

UNION COOP

REPORT OF THE BOARD OF DIRECTORS, INDEPENDENT AUDITOR'S REPORT, AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

Union Coop

Report of the Board Of Directors, Independent Auditor's Report, and Financial Statements for the year ended 31 December 2025

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BOARD OF DIRECTORS' REPORT

The Board has pleasure in submitting its report and the audited financial statements for the year ended 31 December 2025.

Incorporation and registered Office

Union Coop (the "Society") is registered as a CO-Operative Society in the Emirate of Dubai via a ministerial decree No. 31/2, dated 24 May 1982, issued by the Ministry of Social Affairs and is registered with the Federal Authority under No. 12 in the Co-operative management records. The registered Office address of the Coop is P.O. Box 3861, Dubai, United Arab Emirates. The Coop changed its name from Union Co-operative Society to Union Coop on 1 August 2016. In August 2022, the Federal Decree- Law No. 6 of 2022 on cooperative was released to govern the cooperatives in the United Arab Emirates, the law came into effect in December 2022.

On 18 July 2022, the Coop listed 100% of its ordinary shares on the Dubai Financial Market ("DFM" or the "Exchange"). The share capital of the Coop comprises of undividable shares of AED 1 each payable in full on application to be a member of the Coop. Each member is entitled to a share in the Coop's share capital up to a maximum of 10%.

Principal activities

The principal activity of the Coop is establishing and managing hypermarkets in the United Arab Emirates ("UAE").

Results

Income from sales of goods for the year was AED 2,035 million (2024: AED 1,854 million). Profit before directors' remuneration and community responsibility expenses was AED 387 million (2024: AED 375 million). Profit after directors' remuneration and community responsibility expenses was AED 372 million (2024: AED 348 million).

Transactions with related parties

The financial statements disclose related party transactions and balances in Note 25. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Auditors

EY were appointed as external auditors for the Coop for the year ended 31 December 2025. A Shareholder's resolution is proposed to absolve them of their responsibility for the year ended 31 December 2025.

BOARD OF DIRECTORS' REPORT
(continued)

Directors

The current members of the board of directors are:

Majid Hamad Rahmah Al Shamsi	Chairman
Ahmad Abdulkarim Julfar	Deputy Chairman
Fatima Abdullah Al Shaiba	Secretary of Board
Ahmed Mohamed Aqil Al Qassim	Treasurer
Mohammad Ali Lootah	Board Member
Marwan Atiq Bin Thani	Board Member
Ahmed AbdulRahim Al Ansari	Board Member

On behalf of the Board:



Chairman

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNION COOP

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Union Coop (the "Coop"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Coop as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as modified by the UAE Ministry of Economy and Tourism ("MOET") clarification T.M/15/2026.

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 financial statements* section of our report. We are independent of the Coop in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA)*, as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities 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 financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. Our description of how our audit addressed this matter is provided in that context.

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



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNION COOP (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Determination of recoverable amounts for property and equipment and investment properties</i></p> <p>As at 31 December 2025, the Coop's property and equipment and investment properties amounted to AED 1,979,869 thousand and AED 534,726 thousand respectively, representing approximately 69% of total assets. During the year, management performed an impairment assessment over these assets and recorded a net reversal of impairment provision of AED 46,835 thousand.</p> <p>Management has conducted a review for impairment; the recoverable amount is determined based on the higher of 'value in use' and 'fair value less costs of disposal'.</p> <p>Value in use is calculated based on cash flow projections for five years using data from the Coop's internal forecasts and relies upon the assumptions, such as the estimates of future economic performance, long-term growth rates and discount rates applied.</p> <p>Fair value less costs of disposal, reflecting the market valuation of these assets less costs which would be incurred on disposal, is determined by independent valuation specialists, based on the market and/or income approach.</p> <p>Given the significance of these assets to the financial statements and the level of judgment involved in determining the recoverable amounts, this matter was considered a key audit matter.</p>	<p>The work that we performed to address this key audit matter, included the following procedures;</p> <ul style="list-style-type: none">• We evaluated management's assessment of impairment indications for these assets by comparing the net book of these assets with their corresponding recoverable amounts. <p><i>Value in use valuations:</i></p> <ul style="list-style-type: none">• We assessed the methodology applied in determining the value in use and compared the methodology with the requirements of IAS 36 "Impairment of Assets";• We evaluated the key assumptions used in the cash flow forecasts with reference to historical financial performance and market expectations;• We involved our internal specialists to assist in evaluating the discount rates applied by the management in the impairment assessment. This included comparing the assumptions used to relevant market data and, for the discount rate, benchmarking them against independently determined discount rates. <p><i>Fair value less cost of disposal:</i></p> <ul style="list-style-type: none">• We obtained from management the fair valuation reports issued by the external valuers;• We evaluated the qualifications, competence and objectivity of the external valuer;• On a sample basis, we tested the underlying data used for the calculation of the fair values by comparing to similar market transactions and/or taking into consideration the property operations and/or leases;• We involved our valuation specialist to assist in evaluating the methodology and assumptions used by the external valuer; and <p>We assessed the adequacy of the disclosures in the financial statements relating to this matter in line with the requirements of IFRS.</p>



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNION COOP (continued)

Report on the Audit of the Financial Statements (continued)

Emphasis of matter

As disclosed in Note 2 to the accompanying financial statements, the Coop's previously issued financial statements for the year ended 31 December 2025, which were approved on 16 February 2026, were withdrawn by the Board of Directors on 30 March 2026. Accordingly, our audit report dated 16 February 2026, which contained a qualified opinion, has also been withdrawn and should not be relied upon. Note 2 describes the circumstances giving rise to the withdrawal, including the issuance of the UAE Ministry of Economy and Tourism clarification after the date of the original auditor's report, the resulting change in the applicable financial reporting framework, and the basis on which the previously issued qualification is no longer applicable. Our opinion on the reissued financial statements is not modified in respect of this matter.

Other Matter

The financial statements of the Coop for the year ended 31 December 2024, were audited by another auditor who expressed an unmodified opinion on those statements on 13 February 2025.

Other Information

Other information consists of the information included in the Director's Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and in compliance with the applicable provisions of the Coop's Articles/Memorandum of Association and Cabinet Resolution of 2024 Concerning the Executive Regulations of Federal Decree-Law of 2022 Concerning Cooperative Associations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Coop'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 Coop or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNION COOP (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the 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 Coop'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 Coop'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 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 Coop to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNION COOP (continued)

Report on other Legal and Regulatory Requirements

The Coop has not complied with the clauses of the Cabinet Resolution No. (55) of 2024 concerning the Executive Regulations of Federal Decree-Law No. (6) of 2022 and its Articles of Association, relating to the percentage of the dividend declared. The Coop's management has obtained the consent from the Department of Economy and Tourism on 20 February 2025 to declare the dividends using these percentages.

Except for the matter mentioned above, based on the information that has been made available to us, nothing else has come to our attention which causes us to believe that the Coop has contravened during the financial year ended 31 December 2025, any of the applicable provisions of the Cabinet Resolution No. (55) of 2024 Concerning the Executive Regulations of Federal Decree-Law No. (6) of 2022 or its Articles of Association, which would have a material impact on its activities or its financial position as at 31 December 2025.

Ernst & Young Middle East (Dubai Branch)

A handwritten signature in blue ink, appearing to read 'Wardah Ebrahim', with a horizontal line extending to the right.

Wardah Ebrahim
Registration No.: 1,258

2 April 2026

Dubai, United Arab Emirates

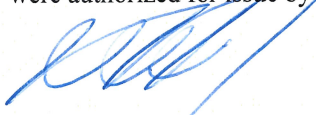
Union Coop

STATEMENT OF FINANCIAL POSITION


As at 31 December 2025

		<i>31 December 2025 AED</i>	<i>31 December 2024 AED</i>
	<i>Notes</i>		
ASSETS			
Property and equipment	8	1,979,869,662	2,077,122,412
Investment properties	9	534,725,750	471,545,613
Intangible assets	10	3,837,515	1,315,675
Right-of-use assets	11	525,037,803	506,049,469
Capital advances	12	7,387,375	8,344,177
Investment in associate	13	5,611,385	5,670,202
Non-current assets		3,056,469,490	3,070,047,548
Inventories	14	340,305,911	324,578,334
Trade and other receivables	15	85,169,659	84,601,089
Bank balances and cash	16	155,613,586	219,437,826
Current assets		581,089,156	628,617,249
TOTAL ASSETS		3,637,558,646	3,698,664,797
EQUITY			
Share capital	17	1,764,138,140	1,764,138,140
Legal reserve	18	882,069,070	882,069,070
Defined benefit obligations reserve		(258,361)	(190,962)
Community responsibility reserve	19	667,273	3,858,068
Treasury stock	20	(95,527,209)	(95,527,209)
Retained earnings		68,667,968	14,629,993
Total equity		2,619,756,881	2,568,977,100
LIABILITIES			
Employees' end of service benefits	21	30,653,525	49,874,871
Deferred tax liability	39	6,981,156	2,772,639
Lease liabilities	23	537,017,109	510,437,892
Non-current liabilities		574,651,790	563,085,402
Trade and other payables	24	391,462,774	416,844,723
Current tax liability	39	30,660,785	31,048,400
Bank overdraft	16	-	95,746,472
Lease liabilities	23	21,026,416	22,962,700
Current liabilities		443,149,975	566,602,295
Total liabilities		1,017,801,765	1,129,687,697
TOTAL EQUITY AND LIABILITIES		3,637,558,646	3,698,664,797

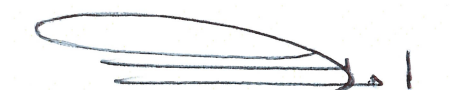
To the best of our knowledge, these financial statements fairly present, in all material respects, the financial position, results of operation and cash flows of the Coop as of, and for the year presented therein. The financial statements were authorized for issue by the Board of Directors and signed on their behalf on 2 April 2026 by:



 Chairman



 Chief Executive Officer



 Treasurer

The notes on pages 13 to 51 form an integral part of these financial statements.

