cost of such materials.

3.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policy information (continued)

3.18 Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.19 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.20 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial instruments that meet the following conditions are measured subsequently at amortised cost:

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

Financial instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, amounts due from customers under construction contracts, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments.

The Group always recognises lifetime ECL for trade receivables, amounts due from customers under construction contracts (contract assets) and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policy information (continued)

3.20 Financial assets (continued)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Receivables

Receivables were non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables (including trade and other receivables), bank balances and cash and others were measured at amortised cost using the effective interest method, less any impairment.

Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity was recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that was no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income was allocated between the part that continues to be recognised and the part that was no longer recognised on the basis of the relative fair values of those parts.

3.21 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3 Material accounting policy information (continued)

3.21 Financial liabilities and equity instruments (continued)

Equity instruments

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

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, which are described in Note 3 to these consolidated financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements and estimates made by management have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

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

4.1 Critical judgements in applying accounting policies

Classification of property

In the process of classifying property, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property, property and equipment and/or property held for resale. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property and equipment and property held for resale. In making its judgment, management considered the detailed criteria and related guidance for the classification of property as set out in IAS 2 Inventories, IAS 16 Property and Equipment and IAS 40 Investment Property, in particular, the intended usage of property as determined by management.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries on which it sells its goods and services to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors. The Group has recognised a loss allowance rate for each ageing bucket against trade receivables.

Business model assessment

Classification and measurement of financial assets depend on the results of the SPPI and the business model test (please see financial assets sections of Note 3.19). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The lifetime ECL on trade receivables as of 31 December 2025 amounted to AED 4.06 million (2024: AED 3.99 million). ECL is not recognized for cash in bank and due from related parties as the ECL is deemed immaterial (2024: nil) (Note 12).

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

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

4.2 Key sources of estimation uncertainty (continued)

Impairment of property, plant and equipment and right of use assets

Property, plant and equipment and right of use assets are assessed for impairment based on assessment of cash flows on individual cash generating units when there is indication of impairment. Cash flows are determined based on contractual agreements and estimations over the useful life of the assets and discounted using a range of discount rates representing the rate of return on such cash generating units. The net present values are compared to the carrying amounts to assess any probable impairment. Management is satisfied that no impairment provision is necessary on property, plant and equipment and right of use assets.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value which necessarily involves making numerous estimates and assumptions regarding revenue growth, operating margins, appropriate discount rates and working capital requirements. These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material.

The Group has conducted a sensitivity analysis of the impairment test by changing key assumptions used to determine the recoverable amount of cash-generating units to which goodwill is allocated. It concluded that any reasonably possible change in the key assumptions on which the recoverable amount of Goodwill is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related cash-generating units (Note 7).

Fair value of investment properties

The fair value of investment properties is determined by the management and by an independent professional valuer. The valuation techniques adopted comprise the income capitalization approach and discounted cash flow. The valuations were prepared in accordance with the Royal Institution of Chartered Surveyors "RICS" valuation standards. The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the consolidated statement of financial position date.

Such estimation is based on certain assumptions, which are subject to uncertainty and may differ from the actual results. Following are the key valuation inputs and sensitivity analysis:

Following are the key valuation inputs and sensitivity analysis:	Valuation technique	Significant unobservable inputs	Assumptions and data
Year 2025 and 2024	Investment value approach	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 10.5% to 11% (2024: 10.5% to 11%) Monthly market rent, taking into account differences in location, and individual factors, such as size, between the comparables and the property, at an average of AED 14 per square feet (2024: AED 14 per square feet).	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa. A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

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

4.2 Key sources of estimation uncertainty (continued)

Fair value of identifiable assets and liabilities

As stated in Note 27, the identifiable assets acquired, and the liabilities assumed in business combination are recognised at their fair value. In estimating the fair value of an asset or a liability, the Group engaged third party valuation specialists to perform the valuation. The underlying assumptions and estimates in assessing the fair values are as detailed within Note 29.

Provision for obsolescence on inventories

Management reviews the movement in ageing and movements of its inventory items to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in the consolidated statement of profit or loss, management makes judgements as to whether there is any observable data indicating that future stability of the product and the net realisable value for such product and expired or close to expiry raw material and finished goods. The provision for slow moving inventories as at 31 December 2025 amounted to AED 5.12 million (2024: AED 4.88 million) (Note 11).

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements
for the year ended 31 December 2025 (continued)

