Integrated Report 2025

Abu Dhabi Ship Building PJSC

ADSB
ABU DHABI SHIP BUILDING

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ADSB

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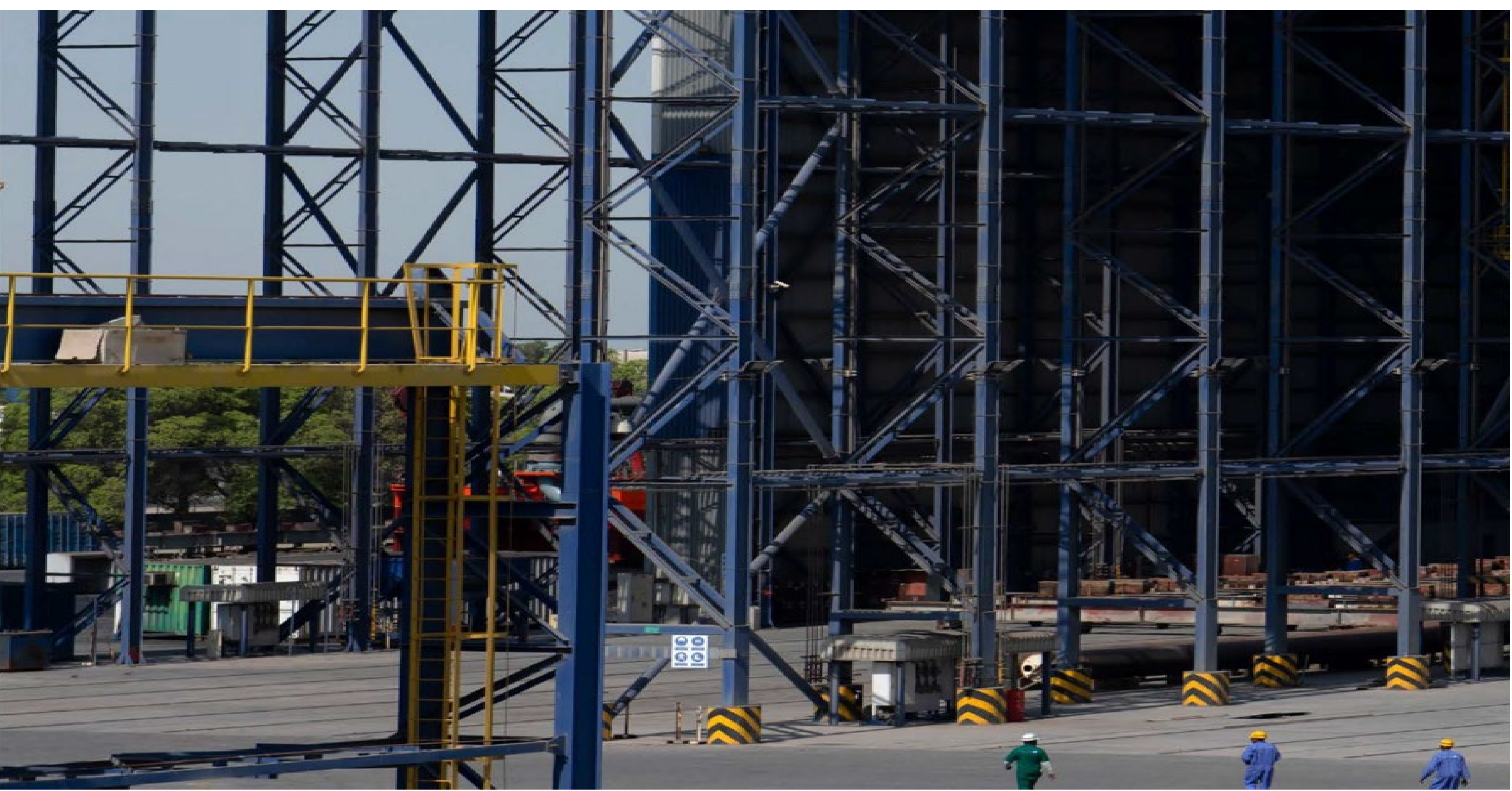


ADSB
ABU DHABI SHIP BUILDING
Assembly Hall B
Bldg B039

Message from the Chairman

Dear Valued Shareholders,

On behalf of the Board of Directors and Management of Abu Dhabi Ship Building PJSC (ADSB), I am pleased to share our annual results for the year ending 31 December 2025.

Firstly, we would like to extend our sincere thanks and appreciation to His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the United Arab Emirates, for his vision, leadership, and continued support, as well as to our loyal customers for their invaluable support and business throughout the past year, and we look forward to another year of continued success.

The year 2025 was notable for the receipt of a Letter of Award in relation to the AED 7 billion supply of eight missile boats to the Kuwait Navy, which was approved by shareholders in January 2026 and formally signed by both parties in February 2026. This is in addition to the earlier AED 495 million Kuwait refit contract with EDGE. This was the largest contract in ADSB history and a very significant defense export achievement.

For a second year in a row, revenues have surpassed the AED 1.4 billion mark for a revenue of AED 1.408 billion in 2025, and we are forecasting strong growth in revenues and profits over the next five years with a target of achieving revenues in excess of AED 4.0 billion.

This continued growth reflects the contribution of the FALAJ 3 contract where the first-of-class of these vessels was commissioned at NAVDEX in February 2025, in a ceremony attended by His Highness Sheikh Hazza bin Zayed Al Nahyan, the Ruler's Representative in Al Ain Region, and Staff Major General Sheikh Ahmed bin Tahnoun Al Nahyan, Deputy Chief of Staff of the UAE Armed Forces. Subsequently, in February 2026, ADSB launched the second-of-class of these vessels.

Revenues also benefitted from the contract to build three BR71 MKII 71-metre corvettes for the Angolan Navy, where six interceptor boats were delivered and the first-of-class launched after the year end in March 2026.

ADSB continued to develop its design capabilities throughout the year, designing and building the prototype FA-400 Offshore Patrol Vessel, which was also displayed at NAVDEX in February 2025. This is a significant achievement as it marks the first time in ADSB's history that the company has developed and owned the design rights to a major warship. These capabilities will be further enhanced in the current year.

PUBLIC

ADSB has a contract backlog of over AED 12 billion and a significant pipeline of potential domestic and export business opportunities exceeding AED 3 billion, with some expected to be awarded during the current year. This success is a testament to the tremendous hard work, dedication, and collaborative spirit of the company's workforce over the past few challenging years, as well as the unwavering support of its local customers and stakeholders.