Union Coop

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 AED	2024 AED
Income from sales of goods	26	2,035,203,539	1,854,126,639
Income from other operating activities	27	228,338,222	243,848,692
Other income	28	20,397,872	18,991,810
Finance income	29	4,963,997	1,878,267
Total income from operating activities		2,288,903,630	2,118,845,408
Cost of goods	30	(1,366,010,273)	(1,219,074,794)
Staff costs	31	(218,281,180)	(218,908,372)
Depreciation and amortization expenses	32	(97,865,206)	(94,725,615)
Utility expenses		(81,766,283)	(78,458,135)
Selling & Marketing expenses		(39,529,530)	(42,449,151)
Finance costs	33	(27,796,918)	(19,615,660)
Repair and maintenance expenses		(18,338,400)	(14,249,552)
Reversal of impairment/ (impairment loss)			
on trade and other receivables	15	954,872	(2,727,308)
Other expenses	34	(100,229,469)	(84,187,469)
Reversal of impairment provision on non-financial assets, net	35	46,835,369	30,610,444
Share of loss of associate including adjustments	13	(43,864)	(430,233)
Profit before tax, directors' remuneration and community responsibility expenses		386,832,748	374,629,563
Directors' remuneration expense	25	(5,250,000)	(6,750,000)
Community responsibility expenses	19	(9,332,726)	(19,505,255)
Profit before tax and after directors' remuneration and community responsibility expenses		372,250,022	348,374,308
Income tax expense	39	(34,263,773)	(33,817,834)
Profit for the year		337,986,249	314,556,474
Other comprehensive (loss) / income for the year			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit obligations – net of tax	21	(67,399)	32,406
Total comprehensive income for the year		337,918,850	314,588,880
Earnings per share – Basic (AED)	22	0.19	0.18
Earnings per share – Diluted (AED)	22	0.19	0.18

The comparative figures for the previous year have been reclassified, where necessary, in order to conform to the current year's presentation. Refer to note 41 to the financial statements.

Union Coop

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	<i>Notes</i>	<i>Share capital AED</i>	<i>Legal reserve AED</i>	<i>Defined benefit obligations reserve AED</i>	<i>Community responsibility reserve AED</i>	<i>Treasury stock AED</i>	<i>(Accumulated losses)/ retained earnings AED</i>	<i>Total AED</i>
At 1 January 2024		1,764,138,140	882,069,070	(223,368)	23,363,323	(95,527,209)	(22,569,572)	2,551,250,384
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	314,556,474	314,556,474
Other comprehensive income for the year		-	-	32,406	-	-	-	32,406
Total comprehensive income for the year		-	-	32,406	-	-	314,556,474	314,588,880
Transactions with shareholders								
Dividend paid	38	-	-	-	-	-	(296,862,164)	(296,862,164)
Total transactions with shareholders		-	-	-	-	-	(296,862,164)	(296,862,164)
Other movements								
Community responsibility reserve utilized during the year	19	-	-	-	(19,505,255)	-	19,505,255	-
Total other movements		-	-	-	(19,505,255)	-	19,505,255	-
At 31 December 2024		1,764,138,140	882,069,070	(190,962)	3,858,068	(95,527,209)	14,629,993	2,568,977,100

The notes on pages 13 to 51 form an integral part of these financial statements.

Union Coop

STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2025

	<i>Notes</i>	<i>Share capital AED</i>	<i>Legal reserve AED</i>	<i>Defined benefit obligations reserve AED</i>	<i>Community responsibility reserve AED</i>	<i>Treasury stock AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
At 1 January 2025		1,764,138,140	882,069,070	(190,962)	3,858,068	(95,527,209)	14,629,993	2,568,977,100
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	337,986,249	337,986,249
Other comprehensive loss for the year		-	-	(67,399)	-	-	-	(67,399)
Total comprehensive income for the year		-	-	(67,399)	-	-	337,986,249	337,918,850
Transactions with shareholders								
Dividend paid	38	-	-	-	-	-	(281,953,436)	(281,953,436)
Community responsibility reserve allocation	19	-	-	-	6,141,932	-	(6,141,932)	-
Others		-	-	-	-	-	64,367	64,367
Total transactions with shareholders		-	-	-	6,141,932	-	(288,031,001)	(281,889,069)
Other movements								
Community responsibility reserve utilized during the year		-	-	-	(9,332,727)	-	9,332,727	-
Adjustment pertaining to prior year directors' remuneration		-	-	-	-	-	(5,250,000)	(5,250,000)
Total other movements		-	-	-	(9,332,727)	-	4,082,727	(5,250,000)
At 31 December 2025		1,764,138,140	882,069,070	(258,361)	667,273	(95,527,209)	68,667,968	2,619,756,881

The notes on pages 13 to 51 form an integral part of these financial statements.

Union Coop

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 AED	2024 AED
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		372,250,022	348,374,308
Adjustments for:			
Depreciation of property and equipment	8	50,267,947	52,250,003
Depreciation of investment property	9	17,820,983	14,276,629
Amortization of intangible assets	10	985,080	3,957,200
Depreciation of right-of-use of assets	11	28,791,196	24,241,783
Gain on sale of property and equipment	28	(5,405,955)	(6,279)
Reversal of impairment on non-financial assets, net	35	(46,835,369)	(30,771,492)
Provision for defined benefit obligations	21	3,781,680	3,999,499
(Reversal)/ provision for impairment of trade and other receivables	15	(954,872)	2,727,308
(Write back)/provision for slow moving imported inventories	14	(318,061)	360,012
Finance income	29	(4,963,997)	(1,878,275)
Finance cost - lease liability	23	20,532,441	18,157,515
Gain on derecognition / adjustment of right-of-use asset	28	(1,914,811)	(1,021,391)
Share of loss of associate including adjustment	13	43,864	430,233
		434,080,148	435,097,053
<i>Working capital changes:</i>			
Inventories		(15,409,516)	(39,518,175)
Trade and other receivables		4,585,188	(12,556,646)
Trade and other payables		(25,381,949)	45,271,795
Net cash generated from operating activities		397,873,871	428,294,027
Income tax paid during the period	39	(30,436,206)	-
Payment of employees' end of service benefits	21	(23,077,091)	(23,815,591)
Net cash generated from operating activities		344,360,574	404,478,436
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	8	(64,154,298)	(112,348,594)
Acquisition of intangible assets	10	(2,751,920)	(398,024)
Proceeds from sale of property and equipment		72,308,341	1,322,028
Interest received		4,963,997	1,878,275
Short-term deposits matured		-	70,000,000
Reduction in capital advances		956,802	8,752,645
Dividend received from equity accounted investees	13	14,953	45,153
Net cash generated from / (used in) investing activities		11,337,875	(30,748,517)
FINANCING ACTIVITIES			
Dividends paid	38	(281,889,069)	(296,862,164)
Payment of lease liabilities	23	(21,354,707)	(19,687,036)
Interest paid on lease liabilities	23	(20,532,441)	(18,157,515)
Net cash used in financing activities		(323,776,217)	(334,706,715)
NET INCREASE IN CASH AND CASH EQUIVALENTS		31,922,232	39,023,204
Cash and cash equivalents at beginning of the year		123,691,354	84,668,150
CASH AND CASH EQUIVALENTS AT AND OF THE YEAR	16	155,613,586	123,691,354

The notes on pages 13 to 51 form an integral part of these financial statements.

1 LEGAL STATUS AND ACTIVITIES

Union Coop (the "Coop" or "Society") is registered as a Co-Operative Society in the Emirate of Dubai via a ministerial decree No. 31/2, dated 24 May 1982, issued by the Ministry of Social Affairs and is registered with the Federal Authority under No. 12 in the Co-operative management records. The registered office address of the Coop is P.O. Box 3861, Dubai, United Arab Emirates. The Coop changed its name from Union Co-operative Society to Union Coop on 1 August 2016.

The principal activity of the Coop is establishing and managing hypermarkets in the United Arab Emirates ("UAE"). The purpose of incorporation of the Coop is to improve the social and economic affairs of its shareholders and to serve the Society by following the co-operative principles documented in the Coop's Memorandum of Association and the Cabinet Resolution No. (55) of 2024 Concerning the Executive Regulations of Federal Decree-Law No. (6) of 2022 Concerning Cooperative Association.

On 18 July 2022, the Coop listed 100% of its ordinary shares on the Dubai Financial Market ("DFM" or the "Exchange"). The share capital of the Coop comprises of undividable shares of AED 1 each payable in full on application to be a member of the Coop. Each member is entitled to a share in the Coop's share capital up to a maximum of 10%. For each member one vote is allowed in the general assembly, regardless of the number of shares owned by a particular member.

2 BASIS OF PREPARATION

Statement of compliance

The financial statements of the Coop have been prepared in accordance with applicable rules and regulations issued by the UAE Ministry of Economy & Tourism (MOET) through the Federal Decree- Law No. (6) of 2022 concerning Cooperative Association, including MOET clarification T.M/15/2026, dated 10 March 2026. These rules, regulations and clarification require the adoption of all IFRS Accounting Standards as issued by IASB, except for:

- the recognition of return on members' dealings within the statement of changes in equity instead of statement of profit or loss via clarification # T.M/15/2026, dated 10 March 2026.

The above framework for basis of preparation of the financial statements of the Coop is hereinafter referred to as 'IFRS Accounting Standards as modified by the UAE Ministry of Economy and Tourism ("MOET") clarification T.M/15/2026'.

Withdrawal of previously issued financial statements

The Coop issued its financial statements for the year ended 31 December 2025 on 16 February 2026 (the "previously issued financial statements"). These financial statements were subsequently decided to be withdrawn by the Board of Directors on 30 March 2026 following the issuance, on 10 March 2026, of a clarification by the Ministry of Economy and Tourism ("MOET") regarding the accounting treatment of returns on members' dealings. As explained in Note 2 to the financial statements, this clarification permits a departure from IFRS Accounting Standards as issued by the IASB, as prescribed by law or regulation. Accordingly, the applicable financial reporting framework has changed, and the auditor's report has been updated to reflect this revised framework, resulting in the removal of the previously issued qualification.