5 Property, plant and equipment

	Building and improvements	Plant, machinery and equipment	Furniture and fixtures	Transport vehicles	Capital work in-progress	Total
	AED	AED	AED	AED	AED	AED
Cost						
As at 31 December 2023	19,614,436	52,889,994	1,357,226	290,228	55,431	74,207,315
Additions from business combination (Note 27)	1,360,872	1,094,926	52,751	1,682,888	-	4,191,437
Additions during the year	133,002	1,172,954	103,686	-	160,654	1,570,296
Disposal during the year	-	-	(361,208)	(257,719)	-	(618,927)
As at 31 December 2024	21,108,310	55,157,874	1,152,455	1,715,397	216,085	79,350,121
Additions during the year	503,478	5,778,943	344,218	1,165,953	1,671,146	9,463,738
Disposals during the year	-	(984,053)	(54,704)	(228,738)	(216,085)	(1,483,580)
At 31 December 2025	21,611,788	59,952,764	1,441,969	2,652,612	1,671,146	87,330,279
Accumulated depreciation						
As at 31 December 2023	8,068,629	37,514,523	1,242,068	33,511	-	46,858,731
Charge for the year	754,654	2,323,737	45,997	191,795	-	3,316,183
Disposals during the year (Note 31)	-	-	(360,499)	(179,532)	-	(540,031)
As at 31 December 2024	8,823,283	39,838,260	927,566	45,774	-	49,634,883
Charge for the year	879,687	3,023,198	118,189	643,039	-	4,664,113
Disposals during the year (Note 31)	-	(984,053)	(54,472)	(179,691)	-	(1,218,216)
At 31 December 2025	9,702,970	41,877,405	991,283	509,122	-	53,080,780
Carrying value as at 31 December 2025	11,908,818	18,075,359	450,686	2,143,490	1,671,146	34,249,499
Carrying value as at 31 December 2024	12,285,027	15,319,614	224,889	1,669,623	216,085	29,715,238

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

5 Property, plant and equipment (continued)

Depreciation for the year has been allocated in the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 AED	2024 AED
Cost of sales (Note 22)	2,737,446	2,477,982
Selling and distribution expenses (Note 23)	824,367	182,405
General and administrative expenses (Note 24)	1,102,300	655,796
	<u>4,664,113</u>	<u>3,316,183</u>

During the year, the Group disposed of certain items of property, plant and equipment relating to the Hatta Plant. The assets were derecognized upon disposal, and the resulting gain/loss was recognized in profit or loss. The disposal did not have a material impact on the Group's operations.

6 Intangible assets

	2025 AED	2024 AED
Cost		
Balance at the beginning of the year	15,202,557	4,549,443
Additions from business combination (Note 27)	-	10,653,114
	<u>15,202,557</u>	<u>15,202,557</u>
	2025 AED	2024 AED
Accumulated amortization		
Balance at the beginning of the year	1,555,336	379,120
Amortization for the year (Note 24)	1,975,201	1,176,216
	<u>3,530,537</u>	<u>1,555,336</u>
Carrying amount	<u>11,672,020</u>	<u>13,647,221</u>

Customer relationships are intangible assets acquired through business combinations. The customer relationships intangible assets have useful life of 5-10 years (2024: 5-10 years).

7 Goodwill

	2025 AED	2024 AED
Balance at the beginning of the year	12,800,665	5,297,658
Additions from business combination (Note 27)	-	7,503,007
	<u>12,800,665</u>	<u>12,800,665</u>

The carrying amount of goodwill for each subsidiary acquired is as follows:

	2025 AED	2024 AED
Evergreen Plastic Products Manufacturing L.L.C.	5,297,658	5,297,658
Worldwide General Trading L.L.C.	5,537,613	5,537,613
Pallets General Trading L.L.C.	1,965,394	1,965,394
	<u>12,800,665</u>	<u>12,800,665</u>

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

7 Goodwill (continued)

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the cash generating units ("CGUs") has been determined based on their value in use calculated using cash flow projections based on financial budgets approved by management covering five-year period and discount rate of 16-19% (2024: 16-19.5%) per annum calculated by weighted average cost of capital ("WACC").

The key assumptions used by management in setting financial budgets for the five-year period for all the CGUs were as follows:

Forecast sales growth rates

Forecast sales growth rates area based on past experience adjusted for future trends in the relevant industries.

Operating profits

Operating profits are forecasted based on historical experience of operating margins, adjusted for the impact of for future trends in the relevant industries.

Cash flows beyond that five-year period have been extrapolated using a steady 5 - 7.8% (2024: 5-7%) growth rate per annum.

The steady growth rate of 5 - 7.8% (2024: 5-7%) is estimated by the Directors of the Group based on past performance of the CGU and their expectations of market development. The Directors estimate that a decrease in growth rate by 1.0% (2024: 1.0%) would not reduce the headroom in the CGU to nil and would not result in an impairment charge.

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for the cash generating unit ("CGU") to which goodwill is allocated. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

8 Investment properties

Investment properties consist of warehouses located on leasehold land in Fujairah, with a carrying amount of AED 3,280,000 in 2025 and 2024, respectively.

Investment properties are stated at fair value, which have been determined based on valuations performed by an accredited independent valuer with a recognized and relevant professional qualification and with recent experience in the location and category of investment properties being valued. The valuation techniques adopted comprise the investment value method (2024: investment value method). The valuations were prepared in accordance with the Royal Institution of Chartered Surveyors "RICS" valuation standards.

Refer to Note 4 for the key assumptions used and sensitivity analysis. The investment properties are categorized under level 3 in the fair value hierarchy (Note 29). All investment properties are located in the United Arab Emirates. The Group earned rental income for the year of AED 0.14 million (2024: AED 0.14 million). Expenses incurred on the lease during the year is AED 0.03 million (2024: AED 0.03 million).

