

**National Central Cooling Company PJSC
and its subsidiaries**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Consolidated financial statements 31 December 2025

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL CENTRAL COOLING COMPANY PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of National Central Cooling Company PJSC (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise of the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by 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), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NATIONAL CENTRAL COOLING COMPANY PJSC continued**

Report on the Audit of the Consolidated Financial Statements continued

Key audit matters continued

Revenue recognition

The Group generates revenue from its contracts with customers for the supply of chilled water and associated value chain in the UAE, Bahrain, and Oman through its controlled subsidiaries. A significant proportion of the Group's revenues and profits is derived from long-term contracts including lease arrangements.

Revenue from the supply of chilled water is recognized over time. The Group has applied judgement in classification of certain long-term customer contracts as operating or finance leases depending on the terms and conditions of the contracts.

Revenue from the value chain business is recognized over time for supervision and design of district cooling networks and at point in time for the sale of related equipment.

The Group's revenue recognition accounting policy is included in note 2.3.2 to the consolidated financial statements.

The Group recognised revenue of AED 2,456 million for the year ended 31 December 2025. Revenue recognition is considered a key audit matter given the Group's varied nature of revenue arrangements and the magnitude of the amounts involved.

The audit procedures performed over this key audit matter include the following:

- We obtained an understanding of the business process flow and performed walkthroughs to understand the key processes and identify key controls;
- We assessed the relevant controls over revenue to determine if they had been designed and implemented appropriately and tested these controls to determine if they were operating effectively;
- We performed procedures to assess whether the revenue recognition criteria adopted by Group is appropriate and in accordance with the Group's accounting policy and the requirements of the IFRS Accounting Standards;
- We performed analytical procedures including data analytics on major revenue streams to test transaction initiation to recording process and compared the major revenue streams to prior year results;
- We obtained the key items and representative sample of revenue transactions and tested their occurrence, accuracy and recognition, by tracing them back to supporting documents;
- We recalculated the finance lease income, on a sample basis, with reference to the respective lease models; and
- We assessed the disclosure in the consolidated financial statements relating to revenue recognition for compliance with the requirements of the IFRS Accounting Standards.



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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NATIONAL CENTRAL COOLING COMPANY PJSC continued**

Report on the Audit of the Consolidated Financial Statements continued

Other information

Other information consists of the information included in the Group's Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available 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. When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and in compliance with the applicable provisions of the Memorandum of Association of the Company and the UAE Federal Law No. (32) of 2021, as amended, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the Group's financial reporting process.



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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NATIONAL CENTRAL COOLING COMPANY PJSC continued**

Report on the Audit of the 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 fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NATIONAL CENTRAL COOLING COMPANY PJSC continued**

Report on the Audit of the Consolidated Financial Statements continued

Auditor's responsibilities for the audit of the consolidated financial statements continued

- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NATIONAL CENTRAL COOLING COMPANY PJSC continued**

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (32) of 2021, as amended, we report that for the year ended 31 December 2025:

- i) the Group has maintained proper books of account;
- ii) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021, as amended, and the Memorandum of Association of the Company;
- iv) investments in shares are included in note 12 and 13 to the consolidated financial statements and include the purchases and investments made by the Group during the year ended 31 December 2025;
- v) note 30 reflects material related party transactions and the terms under which they were conducted;
- vi) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended 31 December 2025 any of the applicable provisions of the UAE Federal Law No. (32) of 2021, as amended, or of its Memorandum of Association which would materially affect its activities or its consolidated financial position as at 31 December 2025; and
- vii) note 1 reflects the social contributions made during the year.

Further, as required by the Resolution of the Chairman of the Abu Dhabi Accountability Authority No. (88) of 2021 regarding financial statements Audit Standards for the Subject Entities, we report that, in connection with our audit of the consolidated financial statements for the year ended 31 December 2025, nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the consolidated financial statements as at 31 December 2025:

- i) Its Memorandum of Association or Law of Establishment which would materially affect its activities or its consolidated financial position as at 31 December 2025; and
- ii) Relevant provisions of the applicable laws, resolutions and circulars organising the Group's operations.

For Ernst & Young

Ahmad Al Dali
Registration No. 5548

12 February 2026
Abu Dhabi, United Arab Emirates

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Consolidated statement of profit or loss
For the year ended 31 December 2025

	<i>Notes</i>	2025 AED '000	2024 AED '000
Revenue	3	2,456,325	2,431,622
Direct costs	6.1	(1,378,445)	(1,354,332)
Gross profit		1,077,880	1,077,290
Provision for expected credit losses on trade receivables	20	(872)	(2,478)
Administrative and other expenses	6.2	(285,156)	(281,730)
Operating profit		791,852	793,082
Finance costs	5	(260,039)	(215,263)
Finance income		30,556	40,893
Other (losses) and gains, net	6.4	(17,585)	5,965
Share of results of associates and joint ventures, net	12, 13	2,254	37,598
Profit before tax		547,038	662,275
Income tax expense	14	(51,138)	(59,523)
Profit for the year		495,900	602,752
Attributable to:			
Equity holders of the Company		465,344	570,219
Non-controlling interests	9	30,556	32,533
		495,900	602,752
Total basic and diluted earnings per share attributable to ordinary equity holders of the Company (AED)	7	0.16	0.20

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
**Consolidated statement of comprehensive income
For the year ended 31 December 2025**

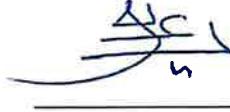
	<i>Notes</i>	2025 AED '000	2024 AED '000
PROFIT FOR THE YEAR		495,900	602,752
Other comprehensive (loss) income:			
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent years, net of tax:</i>			
Net movement in fair value of derivatives in cash flow hedges		(54,240)	(113,022)
Share of other comprehensive income (loss) income of associates and joint ventures	12,13	(29,851)	12,146
Exchange difference on translation of foreign operations		(5,614)	(2,297)
Other comprehensive loss for the year, net of tax		(89,705)	(103,173)
TOTAL COMPREHENSIVE INCOME, NET OF TAX		406,195	499,579
Attributable to:			
Equity holders of the Company		375,639	467,046
Non-controlling interests		30,556	32,533
		406,195	499,579

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
**Consolidated statement of financial position
At 31 December 2025**

	Notes	2025 AED '000	2024 AED '000
ASSETS			
Non-current assets			
Capital work in progress	10	244,896	306,576
Property, plant and equipment	11	4,472,483	4,449,578
Right-of-use assets	17	254,393	252,936
Intangible assets	15	3,878,804	3,981,139
Investments in associates and joint ventures	12,13	1,723,813	622,420
Finance lease receivables	16	2,331,598	2,444,732
Long term deposits	18	10,663	9,538
		<u>12,916,650</u>	<u>12,066,919</u>
Current assets			
Inventories		84,950	74,195
Trade and other receivables	20	584,949	613,635
Finance lease receivables	16	339,649	338,440
Bank balances and cash	21	654,990	1,022,776
		<u>1,664,538</u>	<u>2,049,046</u>
Total assets		<u>14,581,188</u>	<u>14,115,965</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	22	2,845,271	2,845,271
Treasury shares	23	(6,352)	(3,314)
Statutory reserve	24	675,318	625,728
Retained earnings		2,609,553	2,831,012
Foreign currency translation reserve		(5,979)	(365)
Cash flow hedge reserve		(38,866)	45,225
Equity attributable to the equity holders of the Company		<u>6,078,945</u>	<u>6,343,557</u>
Non-controlling interests	9	593,303	618,313
Total equity		<u>6,672,248</u>	<u>6,961,870</u>
Liabilities			
Non-current liabilities			
Trade and other payables	29	354,081	352,353
Interest bearing loans and borrowings	25	128,098	133,380
Islamic financing arrangements	26	1,607,436	-
Non-convertible bonds and sukuk	27	4,389,682	1,824,082
Deferred tax liabilities	14	351,180	360,941
Lease liabilities	19	126,438	139,944
Employees' end of service benefits	28	53,598	50,179
		<u>7,010,513</u>	<u>2,860,879</u>
Current liabilities			
Trade and other payables	29	591,887	679,028
Income tax payable	14	57,570	63,912
Interest bearing loans and borrowings	25	17,178	1,911,230
Islamic financing arrangements	26	180,061	640,666
Non-convertible bonds and sukuk	27	-	946,466
Lease liabilities	19	51,731	51,914
		<u>898,427</u>	<u>4,293,216</u>
Total liabilities		<u>7,908,940</u>	<u>7,154,095</u>
Total equity and liabilities		<u>14,581,188</u>	<u>14,115,965</u>



Dr. Bakheet Al Katheeri
Chairman



Dr. Yousif Al Hammadi
Interim Chief Executive Officer



Adel Al Wahedi
Chief Financial Officer

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Consolidated statement of changes in equity
At 31 December 2025

	<i>Attributable to equity holders of the Company</i>						<i>Cumulative changes in fair value of derivatives in cash flow hedges AED '000</i>	
	<i>Share capital AED '000</i>	<i>Treasury shares AED '000</i>	<i>Statutory reserve AED '000</i>	<i>Retained earnings AED '000</i>	<i>Foreign currency translation reserve AED '000</i>	<i>Total AED '000</i>	<i>Non-controlling interests AED '000</i>	<i>Total equity AED '000</i>
At 1 January 2024								
Profit for the year	2,845,261	(3,296)	565,453	2,762,076	1,932	146,101	6,317,527	6,943,242
Other comprehensive loss for the year				570,219		(2,297)	570,219	602,752
Total comprehensive income (loss) for the year				570,219		(2,297)	(103,173)	(103,173)
Transfer to statutory reserve			60,275	(60,275)				
Dividends paid to shareholders (note 8)				(441,016)			(441,016)	(441,016)
Dividend paid to non-controlling interests (note 9.1)							(27,832)	(27,832)
Additional minority contribution in a subsidiary							7,897	7,897
Repayment of shareholder contribution to non-controlling interest							(20,000)	(20,000)
Other movements	10	(18)		8				
At 31 December 2024	2,845,271	(3,314)	625,728	2,831,012	(365)	45,225	6,343,557	6,961,870
At 1 January 2025								
Profit for the year	2,845,271	(3,314)	625,728	2,831,012	(365)	45,225	6,343,557	6,961,870
Other comprehensive loss for the year				465,344	(5,614)	(84,091)	465,344	495,900
Total comprehensive income (loss) for the year				465,344	(5,614)	(84,091)	(89,705)	(89,705)
Transfer to statutory reserve			49,590	(49,590)			(625,308)	(625,308)
Dividends paid to shareholders (note 8)				(625,308)			(4,643)	(4,643)
Dividend paid to non-controlling interests (note 9.1)							1,699	1,699
Additional minority contribution in a subsidiary							(5,481)	(5,481)
Derecognition of non-controlling interests on exercise of put option (note 9)							(9,622)	(15,103)
Repayment of shareholder contribution to non-controlling interest							(43,000)	(43,000)
Buy back of shares (note 23)		(3,038)		(6,424)			(9,462)	(9,462)
At 31 December 2025	2,845,271	(6,352)	675,318	2,609,553	(5,979)	(38,866)	6,078,945	593,303
								6,672,248

The attached notes 1 to 34 form part of these consolidated financial statements.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

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

		Year ended 31 December	
		2025	2024
	Notes	AED '000	AED '000
OPERATING ACTIVITIES			
Profit before tax		547,038	662,275
<i>Non-cash adjustments:</i>			
Depreciation of property, plant and equipment	11	209,061	202,665
Depreciation of right-of-use assets	17	32,900	31,077
Amortisation of intangible assets	15	108,443	112,181
Finance lease income	3	(231,034)	(238,803)
Share of results of associates and joint ventures	12,13	(2,254)	(37,598)
Provision for employees' end of service benefits	28	7,745	8,572
Other income and charges		17,585	(5,965)
Provision for impairment of trade receivables	20	872	2,478
Finance income		(30,556)	(40,893)
Finance costs	5	260,039	215,263
		919,839	911,252
<i>Changes in working capital changes:</i>			
Inventories		(10,755)	(4,502)
Trade and other receivables		(61,949)	1,047
Trade and other payables		(135,252)	(66,858)
Net cash generated from operations		711,883	840,939
Lease rentals received	16	357,175	351,676
Income tax paid	14	(62,732)	-
Employees' end of service benefits paid	28	(4,326)	(3,651)
Net cash flows generated from operating activities		1,002,000	1,188,964
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	(45,753)	(20,263)
Payments for capital work in progress		(140,739)	(196,413)
Payments for intangible assets		(6,108)	(40,058)
Proceeds from disposal of interest in joint ventures	13	-	17,468
Proceeds from disposal of interest in associates	12	6,039	-
Investment in joint venture	13	(1,190,000)	-
Dividend received from joint ventures	13	2,500	11,000
Dividend received from associates	12	43,878	10,288
Long term deposits (placed)/ matured		(1,125)	4,771
Finance income received		38,769	36,102
Net cash flows used in investing activities		(1,292,539)	(177,105)
FINANCING ACTIVITIES			
Interest bearing loans and borrowings drawn		911,600	104,883
Interest bearing loans and borrowings repaid		(2,815,875)	(104,343)
Sukuk repurchased	27	(947,503)	(767,545)
Proceeds from issuance of sukuk		2,570,750	-
Islamic financing arrangement received		1,800,613	-
Islamic financing arrangement repaid		(641,306)	-
Principal portion of lease payments	19	(48,046)	(51,219)
Finance cost paid on lease liabilities	19	(10,937)	(12,413)
Finance cost paid		(225,291)	(187,299)
Additional minority contribution in subsidiary		1,699	7,897
Dividends paid to shareholders	8	(625,308)	(441,016)
Repayment of shareholder contribution to non-controlling interest		(43,000)	(20,000)
Dividends paid to non-controlling interests		(4,643)	(27,832)
Net cash flows used in financing activities		(77,247)	(1,498,887)
Net decrease in cash and cash equivalents		(367,786)	(487,028)
Cash and cash equivalents at 1 January		1,022,776	1,509,804
Cash and cash equivalents at 31 December	21	654,990	1,022,776

(13)

The attached notes 1 to 34 form part of these consolidated financial statements.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements

31 December 2025

1 General information

National Central Cooling Company PJSC (“Tabreed” or the “Company”) is registered in the United Arab Emirates as a Public Joint Stock Company pursuant to the UAE Federal Law No. (32) of 2021, as amended, and is listed on the Dubai Financial Market. The Company’s registered office is located at P O Box 32444, Dubai, United Arab Emirates.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are supply of chilled water, operation and maintenance of plants, construction of secondary networks, manufacturing of pre-insulated pipes and design and supervision consultancy. Activities of subsidiaries are described in note 9 to the consolidated financial statements.