Basis of measurement

These financial statements have been prepared on the historical cost basis. Except for defined benefit obligation which is measured at present value as explained in note 4.10.

Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirham ("AED"), which is Coop's functional currency.

Use of estimates and judgements

In preparing these financial statements, management has made judgments, estimates and assumptions about the future, that affect the application of the Coop's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Coop's risk management. Revisions to accounting estimates are recognised prospectively.

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in note 7.

2 BASIS OF PREPARATION (continued)

Measurement of fair values

A number of the Coop’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Coop has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Coop uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Coop recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Going concern

These financial statements have been prepared on a going concern basis as Management believes that the Coop has adequate resources to continue as a going concern in the foreseeable future.

3 CHANGE IN ACCOUNTING POLICIES

New and revised IFRS Accounting Standards adopted in the financial statement:

The Coop applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Coop has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The new and revised IFRS effective in the period did not have any significant impact. A number of amendments to standards and interpretations are effective for annual periods beginning on 1 January 2025 as below:

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

Standards issued but not yet effective:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2025 and early adoption is permitted; however, the Coop has not early adopted these new or amended standards in these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Coop's financial statements in the period of initial application:

<i>New and revised IFRS Accounting Standards</i>	<i>Effective for annual periods beginning on or after</i>
Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026

4 MATERIAL ACCOUNTING POLICIES

The Coop has consistently applied the accounting policies to all the periods presented in the financial statements except if mentioned otherwise.

4.1 Property and equipment

Property and equipment is stated at cost less depreciation and /or any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Coop and the cost of the item can be measured reliably. When significant parts of property and equipment are required to be replaced at intervals, the Coop depreciates them separately based on specific useful lives. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Land is not depreciated. Depreciation is computed using the straight-line method to allocate the cost of assets less their estimated residual values over their estimated useful lives, as follows:

	<i>Years</i>
Buildings	40
Fit-out	10
Computer hardware	5
Motor vehicles	5 - 7
Furniture and fixtures	4
Equipment and tools	4 - 15

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Fully depreciated property and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within the statement of profit or loss and other comprehensive income.

Buildings are reclassified from property and equipment to investment property based on changes in their designated usage areas.

4.2 Investment properties

IAS 40 - Investment Property defines investment property as property (land or a building or both) held to earn rentals or for capital appreciation or both. Based on this definition, investment property held by the Coop consists of part of buildings in form of shopping malls (retail and service units). These assets generate cash flows that are largely independent of the cash flows generated by the Coop's other retail assets. The split is between property and equipment and investment property is based on actual usage of the assets.

Investment properties are stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Coop and the cost of the asset can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation for buildings is computed using the straight-line method to allocate the cost of assets less their estimated residual values over their estimated useful lives of 40 years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within the statement of profit or loss and other comprehensive income.

Rental income from investment property is recognised as income from other operating activities on straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

4 MATERIAL ACCOUNTING POLICIES (continued)

4.3 Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years. Costs associated for maintaining computer software programs are recognised as an expense as incurred.

Subsequent expenditure capitalised in case of enhancement of future economic benefits or an extension of the asset's useful life.

4.4 Capital work-in-progress

Assets in the course of construction are stated at cost. When ready for use, capital work-in-progress is transferred to the relevant category within property and equipment and is depreciated on a straight-line- method over its expected useful life. Once a project is completed, management re-assesses the intended use of the completed asset. As such, the asset will be transferred into the relevant category within property and equipment or investment properties or both.

4.5 Impairment of non-financial assets

At each reporting date, the Coop reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.6 Financial instruments

a) Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. Trade receivables are amounts due from customers for merchandise sold and rentals receivables in the ordinary course of business for which collection is expected in one year or less (or in the normal operating cycle of the business). All other financial assets and financial liabilities are initially recognised when the Coop becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

b) Classification and subsequent measurement

Financial assets - classification

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the Coop changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

4 MATERIAL ACCOUNTING POLICIES (continued)

4.6 Financial instruments (continued)

b) Classification and subsequent measurement (continued)

Financial assets - classification (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Coop may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Coop may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - subsequent measurement:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Also, refer to accounting policy for derivatives designated as hedging instruments.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss and other comprehensive income.

Derecognition

Financial assets

The Coop derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Coop neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Coop enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Coop derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Coop also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

4 MATERIAL ACCOUNTING POLICIES (continued)

4.6 Financial instruments (continued)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Coop currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

The Coop recognises loss allowances for ECLs on financial assets measured at amortised cost. The Coop measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, due from a related party and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade and other receivables (including rent receivables) are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Coop considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Coop's historical experience and informed credit assessment including forward-looking information.

The Coop assess that credit risk on a financial asset has increased significantly if it is more than 90 days past due. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Coop is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Coop expects to receive).

Credit-impaired financial assets

At each reporting date, the Coop assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- the restructuring of a loan or advance by the Coop on terms that the Coop would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

4 MATERIAL ACCOUNTING POLICIES (continued)

4.6 Financial instruments (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Coop has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Coop expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Coop's procedures for recovery of amounts due.

4.7 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method and includes all costs incurred in acquiring the inventories and bringing them to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less variable selling expenses.

The Coop has the right to return or substitute the expired or slow moving good purchased from local suppliers, therefore the local inventory is not subject to losses as per the agreements with the suppliers. This is only applicable for the local suppliers' purchases; however, the imported goods are subject to inventory losses.

Rebates

The Coop has agreements with suppliers whereby volume-related rebates and various other supplier benefits and discounts are received in connection with the purchase of goods. This income received from suppliers relates to adjustments to the core cost price of a product and is considered part of the purchase price for that product. Income is recognised on an accrual basis when earned by the Coop and the income can be measured reliably based on the terms of the contract. For the purpose of presentation, cost of sales is shown net of rebates and purchase benefits and discounts.

Where the income earned relates to inventories which are held by the Coop at the end of a period, the income is included within the cost of those inventories, and recognised in cost of sales upon sale of those inventories. The Coop offsets amounts due from suppliers against amounts owed to those suppliers and only the net amount payable or receivable is recognised.

4.8 Share capital and treasury stock

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognised as deduction from equity. Treasury shares are recorded at cost and presented as a deduction from equity.

4.9 Provisions

Provisions are recognised when the Coop has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4 MATERIAL ACCOUNTING POLICIES (continued)

4.10 Provision for employees' benefits

Short-term employee benefits

Short-term employee benefits (annual leave, airfare and leave passage) are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Coop has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The provision relating to annual leave, airfare and leave passage is disclosed as a current liability and included in trade and other payables

Defined benefit obligation

The Coop's obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary under the projected unit credit method.

Remeasurement of the defined benefit liability are recognised immediately in OCI. The Coop determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit obligation are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Coop recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Retirement benefit plan accrual

The Coop has a retirement benefit plan for those employees who are registered in the General Pension and Social Security Authority and whose monthly salary as per labor contract exceeds a certain limit. The eligibility is subject to the employees completing one year of service. The Coop has stopped accruing this benefit from 1 January 2024 and the payment will be made when the employees exit the Coop.

4.11 Revenue from contract with customers

The Coop is principally engaged in operation of retail stores. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Coop expects to be entitled in exchange for those goods or services. The Coop has generally concluded that it is the principal in its revenue arrangements as it typically controls the goods or services before transferring them to the customer.

The Coop satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.

4 MATERIAL ACCOUNTING POLICIES (continued)

4.11 Revenue from contract with customers (continued)

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

Income from sales of goods

Sales of goods – retail

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and discounts. Revenue comprises amounts derived from the sale of goods falling within the ordinary activities of the Coop and are recognised at the time of checkout sales when persuasive evidence exists that the control passes from the Coop to the customer satisfying the performance obligation, and the amount of revenue can be measured reliably. The payment is effected simultaneously at the time of checkout sales. Discounts are recognised as a reduction of revenue as the sales are recognised.

Loyalty Program

The Coop offers the "Tamayaz" loyalty program, extending dual advantages to its customers through immediate discounts on specified items and the accumulation of rewards points. The Tamayaz loyalty program comprises two distinct categories: the "Gold card" tailored for shareholders and the "Silver card" designed for non-shareholder customers.

Under this program, customers accrue one point for every dirham spent, with the ability to redeem these points against future purchases upon reaching the 3,000 (AED 50) and 4,000 (AED 50) points respectively for gold and silver. Any unused loyalty points as of 31 December of each financial year will expire automatically.

When customers redeem their loyalty points, the value of the points redeemed is a form of discount that is recognised as a deduction against revenue.

E-Commerce

The Coop operates an e-commerce platform for the sale of consumer and durable goods to its customers. Payment for online purchases typically made via credit card on platform or cash / credit card on delivery. Meeting the criteria under IFRS 15, the Coop accounts for these income as a principal since it has the primary responsibility or fulfilling the promise to customers and has the price discretion. Revenue from sales transactions is recognised upon the delivery of products to customers; hence at a point in time.

Income from other operating activities

Income from shop rentals

The Coop has lease agreements for shops in its various branches and malls. The Coop recognises income from shop rentals in line with IFRS 16 *Leases* in its capacity as a lessor. Income is recognised over the term of the lease agreement.

Income from commission on sales from specialty department

Income from commission from rented departments is a percentage of sales, mutually agreed by the Coop and the tenants and to be paid to the Coop for operating the departments inside the Coop branches. Income from commission from rented departments is recognised at the time the sale is made in the rented department.

Advertisement and special offers income

Advertisement and Special offers income include the income generated from various suppliers for the additional services like additional space for charts and banners and advertising on the Coop's screens provided to the suppliers for promotions and advertisement of their goods in the malls. It is recognised on a straight line basis over the term of the agreement.

4 MATERIAL ACCOUNTING POLICIES (continued)

4.12 Taxes

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.

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- 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 utilised.

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.

The Coop 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.

4 MATERIAL ACCOUNTING POLICIES (continued)

4.12 Taxes (continued)

Value added tax (VAT)

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

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

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the standalone statement of financial position.