9 Right-of-use of assets

	2025 AED	2024 AED
Balance at the beginning of the year	3,302,845	4,814,777
Additions during the year (Note 18)	1,265,916	-
Depreciation for the year	(1,213,132)	(1,511,932)
	<u>3,355,629</u>	<u>3,302,845</u>

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

9 Right-of-use of assets (continued)

The Group has lease contracts for various items of motor vehicles used in its operations. The average lease term is 2-5 years (2024: 2–5 years).

Depreciation for the year has been allocated in the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 AED	2024 AED
Selling and distribution expenses (Note 23)	1,105,457	1,399,104
General and administrative expenses (Note 24)	107,675	112,828
	<u>1,213,132</u>	<u>1,511,932</u>

10 Investment in financial assets

Financial assets carried at fair value through profit or loss and through other comprehensive income are as follows:

	2025 AED	2024 AED
Financial assets carried at fair value through profit and loss (FVTPL)		
Equity instruments – quoted	<u>25,262,688</u>	<u>20,912,687</u>
Financial assets carried at fair value through other comprehensive income (FVOCI)		
Equity instruments – quoted	<u>1,916,433</u>	<u>1,137,863</u>

The current/non-current classification of the investments in financial assets is as follows:

	2025 AED	2024 AED
FVTPL investments		
Current	<u>25,262,688</u>	<u>20,912,687</u>
FVOCI investments		
Non-current	<u>1,916,433</u>	<u>1,137,863</u>
Quoted securities		
FVTPL investments		
Balance at the beginning of the year	20,912,687	33,337,968
Additions during the year	-	1,678,692
Disposal during the year	-	(3,819,759)
Gain on disposal of investment	-	64,962
Changes in fair value	<u>4,350,001</u>	<u>(10,349,176)</u>
	<u>25,262,688</u>	<u>20,912,687</u>
FVOCI investments		
Balance at the beginning of the year	1,137,863	1,211,058
Changes in fair value	<u>778,570</u>	<u>(73,195)</u>
	<u>1,916,433</u>	<u>1,137,863</u>

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

10 Investment in financial assets (continued)

These investments in equity securities are listed on Abu Dhabi Securities Exchange and Dubai Financial Markets Stock Exchange. The fair value of the quoted equity securities is determined by reference to quoted market prices at the close of business at the reporting date.

Dividend income from the equity securities amounting to AED 0.09 million (2024: AED 0.06 million) is included in the consolidated statement of profit or loss under finance income.

11 Inventories

	2025 AED	2024 AED
Raw materials	4,418,611	7,496,131
Finished goods	21,637,522	7,296,177
Spare parts	3,085,525	2,918,762
Others	345,455	448,037
	<u>29,487,113</u>	<u>18,159,107</u>
Less: allowance for slow moving inventories	<u>(5,117,765)</u>	<u>(4,876,664)</u>
	<u>24,369,348</u>	<u>13,282,443</u>

Movement in provision for slow moving inventories are as follows:

	2025 AED	2024 AED
Balance at the beginning of the year	4,876,664	2,933,679
Charge for the year (Note 23)	241,101	108,717
Additions from business combination	-	2,332,561
Write-off for the year	-	(498,293)
	<u>5,117,765</u>	<u>4,876,664</u>

12 Trade and other receivables

	2025 AED	2024 AED
Current		
Trade receivables	61,360,610	34,506,127
Less : Allowance for expected credit losses	<u>(4,062,723)</u>	<u>(3,987,723)</u>
Trade receivables, net	<u>57,297,887</u>	<u>30,518,404</u>
Advances to suppliers	37,786,908	6,336,489
Prepayments	2,685,736	1,697,779
Refundable deposits	2,545,400	889,916
Accrued interest receivable	922,773	1,464,830
VAT receivables	-	273,988
Other receivables	<u>5,152,350</u>	<u>3,441,996</u>
	<u>106,391,054</u>	<u>44,623,402</u>
Non-current		
Other receivables	<u>-</u>	<u>2,250,000</u>

The average contractual credit period on rendering services is 60 days (2024: 60 days). No interest is charged on other current assets. The Group has determined the allowance for credit loss on the basis of past history and analysis of capacity of customers to make future payments.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

12 Trade and other receivables (continued)

Before accepting any new customer, the Group assesses the potential credit quality of the customer. At the end of the year, an amount of AED 20.52 million (2024: AED 10.35 million), excluding the credit impaired customers, of total trade receivables is due from the Group's 10 major customers.

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	Collectively assessed AED	Individually Assessed AED	Total AED
As at 31 December 2023	268,821	1,891,402	2,160,223
Additions from business combination	1,600,000	-	1,600,000
Net remeasurement of loss allowance	85,219	142,281	227,500
As at 31 December 2024	1,954,040	2,033,683	3,987,723
Net remeasurement of loss allowance (Note 24)	75,000	-	75,000
As at 31 December 2025	2,029,040	2,033,683	4,062,723

Other receivables include AED 2.25 million classified as current from the sale of Dibba Plant operations (2024: AED 4.50 million) (Note 31).