The Group’s non-convertible bonds and sukuk are listed in the London Stock Exchange (note 26). The Group has made social contributions of AED 0.4 million during the year (2024: AED 0.4 million).

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 12 February 2026.

2.1 Basis of preparation

Statement of compliance

The consolidated financial statements are prepared under the historical cost basis, except for derivative financial instruments which are measured at fair value.

Accounting convention

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”), IFRIC Interpretations and applicable requirements of the laws in the UAE.

The consolidated financial statements have been presented in United Arab Emirates Dirham (“AED”) which is the reporting currency of the Group and the functional currency of the Company. All values are rounded to the nearest thousand (AED '000) except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025 over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the consolidated financial statements
31 December 2025

2.2 Basis of consolidation (continued)

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

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

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

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

For changes in ownership interests the Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in retained earnings within equity attributable to owners.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in consolidated statement of profit or loss.

This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated statement of profit or loss.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES**Notes to the consolidated financial statements****31 December 2025****2.3 Material accounting policies information**

The principal accounting policies applied by the Group in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.3.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

In business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in the consolidated profit or loss. If the Group has previously recognised changes in the value of its equity interest in the acquiree in other comprehensive income, it will reclassify this to consolidated profit or loss on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in consolidated statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of profit or loss.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the consolidated financial statements
31 December 2025

2.3 Material accounting policies information (continued)

2.3.1 Business combinations and goodwill (continued)

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

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS Accounting Standard.

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, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.3.2 Revenue recognition

The Group recognizes revenue from the following major sources:

- Supply of chilled water
- Rendering of services
- Interest income

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

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify the performance obligations in the contract: A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the consolidated financial statements
31 December 2025

2.3 Material accounting policies information (continued)

2.3.2 Revenue recognition (continued)

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: Recognize revenue when (or as) the entity satisfies a performance obligation: The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which the performance obligation is satisfied.

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

(a) Supply of chilled water

Revenue from supply of chilled water comprises the following principle services:

Capacity revenue: represents availability of the service and performance obligation is satisfied over time as the customers make use of the service and network. The billing is done monthly in arrears.

Consumption revenue: represents revenue from consumption of the output of assets used by the customers. Revenue is recognised over time. The billing is done monthly in arrears.

(b) Rendering of services (value chain business)

This mainly represents supervision and design services provided to customers. Revenue from services is recognised as services are rendered. Revenue is recognised over time using the output method.

(c) Interest income

Interest income including interest on finance lease receivable is recognised as the interest accrues using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial asset. For details on finance lease refer to note 16. Finance income on finance lease receivables is included in revenue due to its operating nature.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the consolidated financial statements
31 December 2025

2.3 Material accounting policies information (continued)

2.3.3 Foreign currencies

The consolidated financial statements are presented in AED, which is the parent Company's functional and presentation currency. The functional currency is the currency of the primary economic environment in which an entity operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented United Arab Emirates Dirham (AED), which is functional currency of the Company and its material subsidiaries.

(b) Transactions and balances

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

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

All differences are taken to the consolidated statement of profit or loss with the exception of monetary items that provide an effective hedge of a net investment in a foreign operation. These are recognised in the consolidated statement of comprehensive income until the disposal of the net investment, at which time the cumulative amount is reclassified/recycled to the consolidated statement of profit or loss.

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

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(c) Group companies

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the consolidated financial statements
31 December 2025

2.3 Material accounting policies information (continued)

2.3.4 Capital work in progress

Capital work in progress is recorded at cost incurred by the Group for the construction of the plants and distribution network, less impairment. Capital work-in-progress is not depreciated. Allocated costs directly attributable to the construction of the assets are capitalised. The capital work in progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed, and it is available for use.

2.3.5 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the consolidated statement of profit or loss over the term of the borrowings using the effective interest method. Borrowings are classified as non-current liabilities when the Group has an unconditional right to defer settlement of the liabilities for more than twelve months after the reporting date.

Borrowing costs (including finance costs on lease liabilities) that are directly attributable to the acquisition or construction of a qualifying asset are capitalised (net of interest income on temporary investment of borrowings) as part of the cost of the asset until the asset is commissioned for use. Borrowing costs in respect of completed and suspended projects or not attributable to qualifying assets are expensed in the period in which they are incurred.

2.3.6 Trade and other payables

Trade payables are obligations to pay for goods or service that have been acquired in the ordinary course of business from suppliers. Account payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in consolidated statement of profit or loss as incurred. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Plant and related assets	20 - 50 years
Buildings	50 years
Distribution networks	25 - 50 years
Furniture and fixtures	3 - 10 years
Office equipment and instruments	3 - 15 years
Motor vehicles	4 - 5 years

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

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the consolidated financial statements
31 December 2025

2.3 Material accounting policies information (continued)

2.3.7 Property, plant and equipment (continued)

Depreciation of these assets commences when the assets are ready for their intended use. Cessation of depreciation occurs on the disposal or retirement of the item of property, plant and equipment.

The Group performs regular major overhauls of equipment of its district cooling plants. When each major overhaul is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. The cost recognised is depreciated over the period till the next planned major overhaul.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of profit or loss in the year the asset is derecognised.

2.3.8 Leases

The Group as a lessee

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

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

Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate or payments that vary to reflect changes in market rental rates are included in the lease payments and are remeasured using the prevailing index or rate at the measurement date.

Short-term leases and leases of low-value assets

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

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the consolidated financial statements
31 December 2025

2.3 Material accounting policies information (continued)

2.3.8 Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets relate to land, plant, building and motor vehicles.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

Operating lease

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset to the customers are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Where the Group determines that the cooling service agreements to contain an operating lease, capacity payments are recognised as operating lease rentals on a systematic basis to the extent that capacity has been made available to the customers during the year. Rental income arising from operating leases on chilled water plants is accounted for on a straight-line basis over the lease terms and included in revenue due to its operating nature.

Finance lease

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Group reviews the contractual arrangements it enters into with its customers. In instances where the contract conveys the right to control the use of the identified asset for substantially all the economic benefits and the right to direct the use, such contracts are accounted for as a finance lease. The amounts due from the lessee are recorded in the consolidated statement of financial position as financial assets (finance lease receivables) and are carried at the amount of the net investment in the lease after making provision for impairment.

Lease payments are payments made by a lessee to a lessor relating to the right to use an underlying asset during the lease term, comprising the fixed payments (including in-substance fixed payments), less any lease incentives (for e.g. reimbursement of maintenance fee); variable lease payments that depend on an index or a rate; 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 an option to terminate the lease.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the consolidated financial statements
31 December 2025

2.3 Material accounting policies information (continued)

2.3.8 Leases (continued)

The Group as a lessor (continued)

Finance lease (continued)

Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate or payments that vary to reflect changes in market rental rates. The payments are included in the lease payments and are measured/remeasured using the prevailing index or rate at the measurement date (e.g. lease commencement date for initial measurement or at the time when new CPI rate is available).

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

2.3.9 Investments in associates and joint ventures

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and goodwill is neither amortised nor individually tested for impairment. The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associates and joint ventures. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income.

In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the consolidated financial statements
31 December 2025

2.3 Material accounting policies information (continued)

2.3.9 Investments in associates and joint ventures (continued)

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

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

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of profit or loss where appropriate.

2.3.10 Treasury (Own) shares

Own equity instruments which are reacquired (treasury/ own shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognised in retained earnings.

2.3.11 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES**Notes to the consolidated financial statements****31 December 2025****2.3 Material accounting policies information (continued)****2.3.11 Impairment of non-financial assets (continued)**

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations cover a period to the end of useful life of the assets.

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

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill is allocated. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

2.3.12 Financial instruments**Financial assets***Initial recognition and measurement*

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

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

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

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the consolidated financial statements
31 December 2025

2.3 Material accounting policies information (continued)

2.3.12 Financial instruments (continued)

Financial assets (continued)

Subsequent measurement

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

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

The Group has the following financial assets:

Financial assets at amortised cost

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

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include a certain portion of trade and other receivables, contract assets, finance lease receivables, long term deposits, due from related parties, and cash and bank balances etc.

Cash and short-term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Financial assets at fair value through OCI (debt instruments)

A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
Notes to the consolidated financial statements
31 December 2025

2.3 Material accounting policies information (continued)

2.3.12 Financial instruments (continued)

Financial assets (continued)

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

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes quoted and unquoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on quoted and unquoted equity investments are recognised under investment and other income in the consolidated statement of profit or loss when the right of payment has been established.

Impairment of financial assets

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

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

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

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial assets

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

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2.3 Material accounting policies information (continued)

2.3.12 Financial instruments (continued)

Financial assets (continued)

Write-off

Receivables are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, due to related parties, lease liabilities and interest bearing loans and borrowings, Islamic financing arrangements and non-convertible Bonds and Sukuks etc.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

This category generally applies to a certain portion of trade and other payables, due to related parties, lease liabilities and borrowings.

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2.3 Material accounting policies information (continued)

2.3.12 Financial instruments (continued)

Financial liabilities and equity instruments (continued)

***Financial liabilities* (continued)**

Derecognition of financial liabilities

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

Fair value measurement principles

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. The fair values of investments in mutual funds or similar investment vehicles are based on the last net asset value published by the fund manager. For other investments including treasury bills, a reasonable estimate of the fair value is determined by reference to the price of recent market transactions involving such investments, current market value of instruments which are substantially the same or is based on the expected discounted cash flows.

The fair value of unquoted investments, forward exchange contracts, interest rate swaps and options (if any) is determined by reference to discounted cash flows, pricing models or over-the-counter quotes.

Offsetting financial instruments

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

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

Impairment of financial assets

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

The Group always recognises lifetime ECL for trade receivables, contract assets and retention receivables, using the simplified approach. 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.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
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2.3 Material accounting policies information (continued)

2.3.12 Financial instruments (continued)

Impairment of financial assets (continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Significant increase in credit risk

The Group monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

2.3.13 Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.3.14 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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of consolidated statement of profit or loss net of any reimbursement.

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

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Management reviews its contracts annually.

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2.3 Material accounting policies information (continued)

2.3.14 Provisions (continued)

(a) Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

2.3.15 Employees' end of service benefits

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

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

2.3.16 Derivative financial instruments

A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in the price of one or more underlying financial instrument, reference rate or index.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risks, including interest rate swaps.

Derivative financial instruments are initially measured at fair value at trade date and are subsequently re-measured at fair value at the end of each reporting period. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Derivative assets and liabilities arising from different transactions are offset only if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis.

Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models.

The method of recognising fair value gains and losses depends on whether derivatives are held for trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged. All gains and losses from changes in the fair value of derivatives held for trading are recognised in the consolidated statement of profit or loss under 'Net gain from dealing in foreign currencies and derivatives'.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 Financial Instruments (e.g. financial liabilities) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

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2.3 Material accounting policies information (continued)

2.3.17 Hedge accounting

Derivatives designated as hedges are classified as either: (i) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; (ii) cash flow hedges which hedge the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; or (iii) a hedge of net investment which are accounted similarly to a cash flow hedge. Hedge accounting is applied to derivatives designated as hedging instruments in a fair value or cash flow, provided the criteria are met.

At the inception of a hedging relationship, to qualify for hedge accounting, the Group documents the relationship between the hedging instruments and the hedged items as well as its risk management objective and its strategy for undertaking the hedge. The Group also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the hedging instruments, primarily derivatives, that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items.

(a) Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in OCI. The Group has not designated fair value hedge relationships where the hedging instrument hedges an equity instrument designated at FVTOCI.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the part of the fair value gain or loss on the hedged item associated with the hedged risk is recognised in profit or loss instead of OCI. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain/loss remains in OCI to match that of the hedging instrument.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of hedged items for which the EIR method is used (i.e. debt instruments measured at amortised cost or at FVTOCI) arising from the hedged risk is amortised to profit or loss commencing no later than the date when hedge accounting is discontinued.

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in the cash flow hedging reserve, a separate component of OCI, limited to the cumulative change in fair value of the hedged item from inception of the hedge less any amounts recycled to profit or loss.

Amounts previously recognised in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. If the Group no longer expects the transaction to occur that amount is immediately reclassified to profit or loss.

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2.3 Material accounting policies information (continued)

2.3.17 Hedge accounting (continued)

(b) Cash flow hedges (continued)

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised, or where the occurrence of the designated hedged forecast transaction is no longer considered to be highly probable. The discontinuation is accounted for prospectively. Any gain/loss recognised in OCI and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain/loss accumulated in equity is reclassified and recognised immediately in profit or loss.

(c) Hedge effectiveness testing

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

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

(d) Derivatives that do not qualify for hedge accounting

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

2.3.18 Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as asset held for sale, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 33.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
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2.3 Material accounting policies information (continued)

2.3.18 Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

The management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement, such as asset held for sale. External valuers are involved for valuation of significant assets, such as land. Selection criteria for valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

The management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 33.