4.13 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Coop operates ('the functional currency'). The financial statements are presented in UAE Dirhams ("AED"), which is the Coop's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) Non-monetary assets and liabilities

Non-monetary assets and liabilities are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

4.14 Leases

(i) Coop as a lessee

Right-of-use assets:

At commencement or on modification of a contract that contains a lease component, the Coop allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Coop has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Coop recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any material initial direct costs incurred and an estimate of material costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Coop by the end of the lease term or the cost of the right-of-use asset reflects that the Coop will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4 MATERIAL ACCOUNTING POLICIES (continued)

4.14 Leases (continued)

Lease liabilities:

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Coop's weighted average incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that Society is reasonably certain to exercise, lease payments in an optional renewal period if the Coop is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Society is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Coop's estimate of the amount expected to be payable under a residual value guarantee, if the Coop changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Presentation

The Coop presents right-of-use assets and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Coop has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Coop recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) Coop as a lessor

At inception or on modification of a contract that contains a lease component, the Coop allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Coop acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Coop 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 Coop considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Coop 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 Coop applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, then the Coop applies IFRS 15 to allocate the consideration in the contract.

The Coop regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Coop recognises lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of 'income from other operating activities'. The Coop does not have any lease financing.

4.15 Profit before/after tax, directors' remuneration and community responsibility expenses

The Coop presents profit before and after tax, directors' remuneration and community responsibility expenses to provide more transparency on operational profits.

4 MATERIAL ACCOUNTING POLICIES (continued)

4.16 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

4.17 Earnings per share (EPS)

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

4.18 Current versus non-current classification

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

- Expected to be realised or intended to 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.

The terms of the liability that could at the option of the counter party, result in its settlement by the issue of equity instalments do not affect its classification.

The Coop classifies all other liabilities as non-current.

5 OPERATING SEGMENTS

a. Basis for segmentation

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Coop that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and to assess its performance.

Information reported to the Coop's Board of Directors for the purposes of resource allocation and assessment of segment performance is specifically focused on the type of business activities undertaken as a Coop. For operating purposes, the Coop is organised into three major business segments:

- i) Retail segment: Business from operations in relation to the sale of goods at hypermarkets;
- ii) E-commerce segment: Business from the online shopping platforms of the Coop; and
- iii) Real estate segment: Rental business from shops in its various branches and malls.

5 OPERATING SEGMENTS (continued)

The following tables present information regarding the Coop's operating segments for the year ended 31 December 2025 and 31 December 2024 (The disclosures in the tables below have been prepared using the same accounting policies as those applied to prepare the financial statements):

b. Information about reportable segments

For the year ended 31 December 2025

	<i>Retail segment AED' 000</i>	<i>E-commerce segment AED' 000</i>	<i>Real estate segment AED' 000</i>	<i>Total AED' 000</i>
2025				
Income from sales of goods	1,857,238	177,966	-	2,035,204
Income from other operating activities	44,684	1,719	181,935	228,338
Other income	12,456	112	7,830	20,398
Finance income	4,618	-	346	4,964
Cost of goods	(1,229,414)	(136,596)	-	(1,366,010)
Staff costs	(194,421)	(5,834)	(18,026)	(218,281)
Depreciation and amortisation expenses	(70,609)	(116)	(27,140)	(97,865)
Utility expenses	(60,762)	-	(21,004)	(81,766)
Selling & marketing expenses	(36,403)	(3,024)	(103)	(39,530)
Finance costs	(21,895)	-	(5,902)	(27,797)
Repair and maintenance expenses	(12,519)	(39)	(5,780)	(18,338)
Write back of impairment loss on trade and other receivables	888	-	67	955
Other expenses	(65,646)	(19,066)	(15,518)	(100,230)
Reversal of impairment loss on non-financial assets, net	-	-	46,835	46,835
Share of loss in associate including adjustments	(44)	-	-	(44)
Profit for the year before tax, directors remuneration and community responsibility expenses	228,171	15,122	143,540	386,833
Segment assets	2,975,549	132	661,878	3,637,559
Equity accounted investees	5,611	-	-	5,611
Capital expenditure	64,154	-	107,078	171,232
Segment liabilities	853,946	-	163,856	1,017,802

5 OPERATING SEGMENTS (continued)**b. Information about reportable segments (continued)***For the year ended 31 December 2024*

	<i>Retail segment AED' 000</i>	<i>E-commerce segment AED' 000</i>	<i>Real estate segment AED' 000</i>	<i>Total AED' 000</i>
<i>2024</i>				
Income from sales of goods	1,722,496	131,631	-	1,854,127
Income from other operating activities	70,400	10,023	163,426	243,849
Other income	17,396	81	1,515	18,992
Finance income	1,735	-	143	1,878
Cost of goods	(1,111,019)	(108,056)	-	(1,219,075)
Staff costs	(190,435)	(5,723)	(22,750)	(218,908)
Depreciation and amortisation expenses	(73,349)	(116)	(21,261)	(94,726)
Utility expenses	(59,298)	-	(19,160)	(78,458)
Selling & marketing expenses	(40,357)	(1,783)	(309)	(42,449)
Finance costs	(15,915)	-	(3,701)	(19,616)
Repair and maintenance expenses	(10,628)	(114)	(3,508)	(14,250)
Impairment loss on trade and other receivables	(2,519)	-	(208)	(2,727)
Other expenses	(61,714)	(9,967)	(12,506)	(84,187)
Reversal of impairment loss on non-financial assets	-	-	30,610	30,610
Share of loss in associate including adjustments	(430)	-	-	(430)
Profit for the year before tax, directors remuneration and community responsibility expenses	<u>246,363</u>	<u>15,976</u>	<u>112,291</u>	<u>374,630</u>
Segment assets	<u>3,131,626</u>	<u>74</u>	<u>566,964</u>	<u>3,698,664</u>
Equity accounted investees	<u>5,670</u>	<u>-</u>	<u>-</u>	<u>5,670</u>
Capital expenditure	<u>124,422</u>	<u>-</u>	<u>59,789</u>	<u>184,211</u>
Segment liabilities	<u>1,009,732</u>	<u>-</u>	<u>119,956</u>	<u>1,129,688</u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year. All Revenue are earned in the United Arab Emirates. Allocation of expenses are determined by management for resource allocation purpose.

Segment profit before directors remuneration and community responsibility expenses is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

c. Geographical information

The retail, e-commerce and real estate segments are managed primarily in United Arab Emirates.

6 FINANCIAL RISK MANAGEMENT

The Coop has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Interest risk.

This note presents information about the Coop's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and management of capital.

The Board of Directors have overall responsibility for the establishment and oversight of Coop's risk management framework. The Coop's senior management is responsible for developing and monitoring the Coop's risk management framework. The Coop's senior management reports to the Board of Directors on its activities. The Coop's risk management procedures are established to identify and analyze the risks faced, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The procedures are reviewed regularly to reflect changes in market conditions and the Coop's activities.

Credit risk

Credit risk is the risk of financial loss to the Coop if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from credit exposure to customers, due from a related party and cash at banks (in current and deposit accounts).

(i) Trade and other receivables

Trade and other receivables (excluding prepaid expenses and advances to suppliers) are amounts due from customers for merchandise sold in the ordinary course of business for which collection is expected in one year or less (or in the normal operating cycle of the business). The Coop's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Coop establishes an allowance for impairment that represents its estimate of expected credit losses in respect of its receivables. The main component of this allowance is a specific loss component that relates to individual significant exposures, and a collective loss component established for the grouping of similar assets in respect of losses that has been incurred but not yet identified.

(ii) Due from a related party

Amounts due from a related party are considered fully recoverable by management. Considering that management has no history of default from the related party, it is not expected that it will fail to meet its obligation.

(iii) Cash at banks (in current and deposit accounts)

The Coop limits its exposure to credit risk by only dealing with banks of repute.

Liquidity risk

Liquidity risk is the risk that the Coop will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Coop's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Coop's reputation. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Coop maintains flexibility in funding by keeping committed credit lines available. Liquidity risk mainly relates to trade and other payables, lease liabilities, bank overdraft and retirement plan benefits accrual (forming part of employee end of service benefits).

6 FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that changes in market prices, such as profit rates on short term deposits and bank overdraft, will affect the Coop's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Profit rate risk

The Coop is exposed to profit rate risk on its profit-linked assets. Short-term deposits are at a fixed profit rates. The Coop does not account for any fixed-rate financial assets at fair value through profit or loss. Therefore, a change in profit rates at the reporting date would not affect profit or loss.

Capital risk management

The Coop's objectives when managing capital are to safeguard the Coop's ability to continue as a going concern in order to provide returns to its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Coop may adjust the amount of dividends paid to shareholders.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Coop's management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Depreciation of property, equipment and investment properties

Management assigns the useful life and the residual values of the property, equipment and investment properties based on its intended use of assets and economies of the lives of those assets. Subsequent changes in the circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual value differing from initial estimate. When the management determines that the useful life of the asset Society or the residual value of the asset requires amendment, the net book amount in excess of the residual value is depreciated over the revised remaining useful life. Management has reviewed the residual values and useful lives of the major items of property, equipment and investment properties and determined that no adjustment is necessary.

Incremental borrowing rate

The Coop uses its incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, The Coop uses a build-up approach that starts with a risk-free interest rate adjusted for specific industry credit risk. The Coop has discounted lease liabilities using incremental borrowing rates ranging from 3.3% to 5.7%.

Determining the lease term

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).

Impairment of non-financial assets

IFRS Accounting Standards requires management to perform impairment tests annually if events or changes in circumstances indicate that their carrying amounts may not be recoverable. Impairment testing requires management to assess whether the carrying value of assets can be supported by the higher of the net present value of future cash flows that they generate, or their fair value less costs to sell. If any such indications exist and where the carrying value exceeds the estimated recoverable amount, the assets or cash generating units (CGU) are written down to their recoverable amount. The Coop reviews its property and equipment, right-of-use assets to assess impairment at least on an annual basis.