As part of EDGE Group, ADSB continues to reap substantial benefits not only in terms of branding and market outreach but also through the group's products and integrated solutions, which will further enhance our offerings to customers. The company also continues to benefit from the strong backing of the board and management team, who are implementing a strategy expected to drive sustainable revenue growth, profitability, and dividends over the coming years.

Established through Emiri Decree No. 5 of 1995 (as amended), ADSB is mandated to create an industrial base to build various types of best-in-class vessels, marine components, and equipment, perform all associated maintenance and repair work, and develop local capabilities to fulfil its scope.

I am proud to report that the company continues to competitively support its core customers, including the UAE Navy and NGC, as well as commercial customers, primarily ADNOC, and its export customers including those in Angola and Kuwait where ADSB through EDGE is helping to support the foreign policy of the Leadership.

I wish to extend a heartfelt thank you to all ADSB employees for their outstanding efforts during 2025, and to our shareholders for their confidence and trust in ADSB. We are committed to delivering exceptional quality products and services to our customers while striving to remain one of the UAE's most pioneering and strategically important companies.

Khaled Ahmed Ali Mohamed Al Zaabi
Chairman of the Board

PUBLIC

30 YEARS ANNIVERSARY

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ABU DHABI SHIP BUILDING PJSC
CORPORATE GOVERNANCE REPORT 2025

RESTRICTED

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At Abu Dhabi Ship Building Company PJSC (hereafter referred to as "ADSB" or the "Company"), we remain steadfast in our commitment to upholding the highest standards of corporate governance and robust risk management. Our dedication ensures the protection of our business objectives and the interests of our diverse stakeholders.

The 2025 Corporate Governance Report provides a comprehensive overview of ADSB's governance systems and procedures as of 31 December 2025. This report has been filed with the Securities and Commodities Authority (SCA), published on the Abu Dhabi Securities Exchange (ADX), and made available on the Company's website.

1. Statement of Procedures Taken to Complete the Corporate Governance System During 2025

The Board of Directors and Management remain dedicated to implementing governance rules effectively and transparently, in line with the Board's responsibility to protect and enhance shareholder value. This commitment is reflected in the following key governance practices:

- ✓ **Board Meetings:** The Board held its meetings during 2025 in compliance with the requirements set out in Article 156(1) of Federal Decree-Law No. 32 of 2021 on Commercial Companies, ensuring effective oversight of the Company's strategic direction, performance, and operations.

- ✓ **Board Election and Formation:** During 2025, the Company successfully conducted the nomination and election process for the Board of Directors in full compliance with applicable laws, regulations, and approved governance procedures. As a result, a new Board was formed for the term 2025–2028, comprising members with diverse expertise and professional backgrounds. This diversity enhances the Board's effectiveness in providing balanced oversight and strategic guidance, supporting the Company's continued growth and long-term value creation.

- ✓ **Declaration of Independence and Conflict of Interest:** The Board ensured annual disclosure of members' independence, including any changes affecting their status, such as membership in other boards. This was achieved through formal declarations confirming their positions on the boards of private and public joint-stock companies, in line with applicable governance requirements.

- ✓ **Specialized Board Committees:** The Board of Directors is supported by specialized committees, including the Executive Committee, Audit & Risk Committee, Nominations & Remuneration Committee, and the Investor Relations Committee. These committees operate under approved charters that define their roles, responsibilities, and delegated authorities. During 2025, the committee charters were reviewed and, where necessary, updated to ensure continued alignment with regulatory requirements and leading governance practices.

- ✓ **Company Disclosures:** ADSB's Management, under the oversight of the Board of Directors, remained committed to timely, accurate, and transparent disclosure of quarterly and annual financial statements, ensuring full compliance with applicable legal and regulatory deadlines and reinforcing investor confidence.

2. Statement of ownership and transactions of Board of Directors members and their spouses, and children in the company securities during 2025

All members of the Board of Directors are required to disclose their trading in the Company's shares on an annual basis, including transactions carried out on their own account as well as those conducted on behalf of their spouses and children, in accordance with the applicable disclosure and transparency regulations.

The Company ensures full compliance with these requirements through continuous monitoring and periodic confirmations obtained from Board members, in line with the approved governance framework and applicable regulatory requirements.

The table below sets out the statement of ownership of the Board members (including their spouses and children) in the Company's shares as of 31 December 2025.

Director	Position	Shares Held as at 31 December 2025	Total Sale Transactions	Total Purchase Transactions
▪ **Khaled Ahmed AlZaabi**	Chairman	Nil	Nil	Nil
▪ **Anas Jawdat Albarguthi**	Vice Chairman	Nil	Nil	Nil
▪ **Khalifa Issa Abushahab**	Director	Nil	Nil	Nil
▪ **Omar Abdulrahman AlZaabi**	Director	Nil	Nil	Nil
▪ **Rodrigo Torres**	Director	Nil	Nil	Nil
▪ **Abdulla Saeed Al Ghafli**	Director	Nil	Nil	Nil
▪ **Dr. Najwa Aaraj**	Director	Nil	Nil	Nil
▪ **Mansoor Abdulaziz Mohamed Janahi**	Director	Nil	Nil	Nil
▪ **H.E Abdulla Ahmed Al Qubaisi**	Director	Nil	Nil	Nil

3. Formation of the Board of Directors

The Articles of Association of the Company provide that the Board of Directors consists of nine members. Six members are appointed by the Executive Council of the Emirate of Abu Dhabi, or its authorized delegate, while the remaining three members are elected by the public shareholders. Each Director serves a three-year term and may be re-elected.

During 2025, the Company completed the nomination and election process for the Board of Directors in accordance with applicable laws and governance procedures. Accordingly, a new Board was formed for the term 2025–2028.

The Board comprises members with diverse expertise and experience, supporting effective oversight and the achievement of the Company's strategic objectives.

The table below sets out the details of the Board of Directors as of 31 December 2025.

Name	Position	Category
▪ **Khaled Ahmed AlZaabi**	Chairman	Non-Executive/Dependent
▪ **Anas Jawdat Albarguthi**	Vice Chairman	Non-Executive/Independent
▪ **Khalifa Issa Abushahab**	Board Member	Non-Executive/Independent
▪ **Omar Abdulrahman AlZaabi**	Board Member	Non-Executive/Dependent
▪ **Rodrigo Torres**	Board Member	Non-Executive/Dependent
▪ **Abdulla Saeed Al Ghafli**	Board Member	Non-Executive/Independent
▪ **Abdulla Saeed Al Ghafli**	Board Member	Non-Executive/Independent
▪ **Mansoor Abdulaziz Mohamed Janahi**	Board Member	Non-Executive/Independent
▪ **H.E Abdulla Ahmed Al Qubaisi**	Board Member	Non-Executive/Independent

Profiles of Board of Directors

Khaled Ahmed Al Zaabi
Chairman of the Board of Directors
Board Member Since: August 2023
Category: Non-Executive, Dependent Member

Experience and Qualifications:

Mr. Khaled Al Zaabi is the President of the Platforms & Systems cluster at EDGE, one of the world's leading defence and advanced technology groups. He brings over 16 years of experience as an investment professional, with notable roles at Mubadala and at NIMR Automotive, where he served as Chief Commercial Officer.