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2.3 Material accounting policies information (continued)

2.3.19 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

2.3.20 Cash dividend and non-cash distribution to equity holders of the parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised. As per the laws and regulation applicable in UAE, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Gain or loss on re-measurement is recognised in the consolidated statement of profit or loss and then the revalued amount of the asset is recognised as debit in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the consolidated statement of profit or loss.

2.3.21 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Receivables include trade receivables for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value (approximately transaction price) and subsequently measured at amortised cost using the effective interest method, less loss provision. A provision for impairment of trade receivables is established based on the expected lifetime losses to be recognised from initial recognition of the receivables.

When a trade and contract receivables are uncollectible, it is written off against the provision for impairment account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated income statement.

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2.3 Material accounting policies information (continued)

2.3.22 Intangible assets

2.3.22 (i) Customer contracts

Customer contracts acquired in the business combination have been initially recognised at their fair value at the acquisition date. The valuation technique adopted has been the multi-period excess earning method. Subsequent to initial recognition, customer contracts are reported at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation of customer contracts is recognised in the consolidated statement of profit or loss on a straight-line basis over their estimated useful lives. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. Amortization is calculated on a straight-line basis over the life of the contracts in the range of 25 to 50 years.

2.3.22 (ii) Other contracts

Other contracts mainly represent contractual rights, acquired in the business combination which have been initially recognised at their fair value at the acquisition date. The valuation technique adopted has been the multi-period excess earning method. Subsequent to initial recognition, these contracts are reported at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation of other contracts is recognised in the consolidated statement of profit or loss on a straight-line basis over their estimated useful lives of 25 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate

2.3.23 Assets classified as held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of Operations; or
- Is a subsidiary acquired exclusively with a view to resale.

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2.3 Material accounting policies information (continued)

2.3.23 Assets classified as held for sale and discontinued operation (continued)

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operation, if any, is presented separately in the consolidated statement of profit or loss.

2.3.24 Value added tax (VAT)

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a net basis. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

2.3.25 Segment reporting

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Also, the Group's financing (including finance costs, finance income and other income) are managed on a Group basis and are not allocated to operating segments.

2.3.26 Taxation

Current income tax

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

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

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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2.3 Material accounting policies information (continued)

2.3.26 Taxation (continued)

Deferred tax (continued)

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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2.3 Material accounting policies information (continued)

2.3.27 Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its consolidated financial statements. The Group will adjust the amounts recognised in its consolidated financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

2.3.28 Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

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

2.3.29 Call and Put Options

Call and put options are recognized and measured in accordance with IAS 32, based on the contractual rights and obligations arising under the relevant agreements. Where call or put options relate to non-controlling interests in subsidiaries and do not result in a loss of control, the present value of the redemption amount is recognized as a financial liability with a corresponding adjustment to equity. Non-controlling interests are derecognized only upon exercise of the put option, with the difference adjusted against equity.

2.4 Change in material accounting policies – new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Lack of exchangeability – Amendments to IAS 21

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

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

On 9 December 2022, the UAE Ministry of Finance 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 has become effective for accounting periods beginning on or after 1 June 2023. The Cabinet of Ministers Decision No. 116 of 2022 (widely accepted to be effective from 16 January 2023) specified the threshold of taxable income to which the 0% UAE CT rate would apply, and above which the 9% UAE CT rate would apply. It is widely considered that this would constitute ‘substantive enactment’ of the UAE CT Law for the purposes of IAS 12, the objective of which is to prescribe the basis for accounting for Income Taxes.

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2.4 Change in material accounting policies – new and amended standards and interpretations (continued)

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 (continued)

Current taxes should be measured at the amount expected to be paid to or recovered from the tax authorities by reference to tax rates and laws that have been enacted or substantively enacted, by the end of the any reporting period. Since the Group is expected to pay tax in accordance with the provision of the UAE CT Law on its operational results with effect from 1 January 2024, current taxes have been accounted for in the consolidated financial statements for the period beginning from 1 January 2025.

The Organization for Economic Co-operation and Development (OECD) has issued the Global Anti-Base Erosion (GloBE) Model Rules, which mandate a minimum tax rate of 15% per jurisdiction (Pillar Two).

Various countries have either enacted or are in the process of enacting tax legislation to fully or partially comply with Pillar Two. The United Arab Emirates, where the Group's Ultimate Parent Entity is situated, has substantively enacted the Cabinet Decision No. 142 of 2024 on the Imposition of Top-up Tax on Multinational Enterprises. The Group falls within the scope of these rules from 1 January 2025 and is currently assessing its exposure to these rules.

As the Group's consolidated revenues is not more than EUR 750 million threshold for any 2 out of the preceding 4 years, the Group is not within the scope of the Pillar Two model rules. The Group has performed an assessment of its potential exposure to Pillar Two income taxes based on financial information for the constituent entities in the Group. The Group continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two model rules, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows beginning

There is uncertainty regarding whether the Pillar Two model rules create additional temporary differences, whether deferred taxes should be remeasured for the Pillar Two model rules, and which tax rate should be used to measure deferred taxes. In response to this uncertainty, the IASB and AASB issued amendments to IAS 12 'Income Taxes' on 23 May 2023 and 27 June 2023, respectively. These amendments introduce a mandatory temporary exception to the requirements of IAS 12, under which a company does not recognize or disclose information about deferred tax assets and liabilities related to the OECD/G20 BEPS Pillar Two model rules. The Group has not applied this temporary exception as of 31 December 2025 as Pillar 2 rules are not applicable for the relevant financial year.

2.5 Standards and interpretations in issue but not yet effective

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

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

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

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2.6 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Disclosures relating to the Group's exposure to risks and uncertainties include:

• Capital management	Note 33
• Financial instruments risk management and policies	Note 33
• Sensitivity analysis disclosures	Note 33

2.6.1 Judgments

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

(a) Determining lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Management determines whether an arrangement is, or contains, a lease based on the substance of the arrangement at inception date whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Company enters into Customer Cooling Services Agreements (the "Agreements") with its customers. To the extent such agreements are determined to contain a lease depends on whether the Company has retained or transferred the significant risks and rewards of ownership of the related assets.

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
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2.6 Significant accounting judgements, estimates and assumptions (continued)

2.6.1 Judgments (continued)

(b) Lessor accounting policy

Under the guidance provided by IFRS 16, the definition of lease payments has been changed to include the variable lease payments that are based on an index or a rate as part of the net lease investment.

(c) Business combinations

Accounting for the acquisition of a business requires the allocation of the purchase price to various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates and the useful lives of assets.

The Group primarily considers the following information and criteria when determining whether it has control over an entity:

- governance arrangements: voting rights and whether the Group is represented in the governing bodies, majority rules and veto rights etc;
- the nature of substantive or protective rights granted to shareholders, relating to the entity's relevant activities;
- rules for appointing key management personnel; and
- whether the Group is exposed, or has rights, to variable returns from its involvement with the entity etc.

2.6.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the consolidated financial statements when they occur.

(a) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises expected credit loss for trade receivables, finance lease receivable, due from related parties and cash and bank balances, using the simplified approach. 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.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
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2.6 Significant accounting judgements, estimates and assumptions (continued)

2.6.2 Estimates and assumptions (continued)

(a) Impairment of financial assets (continued)

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

At the reporting date, gross trade receivables and amounts due from related parties amounted to AED 528.2 million (2024: AED 444.2 million) with provision for impairment (expected credit losses) of AED 29.9 million (2024: AED 29.1 million). During the year, the Group recognised provision for expected credit losses in the consolidated statement of profit or loss amounting to AED 0.9 million (2024: AED 2.5 million).

At the reporting date, gross finance lease receivables were AED 2,707.9 million (2024: AED 2,819.9 million) and provision for impairment at 31 December 2025 was AED 36.7 million (2024: AED 36.7 million).

(b) Impairment of non-financial assets

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

3 Revenue

	2025	2024
	AED '000	AED '000
Revenue from supply of chilled water	2,060,504	2,022,470
Revenue from value chain	81,787	87,567
Revenue from contracts with customers	2,142,291	2,110,037
Operating lease income	83,000	82,782
Finance lease income (note 16)	231,034	238,803
Lease income	314,034	321,585
	2,456,325	2,431,622

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3 Revenue (continued)

Revenue expected to be recognized in future related to performance obligation that are unsatisfied (or partially unsatisfied):

	2025 AED '000	2024 AED '000
Within one year	844,873	772,718
After one but no more than five years	3,210,233	2,977,782
More than five years	<u>12,510,447</u>	<u>12,298,371</u>
	<u>16,565,553</u>	<u>16,048,871</u>

The unsatisfied performance obligations that are part of value chain business revenue are expected to have a duration of one year or less. Hence revenue expected to be recognized in the future related to their performance obligations is not disclosed.

	2025 AED '000	2024 AED '000
<i>Timing of revenue recognition:</i>		
At a point in time	44,011	41,093
Over time	<u>2,098,280</u>	<u>2,068,944</u>
	<u>2,142,291</u>	<u>2,110,037</u>

4 Operating segments

For management purposes, the Group is organised into business units based on their products and services. The two reportable operating segments are as follows:

- The 'Chilled water' segment constructs, owns, assembles, installs, operates and maintains cooling and conditioning systems. In addition, the segment distributes and sells chilled water for use in district cooling technologies.
- The 'Value chain business' segment is involved in ancillary activities relating to the expansion of the Group's chilled water business.

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4 Operating segments (continued)

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4 Operating segments (continued)

Inter-segment transactions are eliminated on consolidation.

Segment results include an amount of depreciation and amortisation allocated to the operating segments as follows:

	<i>For the year ended 31 December 2025</i>			<i>For the year ended 31 December 2024</i>		
	<i>Chilled water</i>	<i>Value chain business</i>	<i>Total AED '000</i>	<i>Chilled water</i>	<i>Value chain business</i>	<i>Total AED '000</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Depreciation on property, plant and equipment (note 11)	204,868	4,193	209,061	197,748	4,917	202,665
Depreciation on right-of-use asset (note 17)	31,004	1,896	32,900	29,456	1,621	31,077
	<u>235,872</u>	<u>6,089</u>	<u>241,961</u>	<u>227,204</u>	<u>6,538</u>	<u>233,742</u>

Segment assets and liabilities are as follows:

	<i>2025</i>			<i>2024</i>		
	<i>Chilled water</i>	<i>Value chain business</i>	<i>Total AED '000</i>	<i>Chilled water</i>	<i>Value chain business</i>	<i>Total AED '000</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Other segment assets	12,757,639	99,736	12,857,375	13,376,398	117,147	13,493,545
Investments in associates (note 12)	488,868	-	488,868	523,839	-	523,839
Investments in joint ventures (note 13)	1,234,945	-	1,234,945	98,581	-	98,581
Total assets	14,481,452	99,736	14,581,188	13,998,818	117,147	14,115,965
Segment liabilities	7,798,051	110,889	7,908,940	7,026,754	127,341	7,154,095
Total liabilities	7,798,051	110,889	7,908,940	7,026,754	127,341	7,154,095

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4 Operating segments (continued)

The table below illustrates the capital expenditures added during the year:

	2025			2024		
	Chilled water AED '000	Value chain business AED '000	Total AED '000	Chilled water AED '000	Value chain business AED '000	Total AED '000
<i>Capital expenditure:</i>						
Property, plant and equipment (note 11)	42,716	3,037	45,753	13,169	7,094	20,263
Capital work in progress (note 10)	202,952	-	202,952	254,369	-	254,369

Geographic information

The following table presents certain non-current assets and revenue information relating to the Group based on geographical location of the operating units:

	Revenue		Non-current assets	
	2025 AED '000	2024 AED '000	2025 AED '000	2024 AED '000
United Arab Emirates	2,323,126	2,305,129	12,284,638	11,441,059
Others	133,199	126,493	632,012	625,860
	<u>2,456,325</u>	<u>2,431,622</u>	<u>12,916,650</u>	<u>12,066,919</u>

Revenue from external customers

The following table provides information relating to the Group's major customers, which individually contribute more than 45% (2024: 44%) towards the Group's revenue.

	2025 AED'000	2024 AED'000
Chilled water segment:		
Customer 1	424,079	394,789
Customer 2	395,006	389,833
Customer 3	289,045	285,106
	<u>1,108,130</u>	<u>1,069,728</u>

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5 Finance costs

	2025 AED '000	2024 AED '000
Interest on interest bearing loans and borrowings	16,342	48,441
Profit on sukuk	155,134	64,451
Interest on bonds	45,913	45,913
Profit on Islamic financing arrangements	16,106	13,952
Amortisation of transaction costs (note 21)	10,192	14,242
Finance cost related to lease liabilities (note 19)	10,937	12,413
Other finance costs	5,415	15,851
	260,039	215,263

6 Profit from operations

6.1 Direct costs

	2025 AED '000	2024 AED '000
Material consumed (i)	58,560	60,463
Depreciation of property, plant and equipment (note 11)	202,083	194,237
Depreciation of right-of-use assets (note 17)	16,370	17,173
Amortisation of intangible assets (note 15)	108,443	112,181
Utility costs	787,014	784,555
Purchase of chilled water from a related party (note 30)	64,354	65,026
Staff costs (note 6.3)	115,967	102,949
Others	25,654	17,748
	1,378,445	1,354,332

(i) As at 31 December, the inventory balance represents stores and spares which are utilised for repairs and maintenance of the plants managed by the Group.