	Past Due					Total AED
	Current AED	31 - 60 AED	61 - 90 AED	>91 AED	Individually assessed AED	
31 December 2025						
Average expected credit loss rate	0%	0%	0%	27%	100%	7%
Estimated total gross carrying amount at default	46,563,819	3,212,122	2,112,914	7,438,072	2,033,683	61,360,610
Lifetime ECL	-	1,108	759	2,027,173	2,033,683	4,062,723
31 December 2024						
Average expected credit loss rate	-	0%	0%	33%	100%	10%
Estimated total gross carrying amount at default	11,554,081	6,576,373	7,873,511	6,468,479	2,033,683	34,506,127
Lifetime ECL	-	315	1,059	1,952,666	2,033,683	3,987,723

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

13 Related parties

The Group, in the ordinary course of business, entered into a variety of transactions at agreed terms and conditions, with companies, entities or individuals that fall within the definition of a related party as defined in IAS 24 Related Party Disclosures. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise major shareholders, key management personnel, Board of Directors and their related companies.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

13 Related parties (continued)

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

	2025 AED	2024 AED
Due from related parties under common control	80,571,523	60,188,397
FVTPL investments	25,262,688	20,912,687

Significant transactions with related parties are as follows:

	2025 AED	2024 AED
Sales to related parties	33,278,694	66,617,239
Payment of expenses on behalf of a related party	1,440,801	716,090
Purchases of goods and services from a related party	149,403	3,069,698
Purchases of goods & services from related party	51,364	-
Disposal of FVTPL investments	-	3,819,759
Purchase of FVTPL investments	-	1,678,692

Key management personnel compensation for the year is as follows:

	2025 AED	2024 AED
Short-term benefits	600,000	574,000
Provision towards employees terminal benefits	25,750	174,243
Board remuneration & sitting fees	1,070,000	480,000
	1,695,750	1,228,243

14 Cash and bank balances

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are comprised for the following:

	2025 AED	2024 AED
Short-term deposits	98,083,947	172,261,066
Cash at bank – current accounts	11,586,884	35,211,912
Cash on hand	589,966	162,715
Other cash equivalents	178,284	108,074
Cash and bank balances	110,439,081	207,743,767
Less: Fixed deposits with original maturity of more than three months but less than 1 year	(98,083,947)	(172,261,066)
Cash and cash equivalents in the consolidated statement of cash flows	12,355,134	35,482,701

Finance income recognized for the year related to fixed deposits, and amounted to AED 4.92 million (2024: AED 11.25 million).

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

14 Cash and bank balances (continued)

In accordance with IFRS 9, balances with banks are assessed to have low credit risk of default, as these banks are highly regulated by the Central Bank of the U.A.E. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group has assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

15 Share capital

The share capital of the Parent Entity consists of fully paid ordinary shares with a par value of AED 1 each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Group.

	2025 AED	2024 AED
Issued and fully paid-up	319,871,064	319,871,064
319.87 million ordinary shares of AED 1.00 each		

16 Statutory reserves

In accordance with the U.A.E. Federal Law No. (32) of 2021 and the Parent Company's Articles of Association, a minimum of 10% of the profit of the Group is to be allocated annually to a non-distributable statutory reserve. Such allocations may be ceased when the statutory reserve becomes equal to 50% of the share capital.

17 Provision for employees' end of service benefits

	2025 AED	2024 AED
Balance at the beginning of the year	2,540,188	1,899,171
Additions from business combination (Note 27)	-	294,694
Charge for the year	534,633	637,203
Payments made during the year	(211,095)	(290,880)
	2,863,726	2,540,188

18 Lease liabilities

	2025 AED	2024 AED
Balance at the beginning of the year	3,644,566	4,764,641
Additions during the year (Note 9)	1,265,916	-
Finance cost	232,437	285,941
Payments during the year	(1,500,690)	(1,406,016)
	3,642,229	3,644,566
Presented as:		
Current	864,761	1,111,124
Non-current	2,777,468	2,533,442
	3,642,229	3,644,566

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

19 Trade and other payables

	2025 AED	2024 AED
Trade payables	34,865,151	41,660,859
Accrued expenses and other payables	9,351,738	3,896,333
VAT Payable - net	797,474	-
Advances from customers	178,554	153,119
Due to non-controlling interest owner	-	8,331,061
	<u>45,192,917</u>	<u>54,041,372</u>

The average credit period taken is 90 days (2024: 90 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit frame. No interest is charged on trade and other payables.

Due to non-controlling interest owner as at 31 December 2024 pertains to AED 3.85 million payable relating to the acquisition of Worldwide General Trading L.L.C. and Pallets General Trading L.L.C. and AED 4.48 million advance received from such owner to support the operations of those subsidiaries.

20 Bank borrowing

Bank borrowing pertains to loans obtained from financial institutions to purchase transport vehicles, included under property, plant and equipment (Note 5). The vehicles are held as collateral against the borrowings. The movement is as follows:

	2025 AED	2024 AED
Balance at the beginning of the year	986,979	-
Additions from business combination (Note 27)	-	1,088,826
Additions during the year	1,078,832	-
Payments made during the year	(451,050)	(101,847)
	<u>1,614,761</u>	<u>986,979</u>
Presented as:		
Current	627,782	423,017
Non-current	986,979	563,962
	<u>1,614,761</u>	<u>986,979</u>

The bank borrowing interest, and had interest rates ranging from 3.69% to 3.99%, amounted to AED 0.11 million (2024: AED 0.21 million).