Mr. Khaled holds a Bachelor's degree in Aerospace Engineering from RMIT University, Australia, and an Executive MBA from INSEAD, France.

He also holds an external appointment as a Board Member of NIMR Algeria.

Anas Jawdat Al Barguthi
Vice Chairman of the Board of Directors
Chairman of the Human Resources and Nomination Committee
Board Member Since: December 2019
Category: Non-Executive, Independent Member

Experience and Qualifications:

Mr. Anas Jawdat Al Barguthi serves as the Chief Operating Officer at ADQ, where he oversees key functions including human capital, information technology, digital transformation, cybersecurity, corporate services, procurement, and employee experience and engagement.

He brings over 20 years of leadership experience across the government, semi-government, and private sectors in the UAE and the United Kingdom. He has held several senior positions, including Assistant Secretary General and Executive Director at the Abu Dhabi Quality and Conformity Council.

Mr. Anas holds a Master's degree in International and Comparative Business Law (LL.M.) from London Guildhall University and a Bachelor's degree in Law from Amman Private University.

He also holds several external appointments, serving as Chairman of Abu Dhabi Media Company, Chairman of Q Market Makers (QMM), Vice Chairman of Abu Dhabi National Exhibition Centre (ADNEC), and a Member of the Board of Trustees at Khalifa University.

Khalifa Issa Abushahab
Chairman of Audit & Risk Committee
Member of Investor Relations Committee
Member of Human Resources and Nomination Committee

Board Member Since: December 2019
Category: Non-Executive, Independent Member

Experience and Qualifications:

Mr. Khalifa serves as the Executive Director of Corporate Services at ADQ and holds a Bachelor of Business Administration in Finance from George Washington University.

Prior to joining ADQ, he held a senior management position at Tawazun Economic Council and has served as a Board Member for several organizations, including NIMR Algeria, Caracal Algeria, NIMR Automotive, and Advanced PyroTechnics (APT).

He also served as Chairman of the Audit Committee at Methaq Takaful Insurance Co. PJSC.

Rodrigo Torres
Chairman of the Executive Committee
Chairman of Investor Relations Committee
Member of the Audit and Risk Committee

Board Member Since: January 2022
Category: Non-Executive, Dependent Member

Experience and Qualifications:

Mr. Rodrigo is a seasoned Chief Financial Officer with over 20 years of global experience, having held senior roles across multiple finance functions in eight countries and across various manufacturing industries.

He currently serves as President and Group Chief Financial Officer at EDGE, one of the world's leading defence and advanced technology groups.

Mr. Rodrigo holds a Master of Business Administration (MBA) and a Bachelor's degree in Mechanical and Industrial Engineering.

He also holds several external appointments, serving as a Board Member of Milrem Robotics and ANAVIA Aerosystems, and as an Advisory Board Member to the Audit Committees of GAL and NIMR.

Omar Abdulrahman AlZaabi
Member of Executive Committee

Board Member Since: January 2022
Category: Non-Executive, Dependent Member

Experience and Qualifications:

Mr. Omar Al Zaabi is the President of the Trading & Mission Support Cluster at EDGE, one of the world's leading defence and advanced technology groups.

He has extensive experience in strategic planning and operations, having previously held senior roles at EDGE and within a government entity, as well as earlier experience as a Project Manager at Booz Allen Hamilton in the United States.

Mr. Omar holds a Bachelor's degree in Education and a Higher Diploma in Computer Networking from the Higher Colleges of Technology, UAE, and holds professional certifications including CCNA, CCNP, and PMP.

Abdulla Saeed Al Ghafli
Member of Audit & Risk Committee
Member of the Investor Relations Committee

Board Member Since: April 2022
Category: Non-Executive, Independent Member

Experience and Qualifications:

Mr. Abdulla Al Ghafli is an Investment Manager at the General Pension & Social Security Authority. In addition to obtaining the CFA certification, he holds a Bachelor of Business Administration in Accounting with a Minor in Marketing, as well as a Master of Science in International Business and Finance from London Metropolitan University.

Mr. Abdulla also serves as a Board Member at Al Ramz Corporation Investment and Development PJSC.

Dr. Najwa Aaraj
Member of Human Resources and Nomination Committee
Board member Since: January 2020
Category: Non-Executive/Independent

Experience and Qualifications:

Dr. Najwa Aaraj is the Chief Executive Officer at the Technology Innovation Institute (TII), the applied research pillar of the Advanced Technology Research Council (ATRC) in Abu Dhabi. With a PhD in Applied Cryptography and Embedded Systems Security from Princeton University, Dr. Aaraj brings over 18 years of global experience in cryptography, embedded systems security, and robotics.

She has previously held senior roles at DarkMatter, Booz & Company, IBM, and Intel, and is currently a board member at Abu Dhabi Ship Building.

Mansoor Abdulaziz Mohamed Janahi
Member of Executive Committee

Board Member Since: April 2025
Category: Non-Executive, Independent Member

Experience and Qualifications:

Mr. Mansoor Janahi is the Managing Director and Group Chief Executive Officer of Sanad, a global aerospace engineering and leasing solutions company wholly owned by Mubadala Investment Company PJSC. He has extensive experience in the aerospace sector, having previously held leadership roles at Mubadala, where he contributed to key aerospace initiatives and strategic partnerships.

Mr. Mansoor holds dual Bachelor's degrees in Aerospace Engineering and Aviation Business Administration from Embry-Riddle Aeronautical University and has completed CFA Level I certification.

He also serves on the boards of SR Technics, Sanad, Strata Solvay Advanced Materials (SSAM).

H.E Abdulla Ahmed Al Qubaisi
Member of Executive Committee

Board Member Since: April 2025
Category: Non-Executive, Independent Member

Experience and Qualifications:

H.E Abdulla Ahmed Al Qubaisi serves as an Advisor at the Presidential Court of Abu Dhabi. He brings extensive experience in government and strategic leadership roles, having previously served as General Manager at the Private Office of H.H. Sheikh Mohamed bin Zayed Al Nahyan, and held senior positions within the General Secretariat of the Executive Council, the Offset Program Bureau, and the Higher Corporation for Specialized Economic Zones.