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6 Profit from operations (continued)

6.2 Administrative and other expenses

	2025 AED '000	2024 AED '000
Staff costs (note 6.3)	179,836	193,018
Depreciation of property, plant and equipment (note 11)	6,978	8,428
Depreciation of right-of-use assets (note 17)	16,530	13,904
Other expenses (i)	<u>81,812</u>	<u>66,380</u>
	<u>285,156</u>	<u>281,730</u>

(i) Included in the other expenses is fees incurred by the Group towards the assurance services with the Group's auditors, as follows:

	2025 AED '000	2024 AED '000
<i>Fees to Ernst and Young, UAE</i>		
Fees for auditing the statutory financial statements of the Company and controlled entities	1,252	1,223
Fees for assurance services required by legislation or contractual arrangements, to be provided by auditors	<u>1,453</u>	<u>435</u>
	<u>2,705</u>	<u>1,658</u>

6.3 Staff costs

	2025 AED '000	2024 AED '000
Salaries, benefits and allowances	288,058	287,395
Employees' end of service benefits (note 28)	<u>7,745</u>	<u>8,572</u>
	<u>295,803</u>	<u>295,967</u>

Staff costs are allocated as follows:

	2025 AED '000	2024 AED '000
Direct costs (note 6.1)	115,967	102,949
Administrative and other expenses (note 6.2)	<u>179,836</u>	<u>193,018</u>
	<u>295,803</u>	<u>295,967</u>

6.4 Other (losses) and gains, net

Other gains and losses primarily include transaction costs incurred as part of the investments undertaken during the year 2025 and losses on retirement of assets.

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7 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

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

	2025 AED '000	2024 AED '000
Profit for the year attributable to the equity holders of the Company (AED '000)	<u>465,344</u>	<u>570,219</u>
Weighted average number of shares (excluding treasury shares) outstanding during the year ('000)	<u>2,838,919</u>	<u>2,841,956</u>
Total basic and diluted earnings per share (AED)	<u>0.16</u>	<u>0.20</u>

The Company does not have any instruments which would have a dilutive impact on earnings per share. Therefore, basic and diluted earnings per share are same for the years ended 31 December 2025 and 2024.

8 Dividends and board remuneration

In 2025, the Board of Directors proposed the distribution of cash dividends of AED 15.5 fils per share in respect of the fiscal year ended 31 December 2024. The shareholders at the Annual General Assembly Meeting held on 25 March 2025 approved the dividend. Accordingly, dividend amounting to AED 441 million was paid on 17 April 2025. The dividend on treasury shares amounts to AED 0.4 million (2024: 0.4 million)

During the General Assembly held on 15 September 2025, the shareholders approved the interim dividend of AED 6.5 fils per share amounting to AED 184.9 million. The dividend was paid on 6 October 2025. The dividend on treasury shares amounts to AED 0.2 million. (2024: AED nil).

In 2024, the Board of Directors proposed the distribution of cash dividends of AED 15.5 fils per share in respect of the fiscal year ended 31 December 2023. The shareholders at the Annual General Assembly Meeting held on 19 March 2024 approved the dividend. Accordingly, dividend amounting to AED 441 million was paid on 16 April 2024.

Furthermore, the Board of Directors' remuneration of AED 8.6 million for the year ended 31 December 2024 was also approved at the Annual General Assembly Meeting held on 25 March 2025. Board remuneration of AED 8.6 million for the year ended 31 December 2023 was approved at the previous Annual General Assembly Meeting held on 19 March 2024.

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES

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9 Subsidiaries

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

Chilled water segment	Country of incorporation	Percentage of holding		Principal activities
		31 December 2025	31 December 2024	
National Central Cooling Company Ras Al Khaimah LLC	UAE	100	100	Sale of chilled water
Summit District Cooling LLC	UAE	100	100	Sale of chilled water
Bahrain District Cooling Company BSC (C)	Bahrain	99.8	99.8	Sale of chilled water
Tabreed Oman SAOC	Oman	60.5	60.5	Sale of chilled water
Prime District Cooling LLC	UAE	75	75	Sale of chilled water
S&T Cool District Cooling Company - Sole Proprietorship LLC	UAE	100	100	Sale of chilled water
Tabreed Amaravati District Cooling Private Limited	India	75	75	Sale of chilled water
Tabreed Capital Med for Infrastructure and Central Cooling Services LLD	Egypt	100	100	Sale of chilled water
Kattameya D5 Infrastructure and Central Cooling Services LLD	Egypt	60	60	Sale of chilled water
Tabreed Al Mouj SPC	Oman	61	61	Sale of chilled water
Downtown DCP LLC	UAE	80	80	Sale of chilled water
Tabreed Sustainable City Limited	UAE	100	100	Sale of chilled water
Saadiyat District Cooling LLC	UAE	100	100	Sale of chilled water
Saadiyat Cooling LLC	UAE	100	100	Sale of chilled water
Al Wajeez Development Company PJSC	UAE	100	100	Sale of chilled water
PJA DCP Holding Limited	UAE	51	-	Holding company
PJA District Cooling OPCO LLC SOC	UAE	51	-	Holding company

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9 Subsidiaries (continued)

Value chain business segment:	Country of incorporation	Percentage of holding		Principal activities
		31 December 2025	31 December 2024	
Gulf Energy System Company LLC	UAE	100	100	Construction of secondary networks
Tabreed Operation & Maintenance Zones Cooling Stations Company LLC	UAE	100	100	Operation and maintenance of plants
Emirates Preinsulated Pipes Industries LLC	UAE	65.2	65.2	Manufacturing of pre-insulated pipes
Cooltech Energy Water Treatment LLC	UAE	100	100	Water treatment services and sale chilled water related products
Sahara Cooling and Air-Conditioning LLC	UAE	51	51	Supervision services
Tasleem Metering and Payment – Collection Sole Proprietorship LLC	UAE	100	100	Billing and collection of chilled water charges
Cooltech Water Treatment LLC	UAE	100	100	Water treatment services and sale chilled water related
Cooltech Water Service L.L.C.(i)	UAE	-	100	Water treatment services and sale chilled water related
Tabreed Energy Service L.L.C.	UAE	100	100	Building energy efficiency service

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9 Subsidiaries (continued)

Others – Unallocated:	Country of incorporation	Percentage of holding		Principal activities
		31 December 2025	31 December 2024	
Tabreed Holdings WLL	Bahrain	100	100	Holding company
Tabreed Al Maryah District Cooling Investment LLC (i)	UAE	-	100	Holding company
District Utilities Energy Investments L.LC	UAE	100	100	Holding company
Tabreed Energy Investments owned by National Central Cooling PSC – One Person Company LLC	UAE	100	100	Holding company
Tabreed Utilities & Metering Energy Investment LLC	UAE	100	100	Holding company
Central Utilities & Metering Energy Investment LLC	UAE	100	100	Holding company
Tabreed India Private Limited	India	75	75	Holding company
Tabreed Infopark Cooling Private Limited	India	75	75	Holding company
Tabreed Asia Central Cooling Company PTE Ltd	Singapore	75	75	Holding company
Tabreed Company for Infrastructure and Central Cooling Services LLC (Tabreed Misr)	Egypt	100	100	Holding company

(i) During the year, the Group liquidated the following subsidiaries

- Tabreed Al Maryah District Cooling Investment LLC; and
- Cooltech Water Services LLC

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9 Subsidiaries (continued)

9.1 Partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name of the entity	Country of incorporation and operation	2025 %	2024 %
Downtown District Cooling LLC	UAE	20	20
Prime District Cooling Company LLC	UAE	25	25
Emirates Preinsulated Pipes Industries LLC	UAE	34.8	34.8
Bahrain District Cooling Company	Bahrain	0.2	0.2
Tabreed Oman SAOC	Oman	39.46	39.46
Kattameya D5 Infrastructure & Central Cooling Services LLD	Egypt	40	40
PJA DCP Holding Limited (i)	UAE	49	-
Tabreed Asia Central Cooling Company PTE Ltd (ii)	Singapore	-	25

(i) During the year, the Group entered a district cooling concession arrangement to exclusively provide cooling services to the Palm Jebel Ali development in Dubai. The concession will be executed through a newly incorporated entity over which the Group has control and which will be consolidated in the Group's financial statements in accordance with IFRS Accounting Standards. The project is expected to be developed and commissioned in multiple phases, with an anticipated aggregate cooling capacity of approximately 250,000 tons (RTs) upon full completion.

(ii) On 12 December 2025, the minority shareholder exercised its put option, requiring the Group to acquire the remaining 25% equity interest in Tabreed Asia Central Cooling Company PTE. Ltd. for a fixed consideration of USD 4,113 thousand (AED 15,103 thousand). The put option was granted to the minority shareholder in 2021 pursuant to the shareholders' agreement entered into upon incorporation of the entity. Settlement of the transaction, comprising payment and transfer of shares, is contractually due within 30 to 60 days from the date of exercise of the put option. Accordingly, as at the reporting date, the Group has derecognized the non-controlling interest and recognized a corresponding financial liability of USD 4,113 thousand (AED 15,103 thousand).

Accumulated balances of material non-controlling interest:

	2025 AED '000	2024 AED '000
Downtown District Cooling LLC	520,908	537,177
Others	72,395	81,136
Total	593,303	618,313

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9 Subsidiaries (continued)

9.1 Partly owned subsidiaries (continued)

Profit allocated to material non-controlling interest:

	2025 AED '000	2024 AED '000
Downtown District Cooling LLC	26,731	27,898
Others	3,825	4,635
	30,556	32,533

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarized statement of profit or loss for year ended 31 December 2025:

	Downtown District Cooling LLC AED'000	Others AED '000	Total AED '000
Revenue	448,876	182,637	631,513
Direct costs	(281,554)	(108,772)	(390,326)
Administrative expenses	(6,476)	(33,428)	(39,904)
Finance costs	(4)	(11,039)	(11,043)
Finance income	1,601	1,575	3,176
Other charges	(4,768)	(658)	(5,426)
Other income	1,838	944	2,782
Total comprehensive income	159,513	31,259	190,772
Attributable to non-controlling interests	26,731	3,825	30,556
Dividends paid to non-controlling interests	-	4,643	4,643

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

	Downtown District Cooling LLC AED'000	Others AED '000	Total AED '000
Revenue	455,701	173,889	629,590
Direct costs	(291,146)	(102,567)	(393,713)
Administrative expenses	(2,705)	(29,445)	(32,150)
Finance costs	(4)	(11,271)	(11,275)
Finance income	2,528	1,228	3,756
Other charges	-	(193)	(193)
Other income	1,303	3,510	4,813
Total comprehensive income	165,677	35,151	200,828
Attributable to non-controlling interests	27,898	4,635	32,533
Dividends paid to non-controlling interests	24,000	3,832	27,832

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9 Subsidiaries (continued)

Summarized statement of financial position as at 31 December 2025:

	Downtown District		
	Cooling LLC	Others	Total
	AED'000	AED'000	AED'000
Inventories and bank balances and cash (current)	254,381	147,115	401,496
Property, plant and equipment and other non-current assets (non-current)	2,726,317	739,438	3,465,755
Trade payables and other liabilities	(47,113)	(77,722)	(124,835)
Interest bearing loans and borrowing and lease liabilities	(20,958)	(196,736)	(217,694)
Total equity	2,912,627	612,095	3,524,722
<i>Attributable to:</i>			
Equity holders of the Company	2,391,719	539,700	2,931,419
Non-controlling interests	520,908	72,395	593,303
Total equity	2,912,627	612,095	3,524,722

Summarized statement of financial position as at 31 December 2024:

	Downtown District		
	Cooling LLC	Others	Total
	AED'000	AED'000	AED'000
Inventories and bank balances and cash (current)	195,885	103,434	299,319
Property, plant and equipment and other non-current assets (non-current)	2,780,707	721,392	3,502,099
Trade payables and other liabilities	(51,240)	(67,552)	(118,792)
Interest bearing loans and borrowing and lease liabilities	(17,955)	(203,257)	(221,212)
Total equity	2,907,397	554,017	3,461,414
<i>Attributable to:</i>			
Equity holders of the Company	2,370,220	472,881	2,843,101
Non-controlling interests	537,177	81,136	618,313
Total equity	2,907,397	554,017	3,461,414

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10 Capital work in progress

The movement in capital work in progress during the year was as follows:

	2025 AED '000	2024 AED '000
At 1 January	295,601	244,868
Additions during the year	202,952	254,369
Transfer to property, plant and equipment (note 11)	(229,692)	(160,293)
Write off	(33,940)	-
Disposal	-	(16,654)
Transfer to finance lease	-	(26,689)
	234,921	295,601
Advances	9,975	10,975
At 31 December	244,896	306,576

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11 Property, plant and equipment

	<i>Land, plant and buildings AED '000</i>	<i>Distribution network AED '000</i>	<i>Furniture and fixtures AED '000</i>	<i>Office equipment and instruments AED '000</i>	<i>Motor vehicles AED '000</i>	<i>Total AED '000</i>
2025						
Cost:						
At 1 January 2025	4,973,391	2,594,999	28,904	136,157	1,431	7,734,882
Additions during the year	41,671	9	93	3,888	92	45,753
Transfer from capital work in progress (note 10)	182,474	36,545	2,517	8,156	-	229,692
Exchange differences	(4,805)	-	-	-	-	(4,805)
Write offs	(78,148)	-	-	(10)	-	(78,158)
At 31 December 2025	5,114,583	2,631,553	31,514	148,191	1,523	7,927,364
<i>Accumulated depreciation:</i>						
At 1 January 2025	1,510,339	682,511	21,047	68,356	1,378	2,283,631
Charge for the year	154,435	44,604	2,070	7,926	26	209,061
Write offs	(39,478)	-	-	(6)	-	(39,484)
At 31 December 2025	1,625,296	727,115	23,117	76,276	1,404	2,453,208
<i>Net carrying amount before accumulated impairment:</i>						
At 31 December 2025	3,489,287	1,904,438	8,397	71,915	119	5,474,156
<i>Accumulated impairment:</i>						
At 1 January and 31 December 2025	527,691	473,982	-	-	-	1,001,673
<i>Net carrying amount after accumulated impairment:</i>						
At 31 December 2025	2,961,596	1,430,456	8,397	71,915	119	4,472,483