Union Coop

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

8 PROPERTY AND EQUIPMENT

	<i>Land AED</i>	<i>Buildings AED</i>	<i>Fit-Out AED</i>	<i>Computer hardware AED</i>	<i>Motor vehicles AED</i>	<i>Furniture and fixtures AED</i>	<i>Equipment and tools AED</i>	<i>Capital work-in- progress AED</i>	<i>Total AED</i>
Cost									
At 1 January 2024	1,262,291,019	1,051,562,728	-	32,747,457	16,912,021	40,135,440	214,776,767	118,533,134	2,736,958,566
Additions	-	29,657,432	-	2,533,891	-	3,856,624	10,986,979	77,387,382	124,422,308
Transfers from capital work in progress	-	128,517,104	-	272,398	-	157,798	1,110,356	(130,057,656)	-
Transfers to intangible assets	-	-	-	-	-	-	-	(3,518)	(3,518)
Transfer to investment properties	-	(59,789,853)	-	-	-	-	-	-	(59,789,853)
Disposals	-	(2,227,430)	-	(526,806)	-	(824,263)	(5,772,990)	(183,657)	(9,535,146)
Adjustment	-	-	-	-	-	-	-	(14,984,975)	(14,984,975)
At 31 December 2024	1,262,291,019	1,147,719,981	-	35,026,940	16,912,021	43,325,599	221,101,112	50,690,710	2,777,067,382
At 1 January 2025	1,262,291,019	1,147,719,981	-	35,026,940	16,912,021	43,325,599	221,101,112	50,690,710	2,777,067,382
Additions	-	8,782,396	5,982,780	1,335,435	-	6,229,826	11,592,498	30,231,363	64,154,298
Transfers from capital work in progress	-	46,937,430	13,283,772	112,623	-	-	221,139	(60,554,964)	-
Transfer to intangible assets	-	-	-	-	-	-	-	(755,000)	(755,000)
Transfer to investment properties (note 9)	-	(107,078,193)	-	-	-	-	-	-	(107,078,193)
Disposals*	(63,975,904)	(29,410)	-	(1,085,071)	(512,900)	(2,691,621)	(8,544,945)	-	(76,839,851)
Adjustment	-	-	-	-	-	-	-	(11,139,591)	(11,139,591)
At 31 December 2025	1,198,315,115	1,096,332,204	19,266,552	35,389,927	16,399,121	46,863,804	224,369,804	8,472,518	2,645,409,045

*During the year ended 31 December 2025, the Coop has disposed off a land with a carrying value of AED 63,975,904 against a net consideration of AED 69,795,000 resulting in a gain of AED 5,819,096 that was recorded under other income (note 28).

Union Coop

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

8 PROPERTY AND EQUIPMENT (continued)

	<i>Land AED</i>	<i>Buildings AED</i>	<i>Fit-Out AED</i>	<i>Computer hardware AED</i>	<i>Motor vehicles AED</i>	<i>Furniture and fixtures AED</i>	<i>Equipment and tools AED</i>	<i>Capital work-in- progress AED</i>	<i>Total AED</i>
Accumulated depreciation and impairment losses									
At 1 January 2024	212,418,878	266,265,244	-	25,943,895	13,014,596	28,262,510	141,199,173	14,984,975	702,089,271
Charge for the year (note 32)	-	25,109,443	-	2,738,996	1,048,882	6,074,313	17,278,369	-	52,250,003
Reversal of impairment during the year	(30,771,492)	-	-	-	-	-	-	-	(30,771,492)
Write off	-	-	-	-	-	-	-	(14,984,975)	(14,984,975)
Disposals	-	(2,227,431)	-	(525,861)	-	(759,788)	(5,124,757)	-	(8,637,837)
At 31 December 2024	181,647,386	289,147,256	-	28,157,030	14,063,478	33,577,035	153,352,785	-	699,944,970
At 1 January 2025	181,647,386	289,147,256	-	28,157,030	14,063,478	33,577,035	153,352,785	-	699,944,970
Charge for the year (note 32)	-	23,936,524	1,096,774	2,755,294	944,702	5,809,554	15,725,099	-	50,267,947
Reversal of impairment during the year	(84,003,858)	23,540,572	-	-	-	-	-	-	(60,463,286)
Transfer to investment properties (note 9)	-	(12,449,156)	-	-	-	-	-	-	(12,449,156)
Disposals	-	(29,409)	-	(1,053,581)	(414,227)	(2,468,857)	(7,795,018)	-	(11,761,092)
At 31 December 2025	97,643,528	324,145,787	1,096,774	29,858,743	14,593,953	36,917,732	161,282,866	-	665,539,383
Net carrying amount									
At 31 December 2024	1,080,643,633	858,572,725	-	6,869,910	2,848,543	9,748,564	67,748,327	50,690,710	2,077,122,412
At 31 December 2025	1,100,671,587	772,186,417	18,169,778	5,531,184	1,805,168	9,946,072	63,086,938	8,472,518	1,979,869,662

8 PROPERTY AND EQUIPMENT (continued)

- a) Certain buildings of the Coop are constructed on plots of lands granted by H.H. Ruler of Dubai. These plots of lands are recorded in the Coop's books at a nominal value of AED 1. The value of other plots of land carried at cost represents the value of plots purchased.
- b) Capital work in progress primarily represents the costs incurred by the Coop for construction of new shopping centers and stores in Jumeirah Mall (completion expected in 2027-2028).
- c) As at 31 December 2025, the Coop transferred buildings amounting to AED 107,078,193 from property and equipment to investment properties (2024: AED 59,789,853) (*refer to note 9*). During the year, an amount of AED 1,661,139 was capitalized from ROU (2024: AED 6,125,861) and an amount of AED 910,503 was capitalized from interest on lease (2024: AED 6,366,293).
- d) As required by IAS 36 Impairment of Assets, management carried out an impairment assessment of property and equipment as at 31 December 2025. As part of the impairment assessment, management estimated the recoverable amount of the Cash Generating Units (CGUs). The management has determined each location to be a separate CGU and considered the carrying value of land and buildings in that location as a CGU when testing for impairment as at the reporting period. For the fair value assessment in accordance with the requirement of IAS 36, the Coop has determined the recoverable amount using the greater of “fair value less costs of disposal” or “value in use”.
- e) Based on the impairment assessment, an impairment of AED 60,463,286 has been reversed during the current year (2024: AED 30,771,492). The fair value measurement was categorised as a level 3 for lands and buildings based on the inputs in the valuation technique used. The key assumptions used in the estimation of the fair value are set out below.

Asset category	Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Lands	Comparable method: This method is used to form the valuer's estimate of Market Value of assets where recent transactional data are readily available. This estimate of market value was wholly determined by reference to observable prices and recent market transactions, involving comparable property assets, adjusted as appropriate to reflect properties specific factors.	Price per square meter.	Significant increases/ (decreases) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value on a linear basis.
Buildings	Income capitalisation method.	<ul style="list-style-type: none"> - Market Yield (7-10%) - Vacancy allowances (5-10%) - Estimated rental value (market comparable) - Operational expenses 	The fair value would increase if: <ul style="list-style-type: none"> - The market yields were lower, - The vacancy allowances were lower, - The Estimated rental value were higher, - Operational expenses were lower.

Union Coop

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

9 INVESTMENT PROPERTIES

Shops and other areas within shopping malls, which are held for rental had been classified as investment properties.

	<i>AED</i>
Cost	
At 1 January 2024	622,268,417
Transfer from property and equipment (note 8)	59,789,853
At 31 December 2024	<u>682,058,270</u>
At 1 January 2025	682,058,270
Transfer from property and equipment (note 8)	107,078,193
At 31 December 2025	<u>789,136,463</u>
Accumulated depreciation and impairment losses:	
At 1 January 2024	196,236,028
Charge for the year (note 32)	14,276,629
At 31 December 2024	<u>210,512,657</u>
At 1 January 2025	210,512,657
Charge for the year (note 32)	17,820,983
Impairment recorded during the year	13,627,917
Transfer from property and equipment (note 8)	12,449,156
31 December 2025	<u>254,410,713</u>
Net book amount	
At 31 December 2024	<u>471,545,613</u>
At 31 December 2025	<u>534,725,750</u>

Income from investment properties:

	<i>For the year ended 31 December</i>	
	<i>2025</i>	<i>2024</i>
	<i>AED</i>	<i>AED</i>
Rental income	<u>181,910,179</u>	<u>163,426,358</u>

As required by International Accounting Standard - 36 'Impairment of Assets' ("IAS 36"), management carried out an impairment assessment of investment properties as at 31 December 2025. As part of the impairment assessment, management estimated the recoverable amount of the assets. For the fair value assessment in accordance with the requirement of IAS 36, the Coop has determined the recoverable amount using the greater of "fair value less costs of disposal" or "value in use". Based on the impairment assessment, investment properties have been impaired by AED 13,627,917 during current year (2024: AED Nil).

The fair value of the investment properties as at 31 December 2025 is AED 1,011 million (2024: AED 829 million). The fair value of investment properties as at 31 December 2024 and 2025 has been arrived at on the basis of a valuation carried out by an external, independent property valuer. The valuer had appropriate qualifications and recent experience in the valuation of properties in the location and category of the property being valued. The valuation was performed based on market value determined in accordance with the Royal Institution of Chartered Surveyors (RICS) appraisal and valuation manual, issued by the RICS.

9 INVESTMENT PROPERTIES (continued)

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. There is no change in level year on year.

Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Income capitalisation method	<ul style="list-style-type: none"> - Market Yield (7-10%) - Vacancy allowances (5-10%) - Estimated rental value (market comparable) - Operational expenses 	<p>The fair value would increase if:</p> <ul style="list-style-type: none"> - The market yields were lower, - The vacancy allowances were lower, - The Estimated rental value were higher, - Operational expenses were lower.