Mr. Abdulla holds an Executive Master of Business Administration (MBA) from Zayed University, Abu Dhabi, a Bachelor of Science in Business Administration from Portland State University, USA, and an Associate of Science in Business Administration from Portland Community College, USA.

He holds several external appointments, including serving on the Audit Committees and Boards of multiple entities, including the International Fund for Houbara Conservation, Al Forsan International Sports Resort, Remaya International (a Tawazun subsidiary), Caracal Shooting Club, Tawazun Economic Council, and the Environment Agency – Abu Dhabi.

3.3 Women's Representation at the Board of Directors for the year 2025

Abu Dhabi Ship Building PJSC recognizes the importance of diversity in strengthening corporate governance and enhancing the effectiveness of Board decision-making. The Company remains committed to fostering a diverse and inclusive leadership environment that benefits from a broad range of perspectives and experiences.

Following the Board election in 2025, ADSB reports that women represent approximately 11% of the Board of Directors, with one female member out of nine, reflecting the Company's continued commitment to promoting diversity at the leadership level.

3.4 Remuneration of the Board Members

- **Total remuneration paid to the Board for 2024**

  The General Assembly approved a remuneration for the Board of Directors members for the year 2025 with a total value of AED 4,200,000.

- **The value of the proposed remuneration for the members of the Board of Directors for the year 2025**

  The Board of Directors proposes total remuneration of AED 3,028,800 (three million twenty-eight thousand UAE dirhams) for the year 2025, subject to shareholder approval at the Annual General Assembly.

  Details of allowances, salaries, or additional fees received by the Board Members other than committee Attendance Allowances and Reasons thereof

  The Board of Directors proposes total remuneration of AED 3,028,000 for the year 2025, subject to shareholder approval at the Annual General Assembly.

- **Details of Allowances for Attending Meeting of Committees Emanating from the Board received by the Board Members for the fiscal year 2025**

  None.

Allowances for Attending Committee Meeting

Name	Committee	Position	Number of meetings	Total Allowance Value (AED)
▪ **Khalifa Issa Abushahab**	Audit & Risk Committee	Chairman	4	150,000
	Human Resources and Nomination Committee	Member	3	
	Investor Relations Committee	Member	1	
▪ **Anas Jawdat Albarguthi**	Human Resources and Nomination Committee	Chairman	3	50,000
▪ **Rodrigo Torres**	Executive Committee	Chairman	2	100,000
	Investor Relations Committee	Chairman	1	
	Audit & Risk Committee	Member	4	
▪ **Omar Abdulrahman AlZaabi**	Executive Committee	Member	2	50,000
▪ **Dr. Najwa Aaraj**	Human Resources and Nomination Committee	Member	3	50,000
▪ **Abdulla Saeed Al Ghafli**	Audit & Risk Committee	Member	4	50,000
	Investor Relations Committee	Member	1	50,000
▪ **Mansoor Abdulaziz Mohamed Janahi**	Executive Committee	Member	2	50,000
▪ **H.E Abdulla Ahmed Al Qubaisi**	Executive Committee	Member	2	50,000

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

Board Meeting	5 February	4 June	3 September	17 December
▪ Khaled Ahmed AlZaabi	Present	Present	Present	Present
▪ Anas Jawdat Albarguthi	Present	Present by Proxy	Present	Present
▪ Khalifa Issa Abushahab	Present	Present	Present	Present
▪ Rodrigo Torres	Present	Present	Present	Present
▪ Abdulla Saeed AlGafli	Present	Present	Present	Present
▪ Dr. Najwa Aaraj	Present	Present	Present	Present
▪ Omar Abdulrahman AlZaabi	Present	Present	Present	Present
▪ Mansoor Abdulaziz Janahi	-	Present	Present	Present
▪ H.E Abdulla Al Qubaisi	-	Present	Present	Present
▪ Arwa Ahmed Al Kindi	Present	-		
▪ Saeed Salim Alsuwaidi	Present	-		

3.6 Name of the Board Secretary and the date of his appointment

Mr. Yasser Omar from Hadef & Partners, an Executive Partner and Head of Corporate and Commercial Practice, acts as the Board Secretary. Reporting directly to the Board, he provides independent legal and regulatory guidance, ensuring comprehensive support during all Board meetings.

3.7 Number of Board Resolutions passed by circulation during year 2025

The Board issued a total of resolution by circulation during the fiscal year 2025 on the following dates:

	Resolution No.	Date	Subject
1	**Resolution No.1 of 2025**	21 March 2025	Approval of financial statements and Annual General Assembly agenda.
2	**Resolution No.2 of 2025**	5 May 2025	Appointment of Board leadership and formation of Board Committees
3	**Resolution No.3 of 2025**	12 December 2025	Approval of a material related party transaction and convening of a General Assembly.

3.8 Statement of Board duties and powers exercised by Board members or the Executive Management during 2025 based on an authorization from the Board

The Executive Management team, led by the Chief Executive Officer and supported by the Chief Operating Officer, Chief Financial Officer, and Chief Technology Officer, is responsible for implementing the Company's strategic direction and managing its day-to-day operations.

The introduction of the Chief Technology Officer role in 2025 reflects the Company's strengthened focus on technology, innovation, and digital transformation. These activities are carried out in accordance with Board-approved strategies and business plans, with a focus on safeguarding shareholder interests and adhering to best practices.

A formal Delegation of Authority framework is in place, clearly defining approval limits and lines of responsibility across all business functions, ensuring accountability, transparency, and efficient decision-making.

3.9 Details of Transactions carried out between the Related Parties (Stakeholders) during the year 2025

The nature of related party transactions carried out in 2025 were all related to Company's normal course of business and details of such transactions are in the table below.

No.	Statement of the Relevant Party	Explanation of the Nature of the Relationship	Transaction Type	Transaction Volume In AED
1	NIMR	Intercompany	Construction of armored vehicles body panels	633,166.56
2	ADASI	Intercompany	UAV contract	936,500.00
3	IGG	Intercompany	C4I contract	4,891,835.72
4	EDGE Commercial	Intercompany	Kuwait MRO	54,820,686.20
5	EDGE Corporate	Intercompany	IT Services	(10,077,836.65)
6	EDGE Corporate	Intercompany	Marketing Services	(2,808,631.46)
	TRUST	Intercompany	Contract Costs	(115,000.00)
7	ANAVIA	Intercompany	Subcontract Services	(12,339,664.45)
Net Transactions				**35,941,055.93**

The Company presented the following two transactions to the shareholders at the General Assembly held on 25 April 2025, which were subsequently approved by the shareholders:

1. Related Party transaction with EDGE Commercial LLC, exceeding 5% of the company's share capital, for execution of maintenance works for naval defense vessels of the State of Kuwait, with a total value of AED 495,254,531 (Four hundred ninety-five million, two hundred fifty-four thousand, five hundred thirty-one dirhams).