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11 Property, plant and equipment (continued)

	<i>Land, plant and buildings AED '000</i>	<i>Distribution network AED '000</i>	<i>Furniture and fixtures AED '000</i>	<i>Office equipment and instruments AED '000</i>	<i>Motor vehicles AED '000</i>	<i>Total AED '000</i>
<i>2024</i>						
<i>Cost:</i>						
At 1 January 2024	4,847,412	2,566,727	28,303	110,507	1,377	7,554,326
Additions during the year	15,222	24	148	10,920	54	26,368
Transfer from capital work in progress (note 10)	116,862	28,248	453	14,730	-	160,293
Exchange differences	(6,105)	-	-	-	-	(6,105)
At 31 December 2024	<u>4,973,391</u>	<u>2,594,999</u>	<u>28,904</u>	<u>136,157</u>	<u>1,431</u>	<u>7,734,882</u>
<i>Accumulated depreciation:</i>						
At 1 January 2024	1,381,007	623,386	17,057	58,164	1,352	2,080,966
Charge for the year	129,332	59,125	3,990	10,192	26	202,665
At 31 December 2024	<u>1,510,339</u>	<u>682,511</u>	<u>21,047</u>	<u>68,356</u>	<u>1,378</u>	<u>2,283,631</u>
<i>Net carrying amount before accumulated impairment:</i>						
At 31 December 2024	<u>3,463,052</u>	<u>1,912,488</u>	<u>7,857</u>	<u>67,801</u>	<u>53</u>	<u>5,451,251</u>
<i>Accumulated impairment:</i>						
At 1 January and 31 December 2024	<u>527,691</u>	<u>473,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,001,673</u>
<i>Net carrying amount after accumulated impairment:</i>						
At 31 December 2024	<u>2,935,361</u>	<u>1,438,506</u>	<u>7,857</u>	<u>67,801</u>	<u>53</u>	<u>4,449,578</u>

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11 Property, plant and equipment (continued)

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

	2025 AED '000	2024 AED '000
Direct costs (note 6.1)	202,083	194,237
Administrative and other expenses (note 6.2)	6,978	8,428
	<u>209,061</u>	<u>202,665</u>

Property, plant and equipment of AED 129.3 million (2024: AED 132.9 million) have been pledged as security against interest-bearing loans (note 25).

During the year ended 31 December 2025, no borrowing cost is capitalized (2024: nil).

12 Investments in associates

The Group has the following investments in associates:

Name of the entity	Country of incorporation	Principal activities	Ownership		Carrying value	
			2025 %	2024 %	2025 AED '000	2024 AED '000
Industrial City Cooling Company (i)	United Arab Emirates	Sale of chilled water	-	20	-	3,114
Saudi Tabreed District Cooling Company	Kingdom of Saudi Arabia	Sale of chilled water	21.8	21.8	421,358	460,108
Sahara Cooling Limited	United Arab Emirates	Sale of chilled water	40	40	<u>67,510</u>	<u>60,617</u>
					<u>488,868</u>	<u>523,839</u>

The Group's interest in associates is accounted for using the equity method in the consolidated financial statements. The movement in investments in associates is as follows:

	2025 AED '000	2024 AED '000
At 1 January	523,839	497,638
Share of profit for the year	27,467	30,411
Dividends received	(46,126)	(10,288)
Share of other comprehensive (loss) income	(7,138)	12,146
Disposals (i)	(3,214)	-
Adjustments for inter group transactions	(5,960)	(6,068)
At 31 December	<u>488,868</u>	<u>523,839</u>

The associates are involved in the same business activity as Tabreed. The reporting dates for the associates are the same as for Tabreed. The investments are considered strategic to the Group.

i. On 18 November 2024, the shareholders of Industrial City Cooling Company resolved to place the entity into liquidation. The liquidation was completed during the year ended 2025, resulting in a net gain of AED 3.2 million, which has been recognised in the consolidated statement of profit or loss.

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12 Investments in associates (continued)

The following illustrates summarised financial information of the Group's investments in associates. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts.

	<i>Saudi Tabreed District Cooling Company AED '000</i>	<i>Others AED '000</i>	<i>Total AED '000</i>
2025			
Total current assets	677,824	49,673	727,497
Total non-current assets	2,546,250	210,846	2,757,096
Total current liabilities	(140,463)	(8,373)	(148,836)
Total non-current liabilities	(1,322,233)	(83,371)	(1,405,604)
Net assets	1,761,378	168,775	1,930,153
 2024			
Total current assets	992,372	81,584	1,073,956
Total non-current assets	2,632,802	229,626	2,862,428
Total current liabilities	(162,864)	(4,813)	(167,677)
Total non-current liabilities	(1,347,551)	(139,289)	(1,486,840)
Net assets	2,114,759	167,108	2,281,867

Reconciliation of carrying amounts

	<i>Saudi Tabreed District Cooling Company AED '000</i>	<i>Others AED '000</i>	<i>Total AED '000</i>
2025			
At 1 January	2,114,759	167,108	2,281,867
Profit for the year	22,874	56,476	79,350
Other comprehensive income	(24,699)	(4,409)	(29,108)
Dividends paid	(176,280)	(19,431)	(195,711)
Disposals (i)	-	(16,069)	(16,069)
Other adjustments	-	(14,900)	(14,900)
At 31 December	1,936,654	168,775	2,105,429

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12 Investments in associates (continued)

Reconciliation of carrying amounts

	<i>Saudi Tabreed</i> <i>District Cooling</i>	<i>Others</i>	<i>Total</i>
	<i>Company</i> <i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
2024			
At 1 January	2,023,330	148,074	2,171,404
Profit for the year	19,394	76,210	95,604
Other comprehensive income	72,032	(8,815)	63,217
Dividends paid	-	(32,912)	(32,912)
Other adjustments	-	(15,448)	(15,448)
At 31 December	2,114,756	167,109	2,281,865

Summarized statement of profit or loss of associates are given below:

	<i>Saudi Tabreed</i> <i>District Cooling</i>	<i>Others</i>	<i>Total</i>
	<i>Company</i> <i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
2025			
Revenue	318,763	102,700	421,463
Direct costs	(116,295)	(36,315)	(152,610)
Administrative and other expenses	(93,824)	(3,803)	(97,627)
Other income/charges	(15,928)	(3,699)	(19,627)
Net finance cost	(69,842)	(2,407)	(72,249)
 Profit for the year	 22,874	 56,476	 79,350
 Share of results for the year	 4,977	 22,490	 27,467

	<i>Saudi Tabreed</i> <i>District Cooling</i>	<i>Others</i>	<i>Total</i>
	<i>Company</i> <i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
2024			
Revenue	307,671	103,295	410,966
Direct costs	(122,280)	(11,254)	(133,534)
Administrative and other expenses	(105,084)	(12,940)	(118,024)
Other income/charges	14,744	102	14,846
Net finance cost	(75,657)	(2,993)	(78,650)
 Profit for the year	 19,394	 76,210	 95,604
 Share of results for the year	 4,220	 26,191	 30,411

Net assets of associates include the Group's share of fair value of derivatives of associates amounting to AED 14.78 million (2024: AED 21.49 million). Summarised financial information of the Group's investments in associates is adjusted for intercompany transactions.

Commitments and contingent liabilities in respect of the associates are disclosed in notes 31 and 32.

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13 Investments in joint ventures

The Group has the following investment in joint ventures:

Name of the entity	Country of incorporation	Principal activities	Ownership		Carrying value	
			2025 %	2024 %	2025 AED '000	2024 AED '000
Arctic Holdco SPV LTD (i)	United Arab Emirates	Investment entity	50	-	1,133,156	-
Tabreed Parks Investment LLC	United Arab Emirates	Sale of chilled water	50	50	101,789	98,581
					<u>1,234,945</u>	<u>98,581</u>

The movement in investments in joint ventures are as follows:

	2025 AED '000	2024 AED '000
At 1 January	98,581	124,752
Addition	1,190,000	-
Share of (loss) profit	(25,213)	7,187
Disposal	-	(18,541)
Dividends	(2,500)	(11,000)
Share of other comprehensive loss	(22,713)	-
Adjustments for inter group transactions	(3,210)	(3,817)
At 31 December	<u>1,234,945</u>	<u>98,581</u>

Share of the joint ventures' revenues and profits:

Revenue	<u>64,520</u>	<u>26,088</u>
(Loss) profit for the year	<u>(25,213)</u>	<u>7,187</u>

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13 Investments in joint ventures (continued)

Summarized statements of profit or loss of joint venture are given below:

	<i>Arctic Holdco SPV</i>		
	<i>LTD</i> <i>AED '000</i>	<i>Others</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
2025			
Revenue	76,465	52,575	129,040
Direct costs	(54,619)	(26,035)	(80,654)
Administrative and other expenses	(60,419)	(2,863)	(63,282)
Other income/(charges)	949	(1,520)	(571)
Net finance cost	(30,639)	(6,786)	(37,425)
Other adjustments	-	2,465	2,465
(Loss) profit for the year	(68,263)	17,836	(50,427)
Share of results for the year	(34,131)	8,918	(25,213)

	<i>Arctic Holdco SPV</i>		
	<i>LTD</i> <i>AED '000</i>	<i>Others</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
2024			
Revenue	-	52,176	52,176
Direct costs	-	(29,168)	(29,168)
Administrative and other expenses	-	(1,977)	(1,977)
Other income/charges	-	1,799	1,799
Net finance cost	-	(8,457)	(8,457)
Profit for the year	-	14,373	14,373
Share of results for the year	-	7,187	7,187

Summarized statements of financial position of joint venture are given below:

	<i>Arctic Holdco</i>		
	<i>SPV LTD</i> <i>AED '000</i>	<i>Others</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
2025			
Total current assets	248,935	26,450	338,936
Total non-current assets	4,311,719	192,721	4,501,974
Total current liabilities	(314,092)	(26,024)	(322,188)
Total non-current liabilities	(2,264,115)	(76,651)	(2,451,125)
Net assets	1,982,447	116,496	2,067,597

	<i>Arctic Holdco</i>		
	<i>SPV LTD</i> <i>AED '000</i>	<i>Others</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
2024			
Total current assets	-	93,282	93,282
Total non-current assets	-	180,788	180,788
Total current liabilities	-	(12,417)	(12,417)
Total non-current liabilities	-	(152,781)	(152,781)
Net assets	-	108,872	108,872

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13 Investments in joint ventures (continued)

(i) On 13 June 2025, the Group acquired a 50% equity interest in Arctic Holdco SPV Ltd. The shareholders' agreement includes a call option which can be exercised after a five-year lock-in period. On 26 September 2025, the Group invested AED 1.19 billion in Arctic Bidco SPV Ltd, a wholly owned subsidiary of the joint venture, to fund the acquisition of Pal Cooling Holding LLC which was completed on 9 October 2025. The acquisition resulted in the recognition of goodwill and identifiable intangible assets of AED 2.5 billion in the joint venture's consolidated financial statements. The carrying value of the Group's share of identifiable net assets was AED 1.02 billion, resulting in goodwill of AED 173.6 million included in the carrying amount of the investment. The investment is accounted for using the equity method (IAS 28) and tested for impairment in accordance with IAS 36.

Summarised financial information of the Group's investments in joint ventures is adjusted for intercompany transactions.

Commitments and contingent liabilities in respect of the joint ventures are disclosed in notes 31 and 32.

14 Income tax

Income tax for the current year is provided on the basis of estimated taxable income computed by the Group using tax rates, enacted or substantially enacted at the reporting date, applicable in the respective countries in which the subsidiaries operate and any adjustment to tax in respect of previous years.

The consolidated accounting profit has been reconciled to the accounting profit attributable to tax and the reconciliation between tax expense and the product of accounting profit attributable to tax multiplied by effective income tax rate for the year ended 31 December as follows:

The major components of taxation for the years ended 31 December 2025 and 2024 are:

Income tax:

	2025 AED '000	2024 AED '000
<i>Consolidated statement of profit or loss:</i>		
<i>Income Tax:</i>		
Charge for the year	59,828	64,644
<i>Deferred Tax:</i>		
Relating to origination and reversal of temporary differences	(8,690)	(5,121)
Income tax expenses	<hr/> 51,138	<hr/> 59,523

Consolidated other comprehensive income:

Deferred tax related to items recognized in OCI during the year:

Unrealized gain/ (loss) on fair valuation of derivatives	(1,998)	1,536
Foreign currency translation reserve	904	-
Deferred income tax charged to OCI	<hr/> (1,094)	<hr/> 1,536

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14 Income tax (continued)

Income tax: (continued)

Reconciliation of tax expense and the accounting profit multiplied by an effective rate of 9% for 2025 (2024: 9%):

	2025 AED '000	2024 AED '000
Profit before tax	547,038	662,275
At UAE's statutory tax rate of 9%	49,233	59,605
Temporary differences	(8,690)	(5,121)
Permanent differences and others	<u>10,595</u>	<u>5,039</u>
Income tax expense	<u>51,138</u>	<u>59,523</u>

Income tax payable:

The movement of provision for tax during the year are as follows:

	2025 AED '000	2024 AED '000
At 1 January	63,912	-
Charge for the year	59,828	64,644
Paid during the year	(62,732)	-
Reversals/ reclass	<u>(3,438)</u>	<u>(732)</u>
At 31 December	<u>57,570</u>	<u>63,912</u>

Deferred tax:

Reconciliation of deferred tax (liabilities)/ assets:

	2025 AED '000	2024 AED '000
At 1 January	(360,941)	(358,795)
Tax expense recognised in profit or loss during the year	8,690	5,121
Tax income (expense) recognised in other comprehensive income during the year	1,094	(1,536)
Other reclassifications	<u>(23)</u>	<u>(5,731)</u>
At 31 December	<u>(351,180)</u>	<u>(360,941)</u>

NATIONAL CENTRAL COOLING COMPANY PJSC AND ITS SUBSIDIARIES
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14 Income tax (continued)

Deferred tax: (continued)

The movement in deferred income tax assets and liabilities during the year:

	2025 AED'000	2024 AED'000
Deferred tax assets:		
Losses available for offsetting against future taxable income & other provisions	630	1,166
Fair value of property, plant and equipment	9,763	11,524
Unrealised loss on derivative fair valuation	462	-
	10,855	12,690
Deferred tax liabilities:		
Accelerated depreciation for tax purposes	(9,214)	(8,875)
Goodwill prior to the enactment of UAE CT Law	(28,729)	(28,729)
Intangible assets acquired as part of business combinations - prior to enactment of UAE CT Law	(316,721)	(326,257)
Intangible assets acquired as part of business combinations - subsequent to enactment of UAE CT Law	(3,451)	(5,131)
Fair value of property, plant and equipment	(3,015)	(3,103)
Unrealised gain on derivative fair valuation	-	(1,536)
Foreign currency translation reserve	(905)	-
	(362,035)	(373,631)

15 Intangible assets

Goodwill

	2025 AED '000	2024 AED '000
Downtown District Cooling LLC	78,919	78,919
Business District Cooling Investment LLC	240,288	240,288
	319,207	319,207

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the goodwill for each cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the board covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth and inflation rates. These growth rates are consistent with forecasts from previous years and industry specific benchmarks in which each CGU operates. The CGUs are primarily supplying chilled water under a long-term cooling services contracts, therefore the Group used cash flows associated with the full term of the existing customer contracts of these CGUs in determining the value in use of the respective CGUs.