10 INTANGIBLE ASSETS

	<i>2025</i>	<i>2024</i>
	<i>AED</i>	<i>AED</i>
<i>Computer software</i>		
Cost		
At 1 January	26,357,711	25,956,169
Additions	2,751,920	398,024
Transfer from capital work in progress (refer to note 8)	755,000	3,518
Written off during the year	(424,771)	-
At 31 December	29,439,860	26,357,711
Accumulated amortization		
At 1 January	25,042,036	21,084,836
Charge for the year (refer to note 32)	985,080	3,957,200
Written off during the year	(424,771)	-
At 31 December	25,602,345	25,042,036
Net carrying amount		
At 31 December	3,837,515	1,315,675

11 RIGHT OF USE ASSET

The right of use assets consist of leased lands on which shopping malls and staff accommodations are constructed, leased warehouses and leased shopping malls and retail units.

Extension options

The management considers various facts and circumstances that create an economic incentive to exercise the renewal option. Extension/renewal 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).

The following factors are most relevant:

- If there are significant penalties (contractual) to terminate (or not extend), the Coop is typically reasonably certain to extend (or not terminate);
- If the lease improvements are expected to have a significant remaining value, the Coop is typically reasonably certain to extend (or not terminate); and
- The Coop also considers other factors including current market conditions, historical impairments on related CGUs, business strategy, etc.

11 RIGHT OF USE ASSET (continued)**Extension options (continued)**

In determining the lease term where the enforceability of the option solely rests with the Coop, the management considers all aforementioned facts and circumstances that create an economic incentive to exercise the option. Extension/renewal 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).

	<i>Land AED</i>	<i>Buildings AED</i>	<i>Total AED</i>
At 1 January 2024	98,163,228	472,819,680	570,982,908
Additions and modifications	91,597,135	16,454,240	108,051,375
Adjustment	(15,812,321)	(2,732,502)	(18,544,823)
Derecognition	359,757	(31,582,362)	(31,222,605)
At 31 December 2024	<u>174,307,799</u>	<u>454,959,056</u>	<u>629,266,855</u>
At 1 January 2025	174,307,799	454,959,056	629,266,855
Additions and modifications	5,613,908	59,995,311	65,609,219
Adjustment	-	(23,713,873)	(23,713,873)
At 31 December 2025	<u>179,921,707</u>	<u>491,240,494</u>	<u>671,162,201</u>
Depreciation of right-of-use assets			
At 1 January 2024	12,146,074	117,865,296	130,011,370
Charge for the year (note 32)	3,443,949	20,797,834	24,241,783
Capitalised	1,421,189	4,704,672	6,125,861
Adjustment	(3,225,502)	(2,713,521)	(5,939,023)
Derecognition	1,681,078	(32,903,683)	(31,222,605)
At 31 December 2024	<u>15,466,788</u>	<u>107,750,598</u>	<u>123,217,386</u>
At 1 January 2025	15,466,788	107,750,598	123,217,386
Charge for the year (note 32)	5,677,141	23,114,055	28,791,196
Capitalised	4,440	1,656,699	1,661,139
Adjustment	-	(7,545,323)	(7,545,323)
At 31 December 2025	<u>21,148,369</u>	<u>124,976,029</u>	<u>146,124,398</u>
Net book amount			
At 31 December 2024	<u>158,841,011</u>	<u>347,208,458</u>	<u>506,049,469</u>
At 31 December 2025	<u>158,773,338</u>	<u>366,264,465</u>	<u>525,037,803</u>

The Coop has properties from the Government of Dubai and other entities that are renewable on different frequencies. The Coop's management and board of directors are of the view that these plots of land will continue to be available to the Coop based on the useful life of relevant non-movable assets. Accordingly, the renewal options are considered while assessing the lease terms.

12 CAPITAL ADVANCES

Capital advances represents cash paid in advance to contractors for various projects in progress or not yet commenced as at the respective year ends.

Union Coop

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

13 INVESTMENT IN ASSOCIATE

This represents an equity investment in the Consumer Co-operative Union (CCU). The Coop holds 19,800 unquoted shares for a par value of AED 100 per share (20.34%) as at 31 December 2025 and 2024.

The following table analyses, in aggregate, the carrying amount and share of profit and OCI in the investee.

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Carrying amount (opening)	5,670,202	6,145,588
Share of profit for the year	30,384	81,732
Adjustments	(74,248)	(511,965)
Dividends received during the year	(14,953)	(45,153)
At 31 December	<u>5,611,385</u>	<u>5,670,202</u>

The following table summarises the financial information of the associate as at 31 October 2025:

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Percentage ownership	20.34%	20.34%
Non-current assets	4,802,992	5,043,202
Current assets	27,537,135	29,596,086
Non-current liabilities	(472,475)	(346,293)
Current liabilities	(4,278,345)	(6,415,896)
Net assets (100%)	<u>27,589,307</u>	<u>27,877,099</u>
Carrying amount of interest in associate	<u>5,611,385</u>	<u>5,670,202</u>

14 INVENTORIES

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Goods for resale	330,705,180	312,554,240
Imported goods for sale	6,815,133	9,524,118
Less: provision for slow moving items	(3,487,621)	(3,805,682)
	<u>334,032,692</u>	<u>318,272,676</u>
Consumables	5,738,618	6,147,584
Goods in transit	534,601	158,074
	<u>340,305,911</u>	<u>324,578,334</u>

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

14 INVENTORIES (continued)

The movement in the provision for slow moving imported inventories is as follows:

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
At 1 January	3,805,682	3,445,670
(Reversal) / provision for the year	(318,061)	360,012
At 31 December	3,487,621	3,805,682

The Coop has the right to return or substitute the expired or slow moving good purchased from local suppliers, therefore the local inventory is not subject to losses as per the agreements with the suppliers. However, imported goods are subject to inventory losses and accordingly are measured at lower of cost or net realisable value.

15 TRADE AND OTHER RECEIVABLES

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Trade receivables	19,466,435	22,338,197
Rent receivables	24,340,458	27,344,922
Due from a related party (refer to note 25)	14,499,877	13,788,438
Prepaid expenses	9,392,392	7,210,570
Deposits	11,677,436	8,585,462
Credit card sales receivable	10,759,736	10,595,207
Advance to suppliers	14,604,441	6,574,097
Accrued income on short-term deposits	537,346	145,191
Other receivables	15,599,991	28,881,216
	120,878,112	125,463,300
Less: provision for expected credit losses	(35,708,453)	(40,862,211)
	85,169,659	84,601,089

Movements on the provision for expected credit losses on trade and rent receivables are as follows:

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
At 1 January	40,862,211	38,134,903
(Reversal) / charge for the year	(954,872)	2,727,308
Written off during the year	(4,198,886)	-
At 31 December	35,708,453	40,862,211

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

16 BANK BALANCES AND CASH

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Cash at banks	33,492,373	102,227,368
Cash on hand	1,895,263	1,902,252
Short-term deposits with less than three months maturity	120,225,950	115,308,206
	<hr/>	<hr/>
Total bank balances and cash	155,613,586	219,437,826
Bank overdraft	-	(95,746,472)
	<hr/>	<hr/>
Cash and cash equivalents in the statement of cash flows	155,613,586	123,691,354
	<hr/> <hr/>	<hr/> <hr/>

Bank overdraft was fully paid during the year ended 31 December 2025. Facility is in place and the terms and conditions for bank overdraft facility are as below:

- Assignment over Point of Sales and cash collections, for a minimum of AED 1 Billion per annum.
- Mortgage of inventories including raw materials, work in progress, finished goods, good in transit stocks in trade and goods in transit stored at any Coop premises, factory, worksites, showrooms and warehouses.
- Assignment of trade and accounts receivables on pari passu basis.
- Assignment of insurance covering stocks/moveable assets/ inventories on pari passu basis.

17 SHARE CAPITAL

	<i>2025</i>	<i>2024</i>
Number of shares	1,764,138,140	1,764,138,140
	<hr/>	<hr/>
Ordinary shares in AED	1,764,138,140	1,764,138,140
	<hr/>	<hr/>

There has been no movement in the number and value of shares in both reporting periods.

18 LEGAL RESERVE

In accordance with the article 52 of the Cabinet Resolution of 2024 Concerning the Executive Regulations of Federal Decree-Law of 2022 Concerning Cooperative Associations, 10% of the profit for the year is transferred to a legal reserve, which is not distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid-up share capital. Transfers to the legal reserve have not been made during the year 2025 as a result of reaching the 50% capital rule in prior years.

19 COMMUNITY RESPONSIBILITY

This represents the Coop's responsibility for the social welfare of the community. Movement of the reserve is as below:

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Balance as of 1 January	3,858,068	23,363,323
Community responsibility reserve allocation during the year (a)	6,141,932	-
Community responsibility expenses (b)	(9,332,727)	(19,505,255)
	<hr/>	<hr/>
Balance as of 31 December	667,273	3,858,068
	<hr/> <hr/>	<hr/> <hr/>

Union Coop

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

19 COMMUNITY RESPONSIBILITY (continued)

- (a) The reserve is based on the approval allocated from the general assembly's resolution. The allocation is determined pursuant to the Coop's memorandum of association and the requirements of article 53 of Cabinet Resolution 55 of 2024 Concerning the Executive Regulations of Federal Decree-Law of 2022 and should not exceed 10% of the profit for the year.
- (b) Payment made to counter-party for community responsibility expenses incurred during the current and previous years are as follows:

Counter-parties

	2025 AED	2024 AED
Supporting members of the Mohammed bin Rashid Establishment for Small and Medium Enterprises Development and the Sheikh Khalifa Fund	5,295,858	6,085,738
Mohammed Bin Rashed Al Maktoum Global Initiatives	2,000,000	2,000,000
Sheikh Khalifa bin Zayed Al Nahyan Foundation for Humanitarian Works Project	959,524	1,207,838
Mohammed Bin Rashed Housing Establishment	278,051	1,704,308
Shareholder Happiness Programs	280,542	6,040,398
Ambulance Point Project in Al-Tay Warehouse	150,000	-
CoTopia Social Responsibility Foundation	115,500	-
People of Determination Sector	100,000	100,000
Osraty for Physiotherapy and Rehabilitation	50,000	-
Union Mosque	67,629	81,828
Governmental and semi-governmental agencies, major institutions, charities, and public benefit associations	35,623	171,660
Salaries and bonuses for employees of people of determination	-	693,300
Dubai International Holy Quran Award	-	500,000
Emirates Down Syndrome Association	-	300,000
Mohammed Bin Rashid Foundation for Islamic Culture	-	150,000
Dubai Club for People of Determination	-	120,000
University of Dubai	-	100,000
Hatta Festival	-	84,000
General Directorate of Residency and Foreigners Affairs	-	50,000
Ministry of Community Development	-	50,000
Emirates Genetic Diseases Association	-	31,185
Dubai Women's Association	-	25,000
Ministry of Human Resources	-	10,000
	<u>9,332,726</u>	<u>19,505,255</u>

20 TREASURY STOCK

During the current and previous year, Union Coop has not purchased any previously issued shares.