2. Related Party transaction with Emirates Advanced Research & Technology Holding LLC, also exceeding 5% of the company's share capital, involving the construction of military naval vessels for the benefit of the Federal Republic of Nigeria, with a total value of USD 128,527,858 (One hundred twenty-eight million, five hundred twenty-seven thousand, eight hundred fifty-eight US dollars), excluding VAT

3.10 Assessment of the Board of Directors

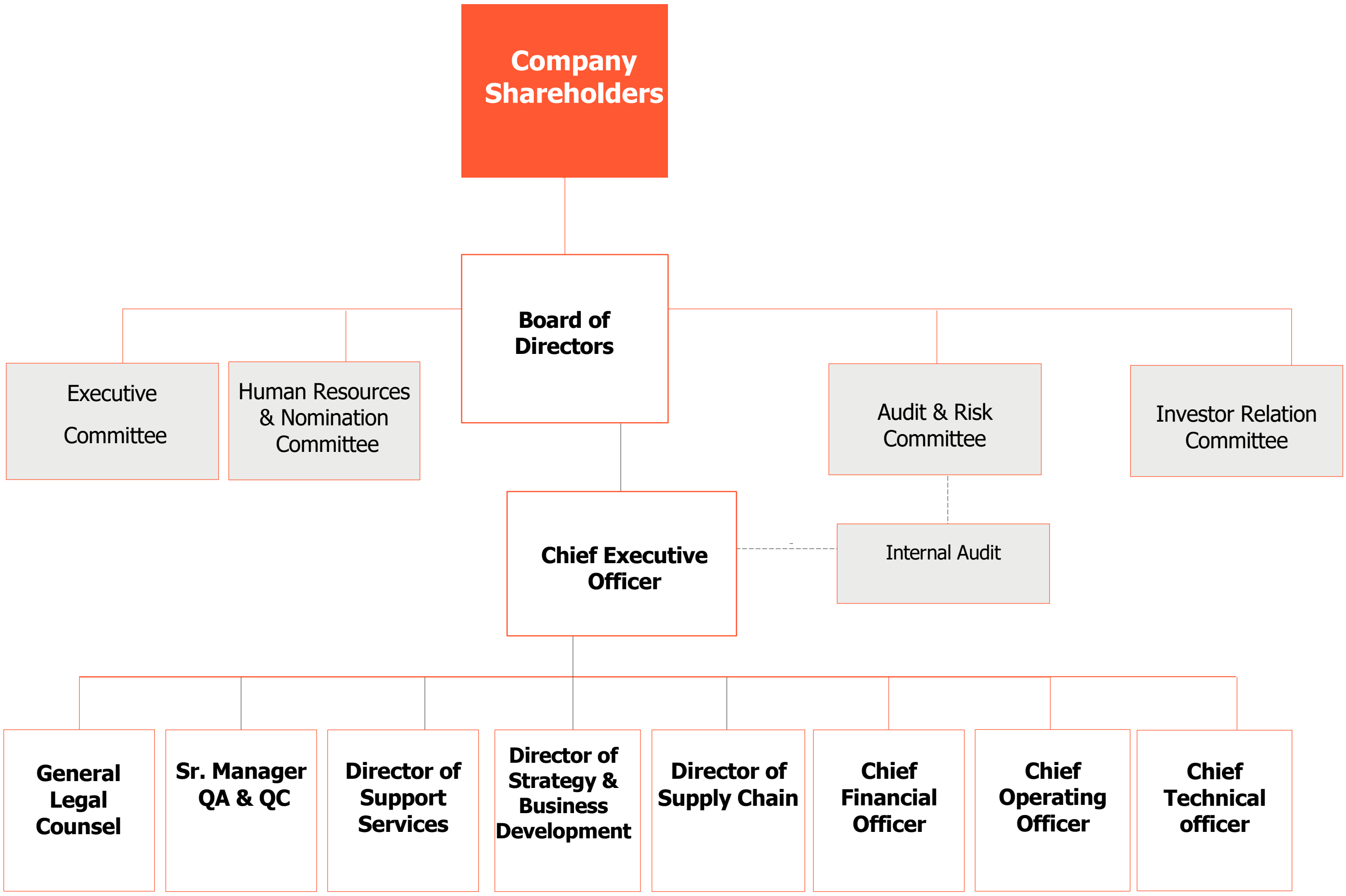
The assessment of the Board of Directors and its Committees is a key governance practice that supports the continued effectiveness and sustainability of ADSB's operations. This process reflects the Company's commitment to strengthening corporate governance, ensuring compliance with applicable regulations and leading practices, and evaluating the Board's effectiveness in fulfilling its oversight responsibilities and strategic direction.

The assessment also aims to identify areas for continuous improvement in governance, decision-making, and overall performance.

A comprehensive evaluation of the Board of Directors, its members, and Committees is scheduled to be conducted during the second quarter of 2026, covering the performance for the year 2025.

In addition, the Board conducts an annual assessment of Executive Management's performance to ensure alignment with the Company's strategic objectives and operational efficiency. This approach reflects ADSB's commitment to transparent, effective, and accountable governance.

4. Organizational Structure and Executive Management



1.1 Detailed Statement of the Senior Executives in the First and Second Ranks of the company, their Positions, Dates of Appointment, Total Salaries and Bonuses paid them during the year 2025

Position	Date of Appointment	Total Salaries and Allowances Paid for the year 2025 (Dirham)	Total Bonuses Paid for year 2025 (Dirham)	Any other cash/in kind Remuneration for the year 2025 or Fall Due in the Future
Chief Executive Officer	01/04/2020	1,896,672.96	803,649.60	None
Chief Operating Officer	01/04/2019	1,315,557.89	454,659.26	None
Chief Financial Officer	08/02/2015	1,332,676.68	505,478.40	None
General Legal Counsel	13/02/2020	1,498,423.98	549,552.00	None
Chief Technical Officer	14/12/2014	1,285,842.14	427,395.26	None
Director - Supply Chain	19/05/2019	1,089,179.10	406,924.80	None
Director - Support Services	09/02/2020	1,142,906.76	431,827.20	None
Director – Business Development	03/04/2023	1,112,204.10	414,134.40	None
Director - Engineering	04/08/2025	418,163.15	-	None
Director – Offset Obligations	01/09/2015	443,800.00	344,160.00	None
Director - Composite	06/08/2017	698,627.49	105,506.64	None
Director - MRO Services	02/06/2025	590,001.71	-	None
Director – Production	20/11/2011	972,107.52	366,380.06	None

5. External Auditors

Grant Thornton was appointed as the independent External Auditors of the Company for the financial year ended 31 December 2025. Grant Thornton is a leading professional audit firm in the United Arab Emirates, recognized for its quality assurance and business advisory services.