The goodwill comprises of the fair value of expected synergies and future connections that may result through acquired district cooling plants and networks.

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15 Intangible assets (continued)

Goodwill (continued)

During the year ended 31 December 2025, management performed its annual impairment review of goodwill, using the discounted cashflow model and trading multiples of comparable companies' approach.

Following key assumptions were used in the discounted cashflow review:

- Consumer price index: 1.66% (2024: 1.63%)
- Discount rate: 7.5% (2024: 7.10 %)

The recoverable amounts of the CGUs are most sensitive to the discount rate used for the value-in-use calculation. A change in discount rate by 1% would result in a reduction in the difference between the carrying value of the CGU (including allocated goodwill) and the recoverable amount by 46%, without resulting in an impairment loss.

Management has assessed that no impairment loss is required to be recognised against goodwill at the reporting date.

Customer contracts and contractual rights

	2025	2024
	AED '000	AED '000
At 1 January	3,661,932	3,730,238
Additions	6,108	43,875
Amortisation charge for the year (note 6.1)	<u>(108,443)</u>	<u>(112,181)</u>
At 31 December	<u>3,559,597</u>	<u>3,661,932</u>

The customer contracts and contractual rights were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

16 Finance lease receivables

The movement in the finance lease receivables during the year are as follows:

	2025	2024
	AED'000	AED'000
At 1 January	2,783,172	2,856,029
Finance lease income	204,428	213,198
Variable lease payment CPI indexation	<u>26,606</u>	<u>25,605</u>
Total finance lease income (note 3)	<u>231,034</u>	<u>238,803</u>
Initial recognition of new finance lease receivables	14,216	40,016
Lease rentals received	<u>(357,175)</u>	<u>(351,676)</u>
At 31 December	<u>2,671,247</u>	<u>2,783,172</u>

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16 Finance lease receivables (continued)

Finance lease receivables is allocated in the consolidated statement of financial position as follows:

	2025 AED'000	2024 AED'000
Current	339,649	338,440
Non-current	<u>2,331,598</u>	<u>2,444,732</u>
	<u>2,671,247</u>	<u>2,783,172</u>

Future minimum lease receivables under finance leases together with the present value of net minimum lease receivables are as follows:

	2025			2024
	Minimum lease receivables AED '000	Present value of minimum lease AED '000	Minimum lease receivables AED '000	Present value of minimum lease AED '000
Within one year	357,576	340,439	352,075	338,440
After one but no more than five years	1,426,828	1,136,222	1,410,010	1,069,648
More than five years	2,307,289	1,194,586	2,596,983	1,375,084
	4,091,693	2,671,247	4,359,068	2,783,172
Unearned finance income	(1,420,446)	-	(1,575,896)	-
	2,671,247	2,671,247	2,783,172	2,783,172

The movement in unearned finance income during the year are as follows:

	2025 AED '000	2024 AED '000
At 1 January	1,575,896	1,742,294
Finance income recognised during the year	(204,428)	(213,198)
Variable lease payment CPI indexation	12,091	16,250
Relating to new finance leases	36,887	30,550
At 31 December	1,420,446	1,575,896

No unguaranteed residual value to the benefit of the lessor is assumed for the purpose of the above calculation.

The Group leases represent district cooling plants. Contracts are usually made for fixed periods of 15 years to 30 years. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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17 Right-of-use assets

The movement in right-of-use asset during the year are as follows:

	Land, plant and buildings AED '000	Distribution network AED '000	Motor vehicles AED '000	Total AED '000
2025				
<i>Cost:</i>				
At 1 January 2025	316,647	150,003	32,923	499,573
Additions during the year	32,120	-	2,237	34,357
At 31 December 2025	348,767	150,003	35,160	533,930
<i>Accumulated depreciation:</i>				
At 1 January 2025	119,287	18,806	20,291	158,384
Depreciation for the year	23,690	3,510	5,700	32,900
At 31 December 2025	142,977	22,316	25,991	191,284
<i>Net carrying amount before accumulated impairment:</i>				
At 31 December 2025	205,790	127,687	9,169	342,646
<i>Accumulated impairment:</i>				
At 1 January and 31 December 2025	88,253	-	-	88,253
<i>Net carrying amount after accumulated impairment:</i>				
At 31 December 2025	117,537	127,687	9,169	254,393
2024				
<i>Cost:</i>				
At 1 January 2024	310,519	150,003	26,055	486,577
Additions during the year	6,128	-	6,868	12,996
At 31 December 2024	316,647	150,003	32,923	499,573
<i>Accumulated depreciation:</i>				
At 1 January 2024	95,499	15,568	16,240	127,307
Depreciation for the year	23,788	3,238	4,051	31,077
At 31 December 2024	119,287	18,806	20,291	158,384
<i>Net carrying amount before accumulated impairment:</i>				
At 31 December 2024	197,360	131,197	12,632	341,189
<i>Accumulated impairment:</i>				
At 1 January and 31 December 2024	88,253	-	-	88,253
<i>Net carrying amount after accumulated impairment:</i>				
At 31 December 2024	109,107	131,197	12,632	252,936

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17 Right-of-use assets (continued)

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

	2025 AED '000	2024 AED '000
Direct costs (note 6.1)	16,370	17,173
Administrative and other expenses (note 6.2)	16,530	13,904
	32,900	31,077

18 Long term deposits

During the period, various deposits amounting to AED 10.6 million (2024: AED 9.5 million) were placed by a subsidiary of the Group, for a tenure of 3 years, with commercial banks, at rates ranging from 4% to 5.25% per annum (2024: 4.5% to 5.25% per annum).

19 Lease liabilities

The movement in lease liabilities during the year are as follows:

	2025 AED '000	2024 AED '000
At 1 January	191,858	230,049
Addition	34,357	13,028
Accretion of interest (note 5)	10,937	12,413
Repayment	(58,983)	(63,632)
At 31 December	178,169	191,858

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

	2025 AED '000	2024 AED '000
Current	51,731	51,914
Non-current	126,438	139,944
	178,169	191,858

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19 Lease liabilities (continued)

Management has not considered the potential exposure of termination and extension clauses in determining lease liabilities.

The consolidated statement of profit or loss shows the following amounts relating to leases:

	2025 AED '000	2024 AED '000
Depreciation of right-of-use asset (note 17)	32,900	31,077
Finance cost on lease liabilities (note 5)	<u>10,937</u>	<u>12,413</u>
	<u>43,837</u>	<u>43,490</u>

The statement of cash flows shows the following movement relating to leases:

	2025 AED '000	2024 AED '000
Principle portion of lease payments	48,046	51,219
Finance cost on lease liabilities (note 5)	<u>10,937</u>	<u>12,413</u>
	<u>58,983</u>	<u>63,632</u>

20 Trade and other receivables

	2025 AED '000	2024 AED '000
Trade receivables, net	493,491	338,406
Amounts due from related parties (note 30)	4,785	76,643
Advances to suppliers and employees	5,211	6,725
Deposits, accruals and other receivables (i)	54,349	121,123
Derivative financial instruments (ii)	-	50,152
Prepayments	<u>27,113</u>	<u>20,586</u>
	<u>584,949</u>	<u>613,635</u>

(i) Included in other receivables is a balance held with a liquidity provider as of 31 December 2025 amounting to AED 5.4 million (2024: AED nil) (note 23).

(ii) The Group has entered into interest rate swaps (IRS) for the interest-bearing loans denominated in AED and USD which are designated as a hedging instrument (note 34). During the year ended 31 December 2025, the fair value movement of IRS amounting to AED 54.2 million was recorded in the consolidated statement of comprehensive income (2024: AED 113 million).

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20 Trade and other receivables (continued)

As at 31 December 2025, trade receivables with a nominal value of AED 29.9 million (2024: AED 29.2 million) were provided for as per the requirements of IFRS 9 expected credit loss model.

The movement in the provision for impairment of trade receivables are as follows:

	2025 AED '000	2024 AED '000
At 1 January	29,186	27,444
Charge for the year	872	2,478
Write off	(132)	(736)
At 31 December	29,926	29,186

The following table details the risk profile of trade receivables and amounts due from related parties based on the Group's provision matrix. Group's provision for loss allowance is based on past due status between the Group's different customer base for majority of the customers.

As at 31 December, the ageing analysis of trade receivables and amounts due from related parties is as follows:

	Total	Current	< 30 days	Past due				
				30 – 60 days	60 – 90 Days	90 – 120 days	120 – 365 days	>365 days
2025								
Gross receivable (AED'000)	528,202	265,052	49,299	83,071	36,827	44,826	16,886	32,241
Provision %	5.7%	0.8%	1.0%	1.0%	1.4%	1.9%	3.9%	75.9%
Provision (AED'000)	29,926	2,154	493	833	501	830	654	24,461
Net receivable (AED'000)	498,276	262,898	48,806	82,238	36,326	43,996	16,232	7,780
2024								
Gross receivable (AED'000)	444,235	286,610	77,501	19,248	10,955	2,514	14,020	33,387
Provision %	6.6%	0.7%	0.9%	1.2%	1.7%	2.2%	5.0%	75.9%
Provision (AED'000)	29,186	2,020	662	238	187	56	696	25,327
Net receivable (AED'000)	415,049	284,590	76,839	19,010	10,768	2,458	13,324	8,060

Trade receivables are non-interest bearing and are generally on 30 – 60 days terms. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured. For terms and conditions relating to related party receivables, refer to note 30.

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21 Bank balances and cash

Bank balances and cash included in the consolidated statement of financial position and in the consolidated statement of cash flows are as follows:

	2025 AED '000	2024 AED '000
Bank balances and cash	170,038	143,592
Short term deposits	484,952	879,184
Cash and cash equivalents	654,990	1,022,776

Included in the bank balances is an amount of AED 4.8 million (2024: AED 4.8 million) placed in debt service reserve accounts in relation to bank facilities and an amount of AED 0.8 million (2024: AED 1.4 million) held as cash margin against trade related bank guarantees and letters of credit.

Bank deposits attract a fixed rate of interest ranging from 4% to 5.25% per annum (2024: 4.2% to 5.25% per annum) and held with a maturity of three months or less.

Geographical concentration of bank balances and cash is as follows:

	2025 AED '000	2024 AED '000
Within UAE	625,872	998,885
Outside UAE	29,118	23,891
654,990	1,022,776	

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	2025 AED '000	2024 AED '000
Bank balances and cash	654,990	1,022,776
Interest-bearing loans and borrowings (note 25)	(145,276)	(2,044,610)
Islamic financing arrangements (note 26)	(1,787,497)	(640,666)
Non-convertible bonds and sukuk (note 27)	(4,389,682)	(2,770,548)
Lease liabilities (note 19)	(178,169)	(191,858)
Net debt	(5,845,634)	(4,624,906)

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21 Bank balances and cash (continued)

	<i>Bank balances and cash</i> AED '000	<i>Interest bearing loans and borrowings</i> AED '000	<i>Islamic financing arrangements</i> AED '000	<i>Non-convertible bonds and sukuk</i> AED '000	<i>Lease liabilities</i> AED '000	<i>Total</i> AED '000
Net debt						
At 1 January 2025	1,022,776	(2,044,610)	(640,666)	(2,770,548)	(191,858)	(4,624,906)
Cash flows	(367,786)	1,904,275	641,306	(1,611,954)	58,983	624,824
Non-cash transaction:						
Amortisation of transaction cost (note 5)	-	(1,834)	(1,178)	(7,180)	-	(10,192)
Reclassified to prepayments	-	(3,107)	-	-	-	(3,107)
Additions (note 19 and 26)	-	-	(1,786,959)	-	(34,357)	(1,821,316)
Accretion of interest (note 5)	-	-	-	-	(10,937)	(10,937)
At 31 December 2025	654,990	(145,276)	(1,787,497)	(4,389,682)	(178,169)	(5,845,634)

	<i>Bank balances and cash</i> AED '000	<i>Interest bearing loans and borrowings</i> AED '000	<i>Islamic financing arrangements</i> AED '000	<i>Non-convertible bonds and sukuk</i> AED '000	<i>Lease liabilities</i> AED '000	<i>Total</i> AED '000
Net debt						
At 1 January 2024	1,509,804	(2,037,953)	(638,135)	(3,532,495)	(230,049)	(4,928,828)
Cash flows	(487,028)	(543)	-	767,544	63,632	343,605
Non-cash transaction:						
Amortisation of transaction cost (note 5)	-	(6,114)	(2,531)	(5,597)	-	(14,242)
Additions (note 19)	-	-	-	-	(13,028)	(13,028)
Accretion of interest (note 5)	-	-	-	-	(12,413)	(12,413)
At 31 December 2024	1,022,776	(2,044,610)	(640,666)	(2,770,548)	(191,858)	(4,624,906)

22 Share capital

	2025 AED '000	2024 AED '000
Authorised, issued and fully paid-up share capital		
Shares 2,845,271,070 (2024: 2,845,271,070) ordinary shares of AED 1 (2024: AED 1 each)	2,845,271	2,845,271

23 Treasury shares

During the year, the Group engaged a third-party licensed market maker on the Dubai Financial Market that offers liquidity provision services, to place buy and sell orders of the Group's shares with the objective of reducing bid/ask spreads as well as reducing price volatility in accordance with the market maker regulations. The initial advance balance remitted to the liquidity provider amounting to AED 15 million, and the outstanding balance as of 31 December 2025 is AED 5.3 million (2024: AED nil).