21 Revenue

	2025 AED	2024 AED
Income from sale of goods recognized at a point in time	192,450,363	144,427,313
	<u>192,450,363</u>	<u>144,427,313</u>

Geographical markets:

	2025 AED	2024 AED
U.A.E.	180,895,558	132,180,467
Outside the U.A.E.	11,554,805	12,246,846
	<u>192,450,363</u>	<u>144,427,313</u>

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

22 Cost of sales

	2025 AED	2024 AED
Direct materials	138,135,307	97,741,086
Staff costs	4,298,466	4,154,993
Utilities expenses	4,185,495	3,756,050
Depreciation of property, plant and equipment (Note 5)	2,737,446	2,477,982
Maintenance expenses	806,468	677,900
Legal and professional fees	93,512	23,885
Rental expenses	55,286	151,968
Other expenses	1,319,692	754,190
	<u>151,631,672</u>	<u>109,738,054</u>

23 Selling and distribution expenses

	2025 AED	2024 AED
Staff cost	7,201,853	3,829,960
Rental expenses	4,892,134	3,624,604
Fuel and lubricant	1,630,877	1,175,128
Sales commissions	1,474,996	594,154
Marketing expense	1,141,314	503,812
Depreciation of right-of-use assets (Note 9)	1,105,457	1,399,104
Depreciation of property, plant and equipment (Note 5)	824,367	182,405
Transportation	801,801	555,821
Insurance	392,022	257,731
Allowance for slow-moving inventories (Note 11)	241,101	108,717
Maintenance	208,456	72,313
Utilities	177,235	140,638
Other expenses	907,575	706,649
	<u>20,999,188</u>	<u>13,151,036</u>

24 General and administrative expenses

	2025 AED	2024 AED
Staff cost	10,351,488	5,975,067
Amortization of intangible assets (Note 6)	1,975,200	1,176,216
Legal and professional fees	1,270,808	506,673
Depreciation of property, plant and equipment (Note 5)	1,102,300	655,796
Rental expenses	601,466	-
IT expenses	399,804	281,192
Utilities	189,696	39,151
Licenses fees	126,889	299,905
Maintenance	121,950	35,830

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

24 General and administrative expenses (continued)

	2025 AED	2024 AED
Depreciation on right-of-use assets (Note 9)	107,675	112,828
Insurance	79,240	94,279
Expected credit loss for trade receivables (Note 12)	75,000	227,500
Other expenses	799,959	1,085,653
	<u>17,201,475</u>	<u>10,490,090</u>

25 Basic and diluted earning per share

Basic earnings per share amounts are calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year. There are no dilutive securities, therefore diluted earnings per share is the same as basic earnings per share.

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

	2025 AED	2024 AED
Number of shares in issue	<u>319,871,064</u>	<u>319,871,064</u>
Profit for the year attributable to Owners of the Parent Entity (AED)	<u>8,694,911</u>	<u>9,926,044</u>
Earnings from continuing operations for the purpose of basic earnings per share	<u>8,694,911</u>	<u>9,926,044</u>
Basic and diluted earnings per share (AED)	<u>0.027</u>	<u>0.031</u>

26 Contingencies and commitments

	2025 AED	2024 AED
Letter of guarantees	<u>105,000</u>	<u>105,000</u>
Capital commitments	<u>64,010</u>	<u>291,504</u>

27 Business combination under IFRS 3

Worldwide General Trading LLC and Pallets General Trading LLC

Effective 1 October 2024, the Group acquired 55% equity interest in Worldwide General Trading LLC ("Worldwide") and Pallets General Trading LLC ("Pallets") (the "acquired group"), which are engaged in the wholesale and retail sale of foodstuff trading and general trading, to expand its reach and capabilities in the fast moving consumer goods ("FMCG") sector. The total consideration for the acquisition was AED 15.4 million, which was accounted for using the acquisition method under IFRS 3, Business Combinations.

The goodwill recognised from this acquisition is primarily attributable to expected synergies from combining operations, including enhanced distribution networks, increased market penetration, and integration of complementary product lines. Additionally, it encompasses intangible assets that do not qualify for separate recognition, such as the assembled workforce and potential for future growth. Other factors contributing to the goodwill include the strategic value of entering new markets and leveraging the established customer base of the acquired group.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

27 Business combination under IFRS 3 (continued)

Identifiable assets acquired and liabilities assumed

The amount of the identifiable assets and liabilities of the acquired group were as follows:

	2024 AED
Non-current assets	
Property, plant and equipment	4,191,437
Identifiable intangible assets	10,653,114
Total non-current assets	<u>14,844,551</u>
Current assets	
Inventories	4,557,036
Trade and other receivables	12,770,594
Due from related parties	3,763,270
Fixed deposits	10,000
Cash and bank balances	253,462
Total current assets	<u>21,354,362</u>
Total assets	<u><u>36,198,913</u></u>
Non-current liabilities	
Provision for employees' end of service benefits	294,694
Deferred tax liabilities	1,033,783
Total non-current liabilities	<u>1,328,477</u>
Current liabilities	
Trade and other payables	16,168,443
Bank borrowings	1,088,826
Due to related party	2,843,760
Income tax payable	411,237
Total current liabilities	<u>20,512,266</u>
Total liabilities	<u><u>21,840,743</u></u>
Identifiable net assets acquired	14,358,170
Less: non-controlling interests	<u>(6,461,177)</u>
Proportionate share of identifiable net assets acquired	7,896,993
Purchase consideration	<u>(15,400,000)</u>
Goodwill	
Worldwide General Trading L.L.C.	5,537,613
Pallets General Trading L.L.C.	1,965,394
Total Goodwill (Note 7)	<u><u>7,503,007</u></u>
	2024 AED
Net cash outflow arising on acquisition:	
Total purchase consideration	15,400,000
Unpaid consideration as at 31 December 2024	(3,850,000)
Less: cash and cash equivalent balances acquired	(253,462)
	<u><u>11,296,538</u></u>
Increase in net assets acquired on completion of purchase price allocation (PPA)	<u><u>11,486,483</u></u>

In 2024, the fair value of the financial assets includes trade and other receivables with a fair value of AED 12.8 million and a gross contractual value of AED 14.4 million. The best estimate at acquisition date of the contractual cash flows not to be collected is AED 1.6 million.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

27 Business combination under IFRS 3 (continued)

Non-controlling interests are initially measured at proportionate share. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

28 Non-wholly owned subsidiaries that have material non-controlling interests

The table below shows the summarized financial position of the of non-wholly owned subsidiaries of the Group, being Worldwide and Pallets, that have material non-controlling interests.

The summarized financial information below represents amounts before intragroup eliminations.

	2025 AED	2024 AED
Current assets	<u>45,381,920</u>	<u>23,618,103</u>
Non-current assets	<u>4,448,078</u>	<u>3,235,588</u>
Current liabilities	<u>44,093,498</u>	<u>22,088,077</u>
Non-current liabilities	<u>1,380,211</u>	<u>289,726</u>
Profit for the year	<u>220,983</u>	<u>232,980</u>
Total comprehensive income for the year	<u>220,983</u>	<u>232,980</u>

The movement of non-controlling interest as at 31 December 2025 are as follows:

	2025 AED	2024 AED
Non-controlling interest		
Acquired from business combination (note 27)	6,566,018	6,461,177
Share of comprehensive income for the year	<u>99,442</u>	<u>104,841</u>
Total non-controlling interest	<u>6,665,460</u>	<u>6,566,018</u>

29 Financial risk management

Financial instruments classification

The Group's financial assets are classified at amortized cost pertaining to cash and bank balances, related party balances and trade receivables and investment in financial assets classified as FVPTL and FVTOCI. The Group's financial liabilities at amortised cost pertain to trade and other payables, bank borrowings and lease liabilities.

Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern through the optimization of the debt and equity balances. The Group does not have a formalized optimal target capital structure or target ratios in connection with its capital risk management objectives.

The capital structure of the Group consists of cash and cash equivalents and equity (comprising of share capital, additional paid in capital, legal reserve and retained earnings).

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

29 Financial risk management (continued)

Financial risk management objectives

The Group is exposed to the following risks related to financial instruments - credit risk, liquidity risk and market risks (equity price risk and interest rate risk). The Group has not framed formal risk management policies; however, the risks are monitored by management on a continued basis. The Group does not enter into or trade in financial instruments, derivative financial instruments, for speculative purposes.

The Group does not have any significant exposure to foreign currency risk as all of its assets are denominated in AED.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and arises principally from the Group's trade and other receivables and bank balances. The Group has adopted a policy of only dealing with creditworthy counterparties, however significant revenue is generated by dealing with high profile customers, for whom the credit risk is assessed to be low. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. Bank balances are assessed to have low credit risk of default since these banks are highly regulated by the U.A.E Central Bank.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations generally approximates their carrying value. Trade and other receivables and balances with banks are not secured by any collateral.

As at 31 December 2025, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimize credit risk, the Group has tasked its Management to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis on recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >91-365 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >365 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the Group's financial assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

29 Financial risk management (continued)

	Notes	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
					AED	AED	AED
31 December 2025							
Due from related parties	13	N/A	i	Lifetime ECL	80,571,523	-	80,571,523
Trade receivables	12	N/A	i	Lifetime ECL	61,360,610	(4,062,723)	57,297,887
Cash and bank balances	14	AA	N/A	12-month ECL	110,439,081	-	110,439,081
31 December 2024							
Due from related parties	13	N/A	i	Lifetime ECL	60,188,397	-	60,188,397
Trade receivables	12	N/A	i	Lifetime ECL	34,506,127	(3,987,723)	30,518,404
Cash and bank balances	14	AA	N/A	12-month ECL	207,743,767	-	207,743,767

- i. For trade receivables and due from related parties, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group always measures the loss allowance for trade receivables and due from related parties at an amount equal to lifetime ECL.

Liquidity risk management

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared, and adequate utilisation of borrowing facilities are monitored, including the need for additional borrowings, as required. Based on the cash flow forecast prepared by the Group, which specifically take into account the forecast operating cash flows, and other strategic plans of the Group, management is of the view that the Group will meet its liabilities as and when they fall due.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables exceed the current cash outflow requirements. Cash flows from trade and other receivables are all due within three months.