	2025	2024
Number of shares	<u>18,568,020</u>	<u>18,568,020</u>
Treasury stock – amount in AED	<u>95,527,209</u>	<u>95,527,209</u>

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

21 EMPLOYEES' END OF SERVICE BENEFITS

	2025	2024
	AED	AED
Defined benefit obligations (a)	28,706,325	31,869,446
Retirement plan benefit accrual (b)	1,947,200	18,005,425
	30,653,525	49,874,871

(a) Movement in defined benefit obligations

The following table shows a reconciliation from the opening balances to the closing balances for the defined benefit obligations and its components.

	2025	2024
	AED	AED
At 1 January	31,869,446	35,807,708
Included in statement of profit or loss		
Current service charges (note 31)	2,487,324	2,625,059
Interest expenses (note 33)	1,294,356	1,374,440
	3,781,680	3,999,499
Included in other comprehensive income		
Remeasurement (gain)/loss (before tax impact):		
- Financial assumptions	744,221	(300,759)
- Other sources	(670,156)	265,148
	74,065	(35,611)
Benefits paid	(7,018,866)	(7,902,150)
At 31 December	28,706,325	31,869,446

The calculation of defined benefit obligations is performed annually by a qualified actuary under the projected unit credit method.

Actuarial assumptions

The following were the principal actuarial assumptions at reporting date:

	2025	2024
Discount rate	4.10%	4.70%
Future salary growth	0.00%	0.00%
Turnover rate	15%	18%
Maximum Retirement age	60	60
A +0.5% change in discount rate would change the obligation amount to	30,026,816	33,526,657
A -0.5% change would change the obligation amount to	27,672,897	30,530,929

Union Coop

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

21 EMPLOYEES' END OF SERVICE BENEFITS (continued)

(b) Retirement plan benefit accrual

The following table shows a reconciliation from the opening balances to the closing balances for the retirement plan benefit accrual and its components.

	2025 AED	2024 AED
At 1 January	18,005,425	33,918,866
Payments during the year	(16,058,225)	(15,913,441)
At 31 December	<u>1,947,200</u>	<u>18,005,425</u>

Effective 1 January 2024, the Coop has stopped accruing this since the employee benefit policy was changed. Payments made during the year pertains to the employees who have left the Coop during the year.

22 EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the year attributable to the shareholders of the Coop, by the weighted average number of shares outstanding during the year, excluding treasury shares. The Coop has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

	2025	2024
Total Number of shares	<u>1,764,138,140</u>	<u>1,764,138,140</u>
Shares excluding treasury stock	<u>1,745,570,120</u>	<u>1,745,570,120</u>
Profit for the year – AED	<u>337,986,249</u>	<u>314,556,474</u>
Earnings per share - AED	<u>0.19</u>	<u>0.18</u>

23 LEASE LIABILITIES

	2025 AED	2024 AED
At 1 January	533,400,592	452,297,151
Additions and modifications during the year	64,943,532	108,051,375
Derecognition during the year	(19,057,593)	(13,627,191)
Transfer to property and equipment*	910,503	6,366,293
Interest accrued during the year	20,532,441	18,157,515
Adjustment during the year	(798,802)	-
Payments against lease obligations	(41,887,148)	(37,844,551)
At 31 December	<u>558,043,525</u>	<u>533,400,592</u>
Breakup is as follows:		
Current	<u>21,026,416</u>	<u>22,962,700</u>
Non-current	<u>537,017,109</u>	<u>510,437,892</u>
	<u>558,043,525</u>	<u>533,400,592</u>

*During the year ended 31 December 2025, AED 910,503 (2024: AED 6,366,293) has been capitalized in the Property and equipment against assets under development.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

23 LEASE LIABILITIES (continued)**Amounts recognised in statement of profit or loss and other comprehensive income:**

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Interest expense on lease liabilities (note 33)	20,532,441	18,157,515
Depreciation charge for the year (note 32)	28,791,196	24,241,783
Short term and low value (note 34)	393,687	1,046,088

Amounts recognised in statement of cash flows:

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Total financing cash outflow for lease	<u>41,887,148</u>	<u>37,844,551</u>

Lease payments*31 December 2025*
In AED

	<i>Future minimum lease payment AED</i>	<i>Interest AED</i>	<i>Present value of minimum future lease payment AED</i>
Less than one year	43,517,859	22,491,443	21,026,416
More than one year	907,577,334	370,560,225	537,017,109
Balance at 31 December	<u>951,095,193</u>	<u>393,051,668</u>	<u>558,043,525</u>

31 December 2024
In AED

	<i>Future minimum lease payment AED</i>	<i>Interest AED</i>	<i>Present value of minimum future lease payment AED</i>
Less than one year	43,837,091	20,874,396	22,962,700
More than one year	868,942,854	358,504,963	510,437,892
Balance at 31 December	<u>912,779,945</u>	<u>379,379,359</u>	<u>533,400,592</u>

24 TRADE AND OTHER PAYABLES

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Trade payables	260,895,731	251,442,461
Unearned income	29,742,242	25,596,015
Provision for staff expenses	28,883,815	33,174,872
Accruals	18,057,209	13,905,552
Retentions payable	2,435,424	11,950,341
Due to a related party (refer to note 25)	734,424	1,380,329
Other payables	50,713,929	79,395,153
	<u>391,462,774</u>	<u>416,844,723</u>

25 RELATED PARTY TRANSACTIONS AND BALANCES

The Coop, in the normal course of business, carries out transactions with other business entities that fall within the definition of a related party as per IAS 24. Related parties comprise the Coop's directors, associates and other businesses over which the members have the ability to control or exercise significant influence over their financial and operating decisions and key management personnel.

(a) Related party transactions

During the year, the following significant transactions were carried out with related parties at mutually agreed terms and conditions:

	2025	2024
	AED	AED
Consumer Co-operative Union (associate)		
Purchases of goods	13,206,490	14,837,523
Payments	13,350,782	14,064,040
Dividend received	14,953	45,153
	<u>13,206,490</u>	<u>14,837,523</u>
Umm Al Quwain Co-operative Society (affiliate)		
Sale of goods, net	4,623,203	4,948,860
Expense allocation	849,944	881,197
	<u>4,623,203</u>	<u>4,948,860</u>

(b) Key management remuneration excluding the Board of Directors

	2025	2024
	AED	AED
Salaries and short-term benefits	12,052,528	14,089,665
Provision for end of service benefits	183,620	179,464
Contribution paid to social security scheme	393,750	512,500
	<u>12,052,528</u>	<u>14,089,665</u>

(c) Compensations to the Board of Directors

	2025	2024
	AED	AED
Board of Directors' remuneration	5,250,000	6,750,000
	<u>5,250,000</u>	<u>6,750,000</u>

(d) Related party balances

	2025	2024
	AED	AED
Due from a related party		
Umm Al Quwain Market Co-operative Society (affiliate)	14,499,877	13,788,438
	<u>14,499,877</u>	<u>13,788,438</u>
Due to a related party		
Consumer Co-operative Union (associate)	734,424	1,380,329
	<u>734,424</u>	<u>1,380,329</u>

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

26 INCOME FROM SALES OF GOODS

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
<i>Retail sales:</i>		
Sale of goods	2,039,354,860	1,857,115,741
Discounts	(182,116,982)	(134,620,466)
	<u>1,857,237,878</u>	<u>1,722,495,275</u>
<i>E-commerce:</i>		
Sale of goods	197,252,239	142,570,344
Discounts	(19,286,578)	(10,938,980)
	<u>177,965,661</u>	<u>131,631,364</u>
Total sales of goods	<u>2,035,203,539</u>	<u>1,854,126,639</u>

Income from sales of goods includes sales of goods to customers in the supermarkets and through e-commerce. Products sold are transferred at a point in time. All the sales are made with in the UAE.

27 INCOME FROM OTHER OPERATING ACTIVITIES

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Income from shop rentals	180,747,381	162,004,344
Listing fees	12,991,590	15,576,679
Supplier contributions towards promotions	11,528,662	3,679,005
Advertisements and special offers income	9,659,297	8,754,469
Supplier registration fees	3,056,851	3,069,739
Income from commission on sales from specialty department	8,567,521	45,791,286
Specialty departments service fees	624,122	3,551,156
Income from play area	-	775,266
Other rental income	1,162,798	646,748
	<u>228,338,222</u>	<u>243,848,692</u>

Timing of revenue recognition:

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
At a point in time	37,931,544	73,089,879
Over time	190,406,678	170,758,813
	<u>228,338,222</u>	<u>243,848,692</u>

*Commission on specialty departments' sales represents commission earned on sales made by specialty departments to customers. Commission rates ranges between 19% to 25%. This arrangement has been discontinued during the year.

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Specialty department sales amounted to	<u>43,173,123</u>	<u>192,613,372</u>

Union Coop

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At 31 December 2025

28 OTHER INCOME

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Gain on disposal of property and equipment (net)	5,405,955	6,279
Creditor and contractor penalties income	1,528,158	10,367,814
Sale of empty cartons and scrap	1,379,787	1,356,712
Gain on derecognition of right-of-use asset	1,914,811	1,021,391
Administrative fees charged to affiliate (note 25)	849,944	881,197
Miscellaneous income	9,319,217	5,358,417
	<u>20,397,872</u>	<u>18,991,810</u>

29 FINANCE INCOME

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Profit on short-term deposits	<u>4,963,997</u>	<u>1,878,267</u>

The Coop has short-term deposits; the average interest rate varies from 3.70% to 4.05% per annum (2024: 4.25% to 4.45 p.a.)