The appointment of Grant Thornton was approved by the shareholders at the General Assembly Meeting held on 25 April 2025, with their remuneration determined in accordance with the applicable approval process.

The General Assembly is responsible for evaluating the performance of the External Auditors, approving their appointment, and determining their remuneration. The External Auditors attend the General Assembly Meeting to present their reports and respond to any inquiries from shareholders.

5.1 Statement of fees and costs for the audit or services provided by the external auditor

Name of the Audit firm	**Grant Thornton Audit and Accounting Limited – Abu Dhabi**
Name of the Partner Auditor	Signing Partner: Dr. Osama El Bakry Engagement Partner: Samer Hijazi
Number of years spent as the company's external auditor	6
Number of years the partner auditor spent auditing the company's accounts	6 for Engagement Partner 3 for the Signing Partner
Total value of audit fees for 2025 (in AED)	AED 330,000
Details and nature of other services provided by the company's auditor (if any). In the event that there are no other services, this shall be stated explicitly.	Audit of Internal Control Over Financial Reporting (ICOFR) Group Instruction Clearance
The value of fees and costs incurred for other special services other than auditing the financial statements for 2025 (in AED), if any. In the event that there are no other fees, this shall be stated explicitly.	AED 235,000
Statement of other services that an external auditor other than the company auditor provided during 2025 (if any). In the event that there are no services provided by another external auditor, this shall be stated explicitly.	Auditor name: Not Applicable. Details of services provided: Not Applicable.

5.2 External Auditor's opinion on the Company's interim and annual financial statements for the year 2025.

No qualified opinions or reservations were made by the Company's external auditor in the interim and annual financial statements for 2025.

6. Board Committees

6.1 AUDIT & RISK COMMITTEE

The Audit & Risk Committee assists the Board of Directors in fulfilling its corporate governance and oversight responsibilities. This includes overseeing the effectiveness of the risk management framework, internal control systems, accounting policies and practices, the integrity of financial reporting, and the performance of both Internal Audit and External Auditors.

The Committee is composed of three members of the Board of Directors and two external advisors, with the General Legal Counsel acting as the Committee Secretary. The Chief Executive Officer, Internal Audit, and External Auditors attend meetings by invitation, as required.

6.1.1 Names of the Audits and Risk Committee members

	Name	Position
1	Khalifa Abushahab	Chairman
2	Abdulla Al Ghafli	Member
3	Rodrigo Torres	Member
4	Amit Surana	Advisor
5	Rashed Alsuwaidi	Advisor

The Chairman of Audit & Risk Committee acknowledges his responsibility for the Human Recourses and Nomination Committee, the review of its working mechanisms and ensuring its effectiveness.

6.1.2 Terms of Reference of the Audit & Risk Committee

1. Review the Company's financial and accounting policies and procedures.

2. Monitoring the integrity of Company's financial statements and reports (annual, semi-annual and quarterly) review thereof as a part of its normal work during the year, and the Committee shall particularly, focus on the following:

- Any changes in accounting policies and practices;
- Highlighting the aspects that are subject to the management's discretion;
- Substantial amendments resulting from audit;
- Supposing continuity of the Company's business;
- Commitment to the accounting standards approved by the Securities and commodities Authority; and
- Commitment to the listing and disclosure rules and any other legal requirements related to preparation of financial reports.

3. Coordinating with the Company's Board of Directors, Senior Executive Management, and the Finance Manager or the Manager doing such role in the Company, for the purpose of performing its duties.

4. Considering important and unusual clauses or unconventional issues that are or shall be mentioned in such reports and accounts, the Committee shall also pay the required attention to any issues brought up by the Finance Manager, the Manager doing such role, the Compliance Officer, or the Auditor.

5. Submitting a recommendation to the Board of Directors respecting selection, resignation, or discharge of the auditor, and in case the Board of Directors rejects the recommendation of the Committee in this regard, the Board of Directors shall include in the Governance Report a statement clarifying the Committee recommendations and the reasons for the Board of Directors' rejection thereof.

6. Setting and implementing the policy of contracting with the auditor, submitting a report the Board of Directors, specifying the issues the Committee deems necessary to take procedures in relation to, and submitting the Committee's recommendations concerning the steps required to be taken.

7. Ensuring the auditor's fulfillment of the terms stipulated in the applicable laws, regulations, and resolutions and the Company' Articles of Association, and following up and monitoring his/her independence.

8. Meeting with the Company' auditor without attendance of any of the personnel of the Senior Executive Management or representative thereof, at least once annually, and discussing with the auditor the nature and scope of the auditing process and its effectiveness according the approved auditing standards.

9. Studying all that is related to the auditor's job, work plan, correspondence with the Company, comments, proposals, concerns, and any substantial inquiries posed by the auditor to the Senior Executive Management concerning accounting books, financial accounts, or control systems, and following up the Company's board of Directors response thereto and provision of the facilities required for performing the auditor's job.

10. Ensuring timely response of the Board of Directors to inquiries for illustration and substantial matters mentioned in the auditor's letter.

11. Review and assessment of financial control, internal control and risk management systems in the Company.

12. Discussing the internal control system with the Board of Directors and ensuring the latter's establishment of an effective system for internal control.

13. Considering the results of primary investigations in internal control issues as assigned to the Committee by the Board of Directors or based on an initiative on the part of the Committee and the Board of director's approval of such initiative.

14. Review of the auditor's assessment of internal control procedures and ensuring coordination between the internal and external auditors.

15. Ensuring availability of the resources required for the internal control department and reviewing and monitoring the effectiveness of such department.

16. Studying internal control reports and following up the implementation of corrective measures for the comments arising from such report.

17. Setting the rules that enable the Company's staff to confidentially report any potential violations in financial reports, internal control, or any other issues and the procedures sufficient for conducting independent and fair investigations concerning such violations.

18. Monitoring the extent to which the Company compiles with the code of conduct.

19. Review of related party transactions with the Company, managing conflict of interest, and submitting recommendations concerning such transactions to the Board of Directors before concluding the contracts.

20. Ensuring implementation of the code of conduct related to the Committee's duties and powers assigned to it by the Board of directors.

21. Responsible for the risk management policy of the company operations' and oversight of the operations of the company risk management framework.