	Less than 1 year AED	More than 1 year AED	Total AED
31 December 2025			
Trade and other payables (excluding advances from customers and tax payables)	44,216,889	-	44,216,889
Bank borrowing	627,782	986,979	1,614,761
Lease liabilities	864,761	2,777,468	3,642,229
	<u>45,709,432</u>	<u>3,764,447</u>	<u>49,473,879</u>

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

29 Financial risk management (continued)

Liquidity risk management (continued)

	Less than 1 year AED	More than 1 year AED	Total AED
31 December 2024			
Trade and other payables (excluding advances from customers and tax payables)	53,888,252	-	53,888,252
Bank borrowing	423,017	563,962	986,979
Lease liabilities	1,111,124	2,533,442	3,644,566
	<u>55,422,393</u>	<u>3,097,404</u>	<u>58,519,797</u>

Market risk

The Group's activities expose it primarily to the financial risks of changes in equity prices and interest rates.

During the year, there has been no change in the Group's exposure to market risks or the manner in which it manages and measures the risk.

Equity price risks

The Group is exposed to equity price risks arising from quoted equity investments. Quoted equity investments are held for strategic purposes and trading purposes.

The Group monitors the risk of changes in equity prices by sensitivity analysis taking 100 basis points change due to the volatile nature of the market in which the securities are listed.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 100 basis points higher/lower, the Group's equity and the corresponding value of investment securities would increase/decrease by AED 0.22 million (2024: increase/decrease by AED 0.22 million) as a result of Group's investment in financial assets classified as FVTPL and FVTOCI.

The Group's sensitivity to equity prices has increased significantly from the prior year due to the increase in the quoted investments portfolio.

Fair value estimation

Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Group include investment securities, trade and other receivables, cash and bank balances and amounts due from related parties. Financial liabilities of the Group include trade and other payables, lease liabilities and bank borrowing.

The fair values of financial instruments are not materially different from their carrying values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

29 Financial risk management (continued)

Fair value estimation (continued)

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy for the years ended 31 December 2025 and 31 December 2024.

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
31 December 2025				
Investment in financial assets	<u>27,179,121</u>	<u>-</u>	<u>-</u>	<u>27,179,121</u>
31 December 2024				
Investment in financial assets	<u>22,050,550</u>	<u>-</u>	<u>-</u>	<u>22,050,550</u>

Fair value measurement of non-financial assets

Fair value of investment properties has been determined by an independent valuer (the "Valuer") using market value approach, based on the current property market condition in the UAE. The market has been assessed by the Expert and certain internal data has been provided by the management; therefore, the fair valuation falls under level 3. The following are the valuation technique and fair value hierarchy as at 31 December 2025 and 2024:

	Fair value AED	Fair value hierarchy	Valuation technique	Sensitivity Analysis
Investment properties	3,280,000 (2024: 3,280,000)	Level 3	Investment value approach (2024: Investment value approach)	A slight increase in the capitalization rate and estimated net operating income (NOI) would result in a significant decrease in fair value, and vice versa.

30 Operating segment information

The Group has three reportable segments, as described below, which are aligned with the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Board of Directors review internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- Operations segment, which involves the segment of bottling, plastic manufacturing, distribution and trading of mineral water, tissues, snacks, carbonated drink, cereals and juices trading; and
- Corporate segment, which involves investing activities of the Group; and
- Land and building leasing segment, which involves the segment of leasing investment property warehouses

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports reviewed by the Group's executive management.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment relative to other entities that operate within these industries.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

30 Operating segment information (continued)

Consolidated statement of profit or loss for the year ended 31st December 2025:

	Operations	Corporate	Land and building leasing	Eliminations	Group
	AED	AED	AED	AED	AED
Revenue from external customers (net)	191,684,656	-	-	-	191,684,656
Intersegment revenue	15,049,655	-	-	(15,049,655)	-
Cost of sales	(166,645,986)	-	-	15,014,314	(151,631,672)
Gross profit	40,088,325	-	-	(35,341)	40,052,984
Selling and distribution expenses	(20,999,188)	-	-	-	(20,999,188)
General and administrative expenses	(17,201,475)	-	-	-	(17,201,475)
Finance costs	-	(480,157)	-	-	(480,157)
Finance income	-	5,081,115	-	-	5,081,115
Rental income	-	-	142,857	-	142,857
Gain on sale of property, plant and equipment	84,339	-	-	-	84,339
Fair value gain on investment in financial assets classified as at FVTPL	-	4,350,001	-	-	4,350,001
Other expenses	(1,185,441)	-	-	-	(1,185,441)
Profit before tax	786,560	8,950,959	142,857	(35,341)	9,845,035
Income tax	(1,050,682)	-	-	-	(1,050,682)
Net profit for the period	(264,122)	8,950,959	142,857	(35,341)	8,794,353

Consolidated statement of profit or loss for the year ended 31st December 2024:

	Operations	Corporate	Land and building leasing	Eliminations	Group
	AED	AED	AED	AED	AED
Revenue from external customers (net)	143,618,363	-	-	-	143,618,363
Intersegment revenue	3,433,869	-	-	(3,433,869)	-
Cost of sales	(113,171,923)	-	-	3,433,869	(109,738,054)
Gross profit	33,880,309	-	-	-	33,880,309
Selling and distribution expenses	(13,151,036)	-	-	-	(13,151,036)
General and administrative expenses	(10,490,090)	-	-	-	(10,490,090)
Finance costs	-	(408,386)	-	-	(408,386)
Finance income	-	11,248,955	-	-	11,248,955
Rental income	-	-	142,857	-	142,857
Gain on sale of property, plant and equipment	17,867	-	-	-	17,867
Gain on sale of investment	-	64,962	-	-	64,962
Fair value loss on investment in financial assets classified as at FVTPL	-	(10,349,176)	-	-	(10,349,176)
Other expenses	(362,095)	-	-	-	(362,095)
Profit before tax	9,849,955	556,355	142,857	-	10,594,167
Income tax	(563,282)	-	-	-	(563,282)
Net profit for the period	9,286,673	556,355	142,857	-	10,030,885

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

30 Operating segment information (continued)

Consolidated statement of financial position as at 31st December 2025:

	Operations	Corporate	Land and building leasing	Eliminations	Group
	AED	AED	AED	AED	AED
Total current assets	223,687,059	123,346,635	-	-	347,033,694
Total non-current assets	62,077,813	1,916,433	3,280,000	-	67,274,246
Total assets	<u>285,764,872</u>	<u>125,263,068</u>	<u>3,280,000</u>	<u>-</u>	<u>414,307,940</u>
Total liabilities	<u>55,447,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,447,225</u>

Consolidated statement of financial position as at 31 December 2024:

	Operations	Corporate	Land and building leasing	Eliminations	Group
	AED	AED	AED	AED	AED
Total current assets	159,851,492	193,173,753	-	(6,274,549)	346,750,696
Total non-current assets	61,715,969	1,137,863	3,280,000	-	66,133,832
Total assets	<u>221,567,461</u>	<u>194,311,616</u>	<u>3,280,000</u>	<u>(6,274,549)</u>	<u>412,884,528</u>
Total liabilities	<u>69,871,285</u>	<u>-</u>	<u>-</u>	<u>(6,274,549)</u>	<u>63,596,736</u>

During the year ended 31 December 2025, revenue from customers located in the Parent Entity's country of domicile (U.A.E.) is AED 180.9 million (2024: AED 132.2 million) and revenue from customers outside U.A.E. (foreign customers) is AED 11.6 million (2024: AED 12.2 million).

Major customers

The Group made sales of AED 33.3 million to a related party, which represents 16% of the total sales for the year ended 31 December 2025 (2024: AED 53.5 million). There were no other customers of the Group with revenues greater than 10% of the total revenue of the Company during the years ended 31 December 2025 and 2024.

31 Taxation

Corporate income tax

On 9 December 2022, the UAE Ministry of Finance (MOF) released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal Corporate Tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023. As the Group's accounting year ends on 31 December, the first tax period will be the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to have been substantively enacted for the purposes of accounting for Income Taxes.

Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Group.

On the 6 February 2025, the UAE released the legislation introducing a Domestic Minimum Top-up Tax ("DMTT") for multinational enterprises ("MNEs"), through the publication of Cases, Provisions, Conditions, Rules, Controls, and Procedures on the Imposition of Top-up Tax on Multinational Enterprises which is applicable from 1 January 2025.

EMIRATES REEM INVESTMENTS COMPANY P.J.S.C

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

31 Taxation (continued)

Tax expenses for the year ended 31 December 2025 are as follows:

	2025 AED	2024 AED
Corporate Income tax:		
Current year	1,159,725	965,872
Deferred tax	(109,043)	(402,590)
	<u>1,050,682</u>	<u>563,282</u>

The charge for the year can be reconciled to the profit before tax as follows:

	2025 AED	2024 AED
Profit before tax from continuing operations	9,845,035	10,594,167
Tax at the corporation tax rate of 9 %	886,053	953,475
Effect of fair value accounting and capital assets adjustments	70,072	-
Tax effect of income not taxable in determining taxable profit	(75,217)	(47,399)
Effect of expenses that are not deductible in determining taxable profit	85,130	-
Reversal of deferred tax liability	-	(375,329)
Changes in unrecognized deferred tax assets	84,644	32,535
Tax expense for the year	1,050,682	563,282

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current period.

Deferred tax liabilities relate to the following:

	2025 AED	2024 AED
Intangible Assets		
Beginning of the year	1,006,522	375,329
Acquired in business combination (Note 27)	-	1,033,783
Charged to profit or loss	(109,043)	(402,590)
	<u>897,479</u>	<u>1,006,522</u>

32 Reclass note

Certain comparative figures have been reclassified to conform to the current year's presentation. These reclassifications have no impact on the previously reported profit, total assets, total liabilities, or equity.

33 Events after the reporting period

There are no significant events after the reporting period which affect the financial statements or disclosures.

34 Approval of consolidated financial statements

The consolidated financial statements were approved by the Directors and authorized for issue on 05 March 2026.