30 COST OF GOODS

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Cost of goods sold	2,012,982,113	1,798,869,936
Discounts and rebates from suppliers	(250,393,934)	(207,710,587)
Space management rental from suppliers	(396,577,906)	(372,084,555)
	<u>1,366,010,273</u>	<u>1,219,074,794</u>

31 STAFF COSTS

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Salaries expenses	167,591,721	160,187,074
Leave salary expenses	10,751,343	14,226,243
Pension contribution	7,704,183	9,389,637
Airfare expenses	7,799,982	3,040,833
Expense relating to defined benefit obligations (note 21)	2,487,324	2,625,059
Other benefits	21,946,627	29,439,526
	<u>218,281,180</u>	<u>218,908,372</u>

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

32 DEPRECIATION AND AMORTISATION EXPENSES

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Depreciation - Property and equipment (note 8)	50,267,947	52,250,003
Depreciation - Investment properties (note 9)	17,820,983	14,276,629
Depreciation – Right-of-use assets (note 11)	28,791,196	24,241,783
Amortisation - Intangible assets (note 10)	985,080	3,957,200
	97,865,206	94,725,615

33 FINANCE COSTS

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Interest expense accrued on lease liability (refer to note 23)	20,532,441	18,157,515
Interest expenses on defined benefit liability (refer to note 21)	1,294,356	1,374,440
Interest on bank overdraft	5,940,081	64,864
Bank charges	30,040	18,841
	27,796,918	19,615,660

The Coop had an overdraft facility with 1 month EIBOR plus 1.5% p.a. (2024: 1 month EIBOR plus 1.5% p.a.). The overdraft was fully repaid during the year ended 31 December 2025.

34 OTHER EXPENSES

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Professional fees	24,041,488	20,396,594
Cleaning services	17,984,257	16,637,752
Government fees and subscription	18,887,779	14,219,030
Security services	10,801,780	9,822,001
Delivery charges	13,174,148	6,869,397
Consumables expenses	5,208,103	4,242,778
Transportation expenses	1,811,146	1,806,399
Insurance expenses	1,270,178	1,129,931
Rent expenses (note 23)	393,687	1,046,088
Other expenses	6,656,903	8,017,499
	100,229,469	84,187,469

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

35 IMPAIRMENT

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
(a) Impairment loss of non-financial assets		
Investment property (refer to note 9)	(13,627,917)	-
Other impairment	-	(161,048)
(b) Reversal of impairment loss of non-financial assets		
Property and equipment (refer to note 8)	60,463,286	30,771,492
	46,835,369	30,610,444

36 COMMITMENTS AND CONTINGENCIES

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Capital commitments	7,493,412	54,794,914
Letters of guarantee	2,034,958	2,034,958
Liens	-	1,680

The Coop entered into long term construction agreements related to new projects.

37 FINANCIAL INSTRUMENTS

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Financial assets		
Trade receivables and other receivables – excluding prepayments and advances to suppliers	96,881,279	111,678,633
Bank balances	153,718,323	217,535,574
	250,599,602	329,214,207
Financial liabilities		
Trade and other payables (excluding VAT and unearned income)	358,712,012	389,290,324
Bank overdraft	-	95,746,472
	358,712,012	485,036,796

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

37 FINANCIAL INSTRUMENTS (continued)**(a) Credit risk**

The carrying amounts of financial assets represent the maximum credit exposure. The Coop retails on a cash basis except for limited credit customers. The maximum exposure to credit risk at the reporting date was:

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Trade and other receivables (excluding prepayments and advance to suppliers)	96,881,279	111,678,633
Bank balances and deposits	153,718,323	217,535,574
	<u>250,599,602</u>	<u>329,214,207</u>

Impairment losses**Trade and other receivables**

Trade receivables are amounts due from customers for merchandise sold and rent receivables in the ordinary course of business for which collection is expected within one year or less (or in the normal operating cycle of the business). The exposure to credit risk on trade and other receivables is monitored on an ongoing basis by the management. The ageing of overdue invoices at the reporting date was:

	<i>Gross</i> <i>2025</i> <i>AED</i>	<i>Impairment</i> <i>2025</i> <i>AED</i>	<i>Gross</i> <i>2024</i> <i>AED</i>	<i>Impairment</i> <i>2024</i> <i>AED</i>
Not due	20,449,398	-	46,292,676	-
0 - 30 days overdue	7,370,219	-	5,384,586	-
30 - 180 days overdue	7,482,300	-	7,099,920	-
180 - 360 days overdue	6,004,357	-	3,471,784	194,212
More than 360 days overdue	43,897,569	35,708,453	40,844,204	40,667,999
Total	<u>85,203,843</u>	<u>35,708,453</u>	<u>103,093,170</u>	<u>40,862,211</u>

Cash and cash equivalent and short-term deposits

Cash and cash equivalents comprise cash in hand, balances in bank current accounts and short-term deposits with maturity less than 3 months from reporting date. Short-term deposits are placed with leading local banks with maximum maturity of 12 months. Profit rates vary based on factors such as the amount deposited, the duration of the deposit, and prevailing market interest rates. The table below shows the credit quality of cash and bank balances and short-term deposits with external counterparties at the statement of financial position date:

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Bank balances – Bank with rating A2 (Moody's)	33,492,373	102,227,368
Deposits - Bank with rating A3 (Moody's)	120,225,950	115,308,206
	<u>153,718,323</u>	<u>217,535,574</u>

Given the high credit quality of the counterparties and the short-term nature of the balances, the expected credit loss (ECL) on cash and cash equivalents and short-term deposits is assessed to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

37 FINANCIAL INSTRUMENTS (continued)**(b) Liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

31 December 2025

	<i>Carrying amount AED</i>	<i>Contractual cash outflow AED</i>	<i>Less than 1 year AED</i>	<i>More than 1 year AED</i>
Lease liability	558,043,525	951,095,193	43,517,859	907,577,334
Trade and other payables	358,712,012	358,712,012	358,712,012	-
Total liability	<u>916,755,537</u>	<u>1,309,807,205</u>	<u>402,229,871</u>	<u>907,577,334</u>

31 December 2024

	<i>Carrying amount AED</i>	<i>Contractual cash outflow AED</i>	<i>Less than 1 year AED</i>	<i>More than 1 year AED</i>
Lease liability	533,400,592	912,779,951	43,837,096	868,942,855
Trade and other payables	389,290,324	389,290,324	389,290,324	-
Bank overdraft	95,746,472	101,395,514	101,395,514	-
Total liability	<u>1,018,437,388</u>	<u>1,403,465,789</u>	<u>534,522,934</u>	<u>868,942,855</u>

38 DIVIDEND AND RETURNS ON MEMBERS' DEALINGS

During the General Assembly meeting held on 18 March 2025, the Shareholders have approved the following two main resolutions:

- Cash dividend totaling to AED 244,379,817 (2024: AED 258,895,447), 14% of existing share capital (2024: 15%); and
- Returns on members' dealings with a total value of AED 37,573,619 being 5% return on members' purchases during the year ended 31 December 2024 (AED 37,966,717 being 5% return on members' purchases during the year ended 31 December 2023).

The dividend and returns on members' dealings were paid during the year ended 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

39 INCOME TAXES

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("UAE CT Law" or the "Law") to enact a Federal corporate tax ("CT") regime in the UAE. Current taxes shall be accounted for as appropriate in the financial statements for the period beginning on 1 January 2024. The taxable income of the entities that are in scope for UAE CT purposes are subject to the rate of 9% corporate tax.

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
<i>Statement of profit or loss</i>		
Current tax charge	30,048,591	31,048,400
Deferred tax	4,215,182	2,769,434
	34,263,773	33,817,834

Reconciliation of tax expense and the accounting profit is as below:

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Accounting profit before tax and after directors' remuneration and community responsibility expenses	372,250,022	348,374,308
At United Arab Emirates' statutory income tax rate	33,502,502	31,353,688
Adjustments for amounts which are non-deductible / (taxable) in calculating taxable income Non-deductible expenses for tax purposes	903,237	1,924,368
Effect of standard exemption	(33,750)	(33,750)
Others	(108,216)	573,529
Income tax charge for the year	34,263,773	33,817,834
Effective tax rate	9.2%	9.7%

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Current and deferred tax position		
Current tax payable	30,660,785	31,048,400
Deferred tax liability - net	6,981,156	2,772,639

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Movement - current tax liability		
At 1 January	31,048,400	-
Income tax paid during the year	(30,436,206)	-
Current tax charge for the year	30,048,591	31,048,400
At 31 December	30,660,785	31,048,400

40 SUBSEQUENT EVENTS

Subsequent to the reporting date, geopolitical tensions in parts of the Middle East have increased. Public communications from government and regulatory authorities have continued to emphasize the resilience of the economy and the continuation of business operations across key sectors, supported by established business continuity and risk management frameworks.

These developments arose after the reporting period and have therefore been assessed as non-adjusting events in accordance with IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the financial statements as at 31 December 2025, which reflect conditions existing at that date.

The Coop has assessed the potential implications of these events on its operations, financial position and performance. Based on information currently available, including the continuation of core business activities, it is not practicable to reliably estimate the full financial effect of these non-adjusting events on future periods.

41 COMPARATIVE FIGURES

The comparative figures for the previous year have been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassifications do not affect the previously reported net profits, net assets or equity.

	<i>2024 AED Previously reported</i>	<i>AED Reclassification</i>	<i>2024 AED After reclassification</i>
Income from other operating activities	615,933,247	(372,084,555)	243,848,692
Cost of sales	(1,591,159,349)	372,084,555	(1,219,074,794)
Finance cost	(35,228,991)	15,613,331	(19,615,660)
Selling & marketing expenses	(26,835,820)	(15,613,331)	(42,449,151)