22. The Committee will assist the Board of Directors in fulfilling its oversight responsibilities with regard to the risk appetite of the Corporation and the risk management and compliance framework and the governance structure that supports it. Risk appetite is defined as the level and type of risk a firm is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders.

23. Approve and periodically review the risk management policies of the company's global operations; and oversee the operation of the Company's global risk management framework, which shall be commensurate with the structure, risk profile, complexity, activities, and size of the Company, including: Policies and procedures establishing risk management governance, risk management procedures, and risk control infrastructure for operations;

24. Processes and systems for implementing and monitoring compliance with such policies and procedures, including processes and systems to:

- Identify and report risks and risk management deficiencies, including emerging risks, and ensure effective and timely implementation of actions to address emerging risks and risk management deficiencies for the Company's operations;
- Establish managerial and employee responsibility for risk management;
- Ensure the independence of the risk management function; and
- Integrate risk management and associated controls with management goals and the company's compensation structure for its operations.

6.1.3 Audit & Risk Committee Meetings during year 2025:

Meeting No.	Meeting Date	Number of Attendees
1	17 March 2025	5
2	12 May 2025	5
3	12 August 2025	5
4	13 November 2025	5

6.1.4 Annual Audit Committee Report

1. Significant Matters Relating to the Financial Statements and How They Were Addressed

The Audit & Risk Committee reviewed the Company's quarterly and annual financial statements for the year ended 31 December 2025, in coordination with Management, the Chief Financial Officer, and the External Auditors. The Committee ensured that all significant accounting judgments, estimates, and disclosures were appropriately addressed and that the financial statements were prepared in accordance with applicable accounting standards and regulatory requirements.

No material misstatements or significant issues were identified that would impact the integrity of the financial reporting.

2. Assessment Methodology of the External Audit Process and Auditor Independence

The Committee applied a structured assessment methodology to evaluate the effectiveness of the External Audit process, including a review of the audit scope, audit plan, quality of audit deliverables, and communication with the External Auditors.

The independence of the External Auditors was assessed through formal independence confirmations, evaluation of relationships with the Company, and review of any non-audit services provided. The Committee also assessed the tenure of the current audit firm and ensured compliance with applicable regulatory requirements regarding auditor rotation.

3. Recommendations on External Auditor Appointment, Reappointment, or Dismissal

Based on its assessment, the Audit & Risk Committee recommended the appointment/reappointment of the External Auditors to the Board of Directors. The Board approved the Committee's recommendation.

4. Measures to Safeguard Auditor Independence for Non-Audit Services

The Committee implemented strict controls over the provision of non-audit services by the External Auditors. All such services were subject to prior review and approval to ensure they did not impair independence. Annual independence confirmations were obtained from the External Auditors, confirming the absence of conflicts of interest.

5. Actions Taken to Address Deficiencies in Internal Control or Risk Management

The Committee reviewed reports from Internal Audit and Risk Management throughout **2025** and monitored the implementation of corrective actions related to identified deficiencies. Management implemented appropriate measures to address control gaps and enhance the effectiveness of internal controls and risk management frameworks.

6. Review of Internal Audit Reports on Medium- and High-Risk Matters

The Audit & Risk Committee confirms that all Internal Audit reports identifying medium- and high-risk matters were reviewed. The Committee assessed whether such matters resulted from significant violations or material weaknesses in internal controls and ensured that appropriate remedial actions were taken.

7. Corrective Action Plans for Material Deficiencies

The Committee oversaw the development and implementation of corrective action plans prepared by Management, in coordination with **Internal Audit** and Risk Management. These plans included defined timelines, accountability measures, and ongoing monitoring to ensure effective resolution of identified deficiencies.

8. Review and Oversight of Related Party Transactions

The Audit & Risk Committee reviewed all related party transactions conducted during 2025 to ensure compliance with applicable laws and regulations. The Committee confirmed that such transactions were carried out on an arm's length basis and in line with the Company's approved governance framework. No material irregularities were identified during the review process.

6.2 Human Recourses and Nomination Committee

The Human Recourses and Nomination Committee established to assist the Board in its responsibilities for reviewing nomination and remuneration arrangements of both the Board members and the Executive management team in order support the strategic aims of the business.

The Committee is comprised of three Directors. The General Legal Counsel is the Committee Secretary. The CEO, and Company advisors attend the meetings as and when as required but are not entitled to vote on the decisions of the Committee.

6.2.1 Names of the members of the Human Recourses and Nomination Committee

	Name	Position
1	Anas Jawdat Albarguthi	Chairman
2	Khalifa Abushahab	Member
3	Dr. Najwa Aaraj	Member
4	Noor Al Sulaimani	Advisor

The Chairman of Human Recourses and Nomination Committee acknowledges his responsibility for the Human Recourses and Nomination Committee, the review of its working mechanisms and ensuring its effectiveness.

6.2.2 Terms of Reference of the Human Recourses and Nomination Committee

- Setting a policy for nomination of the Board and executive management membership with the aim of varying between the two genders in the Board and encouraging female nominees through offering privileges and training and motivational programs, and submitting a copy of such policy to the Securities and Commodities Authority and any amendments thereof.
- Regulating and following up the procedures of nomination for Board membership in accordance with the applicable laws and regulations, as well as the provisions of the Code of Corporate Governance.
- If the Committee finds out that one of the members has lost independence, the Committee shall bring the issue before the Board to inform the member(s) by a registered letter at their address registered at the Company clarifying the reasons for the loss of independence; such member shall reply to the Board within fifteen days from the date of receiving notice thereof, and the Board shall issue a decision as to whether such member is independent or otherwise in its first meeting following reception of the Board member's reply or elapse of the period mentioned in this paragraph without replying.
- Taking into consideration article (145) of the Companies Law, if the Board decision of a member's loss of independence affects the minimum percentage of independent Board members, the Board shall appoint an independent member to replace such member in case the latter submits ion for losing independence; if such member refuses to submit his/her resignation, the Board of Directors shall bring the issue before the general assembly to issue the decision of approval of appointing another Board member or open the door for nomination to elect a new Board member.
- Setting the policy for granting bonuses, privileges, incentives, and salaries and employees of the company, reviewing such policy annually, and ensuring that the bonuses and privileges offered to the Senior Executive Management are reasonable and in line with the Company's performance.
- Determining the Company's needs of qualifications at the Senior Executive Management and the employee levels and the criteria for selection thereof.

- Setting the Company's human resources and training policy, monitoring implementation of such policy, and reviewing thereof on annual basis.
- Review, recommend and or endorse organization structure, Emiratization, compensation and benefits policies.
- Any other responsibilities or tasks assigned by the Board and the Chairman.