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23 Treasury shares (continued)

Movement in treasury shares is as under:

	2025 AED '000	2024 AED '000
At 1 January	3,314	3,295
Additions	3,038	-
Other reclass	-	19
At 31 December	6,352	3,314

24 Statutory reserve

As required by the UAE Federal Law No. (32) of 2021, as amended, and the Memorandum of Association of companies registered in UAE, 10% of the profit of the Company for the year is transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve equals 50% of the issued capital. The reserve is not available for distribution.

25 Interest bearing loans and borrowings

Effective interest rate %	2025 AED '000	2024 AED '000
Term loan 1 SOFR + margin	-	1,895,761
Term loan 2 1 yr BM RO FD + margin	36,382	41,207
Term loan 3 1 yr BM RO FD + margin	6,915	7,400
Term loan 4 1 yr BM RO FD + margin	38,998	44,174
Term loan 5 1 yr BM RO FD + margin	8,835	7,178
Term loan 6 EIBOR + margin	44,697	48,890
Term loan 7 1 yr BM RO FD + margin	9,449	-
	145,276	2,044,610

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25 Interest bearing loans and borrowings (continued)

Interest bearing loans and borrowings are disclosed in the consolidated statement of financial position as follows:

	2025 AED '000	2024 AED '000
Current	17,178	1,911,230
Non-current	<u>128,098</u>	<u>133,380</u>
	<u>145,276</u>	<u>2,044,610</u>

(i) Term loan 1

During the year 2020, the Group secured a facility of AED 1,900.4 million (USD 517.4 million) from a syndicate of banks to finance the acquisition of a subsidiary. The facility carried interest rate of SOFR plus margin. The interest is payable in cash on a flexible basis as agreed with the bank at every interest reset period. It is an unsecured facility, ranks pari passu with all other unsecured and unsubordinated liabilities of the Group.

The facility was fully settled in March 2025.

(ii) Term loan 2

Term loan 2 relates to a subsidiary and represents borrowing with a local commercial bank. The facility was refinanced during 2023 to avail better interest rates. The new facility is also secured against and commercial charge over property, plant and equipment. The loan is repayable in quarterly instalments and maturing in September 2033. The facility carries interest rate of 1 yr BM RO FD plus margin (2024: 4.75% per annum). During the year total repayments of AED 4.9 million were made (2024: AED 5.2 million).

(iii) Term loan 3

Term loan 3 relates to a subsidiary and represents borrowing with a local commercial bank. The facility was availed in 2024 which is secured against and commercial charge over property, plant and equipment as well as over current assets. The loan is repayable in quarterly instalments beginning from September 2025 and maturing on March 2034. The facility carries interest rate of 1 yr BM RO FD plus margin (2024: 4.75% per annum). During the year total repayments of AED 0.5 million were made (2024: AED nil).

(iv) Term loan 4

Term loan 4 relates to a subsidiary and represents borrowing with a local commercial bank. The facility was refinanced during 2023 to avail better interest rates. The new facility is also secured against and commercial charge over property, plant and equipment. The loan is repayable in quarterly instalments and maturing in June 2033. The facility carries interest rate of 1 yr BM RO FD plus margin (2024: 4.75% per annum). During the year total repayments of AED 5.3 million were made (2024: AED 5.2 million).

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25 Interest bearing loans and borrowings (continued)

(v) Term loan 5

Term loan 5 relates to a subsidiary and represents borrowing with a local commercial bank. The facility was availed in 2024 which is secured against and commercial charge over property, plant and equipment as well as over current assets. The loan is repayable in quarterly instalments beginning from September 2025 and maturing on March 2034. The facility carries interest rate of 1 yr BM RO FD plus margin (2024: 4.75% per annum). During the year total repayments of AED 0.5 million were made (2024: AED nil).

(vi) Term loan 6

Term loan 6 relates to a subsidiary and represents borrowing with a local commercial bank. The facility amounting to AED 77.9 million was obtained to finance the acquisition of a plant. The facility carries interest rate of EIBOR plus a margin, payable in cash on a quarterly basis and is secured against the plant for which facility was obtained. The facility is repayable in 60 quarterly instalments with the last instalment due on 31 December 2031. During the year, total repayments of AED 4.3 million were made against this facility (2024: AED 4.2 million).

(vii) Term loan 7

Term loan 7 relates to a subsidiary and represents borrowing with a local commercial bank. The facility was availed in 2024 which is secured against and commercial charge over property, plant and equipment as well as over current assets. The loan is repayable in quarterly instalments beginning from March 2026 and maturing on December 2035. The facility carries interest rate of 1 yr BM RO FD plus margin (2024: 4.75% per annum). During the year total repayments of AED nil were made (2024: AED nil).

(viii) Term loan 8

A green revolving credit facility of AED 600 million was obtained by the Group during 2023 which is to be utilised in the form of drawing cash advances. The revolving facility carries interest at EIBOR plus margin and is repayable on 31 December 2028. During 2025, the Group has increased the limit from AED 600 million to AED 1,200 million. As of 31 December 2025, the company has utilised & repaid AED 900 million from the revolving credit facility (2024: AED 90 million). The funds withdrawn were largely utilised for the Group's investment in Arctic Holdco SPV LTD.

Included in the interest-bearing loans and borrowings is an amount of AED 2.6 million of unamortised transaction cost (2024: AED 5.3 million).

The Group has complied with all the applicable financial covenants as at 31 December 2025.

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26 Islamic financing arrangements

	Effective profit rate %	2025 AED '000	2024 AED '000
Islamic financing arrangement (i)	SOFR + margin	-	640,666
Islamic financing arrangement (ii)	EIBOR/ SOFR + margin	<u>1,787,497</u>	<u>-</u>
		<u>1,787,497</u>	<u>640,666</u>

Islamic financing arrangements are disclosed in the consolidated statement of financial position as follows:

	2025 AED '000	2024 AED '000
Current	180,061	640,666
Non-current	1,607,436	<u>-</u>
	1,787,497	640,666

(i) Islamic financing arrangement

During the year 2020, the Group secured a new Islamic facility of AED 641.3 million (USD 174.6 million) from a syndicate of banks to finance the acquisition of a subsidiary. The facility carries profit rate of LIBOR plus margin. The profit is payable in cash on a flexible basis as agreed with the bank at every profit reset period. The facility was settled in March 2025.

(ii) Islamic financing arrangement

During 2025, the Group secured a new Shariah-compliant facility structured as a dual-tranche (AED/USD) of AED 1.8 billion (AED 900 million/USD 245.2 million) from a syndicate of banks to support strategic growth initiatives and optimise capital structure. The facility carries profit rate of EIBOR/ SOFR plus margin. The profit is payable in cash as agreed with the Bank at every profit reset period. The facility is repayable in 6 years.

Included in the Islamic financing arrangement is an amount of AED 13.1 million of unamortised transaction cost (2024: AED 0.6 million).

27 Non-convertible bonds and sukuk

Non-convertible bonds

	2025 AED '000	2024 AED '000
	1,828,363	1,824,082

During the year 2020, the Group issued 7-year investment grade bonds of USD 500 million which are listed on the International Securities Market of London Stock Exchange. The bonds carry coupon rate of 2.5% payable semi-annually. The bonds are repayable on 31 October 2027. The proceeds of the bonds were utilised to repay the previous term loans and to fund the future growth.

The bonds are stated net of discount and transaction costs incurred in connection with the bonds issuance, amounting to AED 8.1 million (2024: AED 12.4 million), which are amortised over the repayment period of the bonds using effective interest rate method.

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27 Non-convertible bonds and sukuk (continued)

Non-convertible sukuk

	2025 AED '000	2024 AED '000
Non-convertible sukuk (i)	-	946,466
Green Sukuk (ii)	<u>2,561,319</u>	-
	<u>2,561,319</u>	<u>946,466</u>

(i) In 2018, the Group issued a 7-year investment grade Islamic bonds (Sukuk) of USD 500 million which is listed on the International Securities Market of London Stock Exchange. The sukuk carries profit rate of 5.5% payable semi-annually.

During 2025, sukuk amounting to USD 7.5 million (2024: USD 209 million) were purchased as part of its liability management, with total buyback amounting to USD 249.5 million as at 31 December 2025 (2024: USD 242 million). The sukuk bought back were fully cancelled on 31 October 2025. The remaining balance was settled on 31 October 2025.

(ii) During February 2025, the Group issued a non-convertible investment grade Islamic bond structured as Ijarah/ Murabaha, with a senior structured green certificate status to finance environmentally sustainable projects (Green Sukuk) of USD 700 million equivalent to AED 2,570.75 million which is listed on the International Securities Market of London Stock Exchange. The sukuk carries a profit rate of 5.279% payable semi-annually, repayable on 5 March 2030.

Sukuk is stated net of transaction costs incurred in connection with the ukuk arrangements, amounting to AED 9.4 million (2024: AED 1.2 million), which are amortised to the consolidated statement of profit or loss over the repayment period of the sukuk using effective interest rate method.

	2025 AED '000	2024 AED '000
Current	-	946,466
Non-current	<u>4,389,682</u>	1,824,082
	<u>4,389,682</u>	<u>2,770,548</u>

There are no covenants applied on non-convertible bonds and sukuk, if the Group maintains investment grade credit rating status.

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28 Employees' end of service benefits

The Group provides for employees' end of service benefits in respect of its non-UAE employees in accordance with the employees' contracts of employment.

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

	2025 AED '000	2024 AED '000
At 1 January		
Charge for the year (note 6.3)	50,179	45,258
Payments made during the year	7,745	8,572
At 31 December	<u>(4,326)</u>	<u>(3,651)</u>
	<u>53,598</u>	<u>50,179</u>

29 Trade and other payables

	2025 AED '000	2024 AED '000
Non-current liabilities		
<i>Relating to capital expenditure:</i>		
Contractor payable and retentions	14,447	13,555
<i>Others:</i>		
Deferred consideration (i)	22,457	20,773
Contract liabilities	<u>317,177</u>	<u>318,025</u>
	<u>354,081</u>	<u>352,353</u>
Current liabilities		
<i>Relating to capital expenditure:</i>		
Contractor payable and retentions	-	1,028
Accrued expenses	13,930	68,116
	<u>13,930</u>	<u>69,144</u>
<i>Others:</i>		
Accrued expenses	270,515	284,498
Trade payables	103,863	86,684
Deposits	99,644	109,179
Amounts due to related parties	24,650	28,719
Contract liabilities	19,422	19,115
Deferred income	13,658	3,223
VAT payable	9,149	3,906
Derivative financial liabilities	5,621	-
Other payables	<u>31,435</u>	<u>74,560</u>
	<u>577,957</u>	<u>609,884</u>
	<u>591,887</u>	<u>679,028</u>

(i) Deferred consideration related to the acquisition made for S&T Cool District Cooling Company- Sole Proprietorship LLC. The outstanding balance relates to the obligation to make earn-out payments upon the achievement of certain targets. As per the share purchase agreement between the buyer and the seller, the consideration will be paid as a lump sum amount in 2047.

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29 Trade and other payables (continued)

Terms and conditions of the financial liabilities:

Trade payables and other financial liabilities are non-interest bearing and are normally settled on 60-90 days terms. Retention payables are non-interest bearing and are normally settled in accordance with the terms of the contracts. For terms and conditions relating to related parties, refer to note 30.

The movement in contract liabilities is as follows:

	2025 AED '000	2024 AED '000
Contract liabilities	<u>359,056</u>	<u>357,913</u>

Contract liabilities represent un-satisfied performance obligation related to connection fees.

During the year ended 31 December 2025, total addition amounted to AED 19.8 million (2024: AED 47.6 million). The revenue recognised during the year is AED 18.6 million (2024: AED 19.6 million).

30 Related party transactions and balances

Related parties represent associated companies, joint ventures, directors and key management personnel of the Group, management entities engaged by the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related party includes purchase and sale of chilled water and provision of management services. Significant transactions with related parties included in the consolidated statement of profit or loss are as follows:

	2025		2024	
	<i>Revenue AED '000</i>	<i>Direct costs AED '000</i>	<i>Revenue AED '000</i>	<i>Direct costs AED '000</i>
Associates and joint ventures	<u>15,233</u>	<u>64,354</u>	<u>16,868</u>	<u>65,026</u>

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

	2025		2024	
	<i>Trade Receivables AED '000</i>	<i>Trade payables and advances AED '000</i>	<i>Trade Receivables AED '000</i>	<i>Trade payables and advances AED '000</i>
Associates and joint ventures	<u>4,785</u>	<u>24,650</u>	<u>10,183</u>	<u>28,719</u>
Associates and joint ventures				

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30 Related party transactions and balances (continued)

Terms and conditions of transactions with related parties

Transactions with related parties are made at agreed terms and conditions approved by management and are analysed as follows:

Compensation of key management personnel

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

	2025 AED '000	2024 AED '000
Short-term benefits		
Employees' end of service benefits	12,468	12,197
	152	145
	<u>12,620</u>	<u>12,342</u>
Number of key management personnel	6	6

31 Contingent liabilities

Bank guarantees

The banks have issued guarantees on behalf of the Group as follows:

	2025 AED '000	2024 AED '000
Performance guarantees		
Advance payment guarantees	64,937	66,596
Financial guarantees	633	791
Other guarantees	8,244	8,905
	<u>105,580</u>	<u>-</u>
	<u>179,394</u>	<u>76,292</u>

The Group's share of contingencies of associates and joint ventures as of 31 December 2025 amounted to AED 80.9 million (2024: AED 82.5 million) and AED nil (2024: AED nil) respectively. The Group expects no outflow of economic resources and accordingly no provision has been made in the consolidated financial statements.

32 Commitments

Contractual commitments

The authorised contractual commitments as at 31 December 2025, contracted but not provided for amounted to AED 385.9 million (2024: AED 219 million). The Group's share of authorised future capital expenditure of associates at 31 December 2025 amounted to AED nil (2024: AED 1.1 million) and the Group's share of authorised future capital expenditure for joint ventures amounted to AED nil (2024: AED nil).

Operating lease commitments - lessor

The Group enters into cooling service agreements with its customers for the provision of chilled water. Some of these agreements qualify to be classified as a lease and have been accounted for as an operating lease as the Group does not transfer substantially all the risks and rewards of ownership of the asset to the customer.

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32 Commitments (continued)

Operating lease commitments – lessor (continued)

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2025 AED '000	2024 AED '000
Within one year	83,085	81,770
After one year but not more than five years	287,805	306,217
More than five years	<u>507,885</u>	<u>557,980</u>
	<u><u>878,775</u></u>	<u><u>945,967</u></u>

33 Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise interest bearing loans and borrowings, Islamic financing, lease liabilities, non-convertible bonds and Sukuk, trade payables and due to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as finance lease receivables, trade receivables, due from related parties, long term deposits and cash and bank balances, which arise directly from its operations.

The Group enters into derivative transactions to manage the interest rate risk arising from the Group's sources of finance. It is, and has been throughout 2025 and 2024 the Group's policy that no trading in derivatives shall be undertaken.

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

(a) Market risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise the following types of risk: interest rate risk and currency risk.

Financial instruments affected by market risk include loans and borrowings, Islamic financing arrangements, deposits, finance lease receivables, lease liabilities and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 December 2025 and 2024.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December 2025 and 2024.

The following assumptions have been made in calculating the sensitivity analyses:

- The consolidated statement of financial position sensitivity relates to derivatives instruments.
- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2025 and 2024 including the effect of hedge accounting.

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33 Financial risk management objectives and policies (continued)

(b) Interest rate risk

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

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

To manage the cash flow risk relating to its variable interest borrowings, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. These swaps are designated to hedge underlying debt obligations. At 31 December 2025, after taking into account the effect of interest rate swaps, 100% of the Group's borrowings are at a fixed rate of interest (2024: 100%).

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The majority of the transactions and balances are in either UAE Dirham or US Dollar or currencies that are pegged to US Dollar. As the UAE Dirham is pegged to the US Dollar, balances in US Dollar are not considered to represent significant foreign currency risk.

(d) Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The maximum exposure relating to trade receivables, contract assets and finance lease receivables is the carrying amount as disclosed in notes 20 and 16 respectively. The Group's 3 largest customers accounted for 67% of outstanding trade and related party receivable balances at 31 December 2025 (2024: 3 largest customers accounted for 52%). Amounts due in respect of finance lease receivables are from 13 customers (2024: 11 customers).

The Group applies IFRS 9 simplified approach to measure expected credit losses which uses a expected loss allowance for all trade receivables, contract assets and finance lease receivables.

To measure the expected credit losses, trade receivables, contract assets and finance lease receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced within this period. 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.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and bank balances and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, maximum is equal to the carrying amount of these instruments. The Group seeks to limit its credit risk to banks by only dealing with reputable banks, and independently rated parties with a minimum of investment grade ratings are accepted.

For finance lease receivables, the Group uses simplified approach, requiring lifetime ECL recognition at all times. ECL provision is based on the Group's historical information adjusted for future expectations using macroeconomic indicators. The finance lease receivables are concentrated with a few parties which are owned by Government of UAE and thus carries very low credit risk leading towards immaterial provision allowance.

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33 Financial risk management objectives and policies (continued)

(e) Liquidity risk

The Group monitors its risk to a shortage of funds using a cash flow model. This tool considers the maturity of its financial assets (trade receivables, finance lease receivables and other financial assets) and projected cash outflows from operations and capital projects.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of term loans.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2025 and 2024 based on undiscounted payments and current market interest rates.

	On demand AED'000	Less than 3 months AED'000	3 to 12 months AED'000	1 to 5 years AED'000	>5 years AED'000	Total AED'000	Carrying value AED'000
Interest bearing loans and borrowings	-	6,442	19,399	127,432	32,658	185,931	145,276
Islamic financing arrangements	-	67,153	197,442	1,911,731	-	2,176,326	1,787,497
Non-convertible bonds and Sukuk	-	45,398	136,243	4,890,823	-	5,072,464	4,389,682
Lease liabilities	-	17,143	44,283	85,744	95,382	242,552	178,169
Trade and retention payables, due to related parties and other financial liabilities	-	131,676	127,916	20,068	-	279,660	279,660
At 31 December 2025	-	267,812	525,283	7,035,798	128,040	7,956,933	6,780,284
	On demand AED'000	Less than 3 months AED'000	3 to 12 months AED'000	1 to 5 years AED'000	>5 years AED'000	Total AED'000	Carrying value AED'000
Interest bearing loans and borrowings	-	1,922,630	20,605	91,273	63,423	2,097,931	2,044,610
Islamic financing arrangements	-	649,569	-	-	-	649,569	640,666
Non-convertible bonds and Sukuk	-	-	1,983,420	1,928,325	-	3,911,745	2,770,548
Lease liabilities	-	14,942	38,162	107,657	101,178	261,939	191,858
Trade and retention payables, due to related parties and other financial liabilities	-	118,623	181,547	13,555	-	313,725	313,725
At 31 December 2024	-	2,705,764	2,223,734	2,140,810	164,601	7,234,909	5,961,407

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33 Financial risk management objectives and policies (continued)

(e) Liquidity risk (continued)

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2025 AED '000	2024 AED '000
Expiring beyond one year (bank loans)	<u>1,200,000</u>	<u>600,000</u>

(f) Capital management

The primary objective of the Group's capital management is to achieve strong credit metrics and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and adjusts it, in the light of changes in economic conditions. There are no regulatory imposed requirements on the level of share capital which the Group has not met.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, Islamic financing arrangement, non-convertible bonds and Sukuk and lease liabilities less cash and bank balances. Capital includes total equity excluding non-controlling interests less cumulative changes in fair value of derivatives.

	2025 AED '000	2024 AED '000
Interest bearing loans and borrowings	145,276	2,044,610
Islamic financing arrangement	1,787,497	640,666
Non-convertible bonds and sukuk	4,389,682	2,770,548
Lease liabilities	<u>178,169</u>	<u>191,858</u>
	<u>6,500,624</u>	<u>5,647,682</u>
Less: cash and bank balances	<u>(654,990)</u>	<u>(1,022,776)</u>
Net debt	<u>5,845,634</u>	<u>4,624,906</u>
Equity attributable to equity holders of the Company	6,078,945	6,343,557
Adjustment for cumulative changes in fair values of derivatives	<u>38,866</u>	<u>(45,225)</u>
Total capital	<u>6,117,811</u>	<u>6,298,332</u>
Capital and net debt	<u>11,963,445</u>	<u>10,923,238</u>
Gearing ratio	<u>49%</u>	<u>42%</u>

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33 Financial risk management objectives and policies (continued)

33.1 Financial instruments

The accounting policies for financial instruments have been applied to the line items below:

	2025 AED '000	2024 AED '000
Trade and other receivables	498,276	415,049
Finance lease receivables	2,671,247	2,783,172
Bank balances and cash including long term deposits	665,653	1,032,314
Financial assets measured at amortised cost	3,835,176	4,230,535
Trade and other payables	274,039	313,725
Interest bearing loans and borrowings	145,276	2,044,610
Islamic financing arrangement	1,787,497	640,666
Non-convertible bonds and sukuk	4,389,682	2,770,548
Lease liabilities	178,169	191,858
Financial liabilities measured at amortised cost	6,774,663	5,961,407

For the purpose of the financial instrument's disclosure, non-financial assets and non-financial liabilities have been excluded from 'trade and other receivables' and 'trade and other payables', respectively.

Fair values of financial instruments

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values at the reporting date except for finance lease receivables, interest-bearing loans and borrowings, Islamic financing arrangement, non-convertible bonds and Sukuk and lease liabilities. Set out below is a comparison of carrying amounts and fair values of such instruments:

	Carrying Amount		Fair Value	
	2025 AED '000	2024 AED '000	2025 AED '000	2024 AED '000
<i>Asset (liabilities) measured at fair value</i>				
Interest rate swaps	(5,621)	50,152	(5,621)	50,152
<i>Assets (liabilities) for which fair value is disclosed</i>				
Financial assets				
Finance lease receivables	2,671,247	2,783,172	2,858,438	2,990,491
Financial liabilities				
Interest bearing loans and borrowings	145,276	2,044,610	123,112	2,033,118
Islamic financing arrangement	1,787,497	640,666	1,763,048	640,879
Non-convertible bonds and sukuk	4,389,682	2,770,548	4,277,209	2,774,952
Lease liabilities	178,169	191,858	219,519	225,334

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33 Financial risk management objectives and policies (continued)

33.2 Fair value hierarchy

As at 31 December 2025 and 2024, the fair value measurement hierarchy of the Group's assets and liabilities is as follows:

	2025			2024		
	31 December		31 December	2024		31 December
	2025	AED '000		Level 1 AED '000	Level 2 AED '000	
Assets (Liabilities) measured at fair value						
Interest rate swaps	<u>(5,621)</u>	-	<u>(5,621)</u>	-	<u>50,152</u>	-
Assets for which fair values are disclosed	<u>2,858,438</u>	-	-	<u>2,858,438</u>	<u>2,990,491</u>	-
Finance lease receivables						<u>2,990,491</u>
Liabilities for which fair values are disclosed						
Interest bearing loans and borrowings	123,112	-	-	123,112	2,033,118	-
Islamic financing arrangement	1,763,048	-	-	1,763,048	640,879	-
Non-convertible bonds and sukuk	4,277,209	4,277,209	-	-	2,774,952	2,774,952
Lease liabilities	219,519	-	-	219,519	225,334	-
	<u>6,382,888</u>	<u>4,277,209</u>	-	<u>2,105,679</u>	<u>5,674,283</u>	<u>2,774,952</u>
						<u>2,899,331</u>

During the reporting years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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33 Financial risk management objectives and policies (continued)

33.2 Fair value hierarchy (continued)

The following methods and assumptions were used to estimate the fair values for assets and liabilities measured at fair value:

Derivative financial instruments

The Group enters into derivative financial instruments with various banks and financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are interest rate swaps. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying commodity.

Other financial assets (liabilities)

Fair values of other financial assets and liabilities are estimated by discounting future cash flows using prevailing current market rates.

33.3 Hedging activities

Cash flow hedges

The Group is exposed to variability in future interest cash flows on interest bearing loans and borrowings which bear interest at a variable rate.

In order to hedge its exposure to variable interest rate fluctuations on its interest-bearing loans the Group has entered into interest rate swaps with counter-party banks designated as cash flow hedges for notional amounts that mirror the drawdown and repayment schedule of the respective loans. The cashflow hedges are assessed as fully effective based on management qualitative assessment of the critical terms of the hedging arrangements. The notional amount of the interest rate swaps was AED 1,835 million as at 31 December 2025 (2024: AED 2,541 million).

Upon derecognition, the cumulative fair value change recognized in OCI is recycled to consolidated profit and loss account.

The schedule indicating the maturity profile of the derivative related assets and liabilities as at 31 December is as follows:

	Within 1 year AED '000	More than 1 Year AED '000	Total AED '000
2025			
Cash inflows (assets)	48,709	129,678	178,387
Cash outflows (liabilities)	(55,568)	(127,025)	(182,593)
Net cash outflows	(6,859)	2,653	(4,206)
2024			
Cash inflows (assets)	1,542	55,425	56,967
Cash outflows (liabilities)	(1,527)	(6,591)	(8,118)
Net cash outflows	15	48,834	48,849

All derivative contracts are with counterparty banks in UAE.

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34 Comparative information

The comparative figures have been reclassified to conform to the current period presentation. Such reclassifications have no effect on the previously reported profit or retained earnings of the Group.

The Group has re-presented its prior year as a result of the change in presentation as follows:

Consolidated statement of profit or loss

	Previously reported figures AED '000	Reclassification AED '000	Revised AED '000
Revenue	2,433,769	(2,147)	2,431,622
Direct cost	(1,352,734)	(1,598)	(1,354,332)
Provision for expected credit losses on trade receivables	(906)	(1,572)	(2,478)
Administrative and other expenses	(287,047)	5,317	(281,730)
	<u>793,082</u>	<u>-</u>	<u>793,082</u>

Consolidated statement of financial position

	Previously reported figures AED '000	Reclassification AED '000	Revised AED '000
Deferred consideration	-	20,773	20,773
Deferred income	23,996	(20,773)	3,223
Net Change	23,996	-	23,996