6.2.3 Human Recourses and Nomination Committee meetings during the year 2025

Meeting No.	Meeting Date	Number of Attendees
1	27 February 2025	4
2	18 April 2025	4
3	3 November 2025	4

6.3 Investor Relations Committee

The Investor Relations Committee was established by the Board of Directors on 21 November 2024 to oversee and guide ADSB's investor relations strategy, with the primary objective of enhancing transparency and improving communication with stakeholders.

The Committee is comprised of three Directors. The General Legal Counsel is the Committee Secretary. The CEO, and Company advisors attend the meetings as and when as required but are not entitled to vote on the decisions of the Committee.

6.3.1 Names of the member of the Investor Relations Committee

	Name	Position
1	Rodrigo Torres	Chairman
2	Khalifa Abushahab	Member
3	Abdulla Al Ghafli	Member

The Chairman of Investor Relations Committee acknowledges his responsibility for the Investor Relations Committee, the review of its working mechanisms and ensuring its effectiveness.

6.3.2 Investor Relations Committee meetings during the year 2025

Meeting No.	Meeting Date	Number of Attendees
1	13 August 2025	3

6.4 EXECUTIVE COMMITTEE

The Executive Committee acts as an advisor to the Board where it reviews, evaluates and makes recommendations to the Board on various matters based on the level of authority and delegation.

The Committee is comprised of three independent Directors. The General Legal Counsel is the Committee Secretary. The CEO, and Company advisors attend the meetings as and when as required but are not entitled to vote on the decisions of the Committee.

6.4.1 Names of the members of the Executive Committee

	Name	Position
1	Rodrigo Torres	Chairman
2	Omar Al Zaabi	Member
3	Mansoor Janahi	Member
4	H.E Abdulla Al Qubaisi	Member
5	Amit Surana	Advisor
6	Miles Chambers	Advisor

The Chairman of Executive Committee acknowledges his responsibility for the Executive Committee, the review of its working mechanisms and ensuring its effectiveness.

6.4.2 Terms of Reference of the Executive Committee

1. Review and make recommendations to the Board on the direction of, and strategies for, development or new business areas that promote the growth of the Company's overall business in accordance with the Company's business plan and strategic objectives.

2. Advise the Board on the strategic health of the Company with respect to its overall business goals and strategic objectives as set forth in the Company's business plan.

3. To oversee and expedite any operational, financial and strategy related matter relating to the operations of the Company, as seen fit by the members of the Committee.

4. Endorse Business plan. Review and make recommendations to the Board regarding any modifications to the Company's business plan and budget.

5. Review and endorse sales plan & bid proposal.

6. Review potential business opportunities and record required actions to secure such opportunities and business development strategy that help secure new opportunities for the Company.

7. Review and approve the CAPEX spending and sales pipeline as part of the business plan.

8. Endorse policies and procedures relating to the Company's operations and submit to the Board for approval.

9. Supervise the operations of the Company and make recommendations to the executive management to improve the operations of the Company.

10. Ensure Portfolio of technical programs and major projects are in line with the Company's strategy.

11. Ensure that the Company has appropriate technical capabilities and road map consistent with its strategy.

12. Facilitate the Board gaining a deeper understanding of general operational and technical issues

13. Provide guidance on appropriate governance and standards processes.

14. Oversee and review the technical aspects of the Company's projects including reviewing project milestones and project life-cycle.

15. Undertake periodic review of progress reports on projects.

16. Review health, safety and environment policies and procedures and recommend updates where necessary.

17. Investigate any complaint by the Company's customers in respect of any operational and/or technical issues

18. The Committee is authorized by the Board to obtain legal or other professional advice from both inside and outside the Company as and when required, at the Company's expense, and to appoint and secure the attendance of external consultants and advisors if it considers this beneficial. Such appointments shall be managed in coordination with the CEO.

19. Any other responsibilities or tasks assigned by the Board to the Committee or Chairman of the Board of Directors from time to time.

6.4.3 Executive Committee meetings during the year 2025

Meeting No.	Meeting Date	Number of Attendees
1	27 May 2025	6
2	6 October 2025	6

Internal Control System

7. Internal Control Systems

a. Recognition by the Board of Directors of its responsibility for the company's internal control system and for reviewing its mechanism of action and ensuring its effectiveness

The Board of Directors is responsible for overseeing the company's internal control system, reviewing its framework, and ensuring its effectiveness.

The internal control system is designed to enable both the Board and management to achieve business objectives efficiently while safeguarding the interests of shareholders and other stakeholders. It plays a critical role in minimizing key risks, including fraud, unauthorized business activities, inaccurate financial reporting, and breaches of legal or contractual obligations.

b. Internal Control Department In-charge's Profile

Mr. Mohamed Hendawy, appointed as Head of Internal Audit on January 21, 2024, is a Certified Fraud Examiner and Certified Sarbanes-Oxley Expert. He leads the Internal Audit and Risk Management Department, reinforcing governance practices, enhancing risk management, and ensuring regulatory compliance to safeguard ADSB's integrity.

c. Compliance officer's name, qualifications and appointment date

In 2025, the Company's Legal Department was responsible for overseeing the compliance function, ensuring that the Company and its employees adhered to relevant laws, regulations, decisions, and internal policies.

d. Internal Control Department and any major problems with the company

The Internal Audit and Risk Management department plays a crucial role in addressing major company issues, whether identified through internal audits or disclosed in the annual reports and accounts. The department diligently monitors significant concerns or risks and collaborates closely with management to implement corrective actions or enhance controls as needed. For the reporting period, no major issues were identified, reflecting the strength and effectiveness of the company's internal control framework.

e. Number of reports issued by the Internal Control Department of the company's Board of Directors

In 2025, 8 audits were conducted with 8 reports issued to the Audit and Risk Committee.

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

During 2025, the Company was not subject to violations by the Securities and Commodities Authority or any legal authority in relation to any financial market issue.

8. Corporate Social Responsibility

ADSB remains committed to community-focused Corporate Social Responsibility (CSR), supporting UAE graduate projects and promoting employee wellbeing.

In 2025, the Company also celebrated its 30th anniversary, marking three decades of contribution to the UAE's maritime sector.

ADSB's CSR strategy supports its transformation into a modern and efficient shipbuilding and repair business, with a focus on enhancing the working environment and promoting environmental responsibility.

The Company fosters a diverse and inclusive workforce, ensuring equal opportunities, continuous training, and high standards of workplace safety, while supporting community initiatives.
ADSB has also engaged an external consultant to develop a comprehensive Sustainability Report for 2025, covering environmental, social, and governance matters and providing transparent insights into its CSR performance.

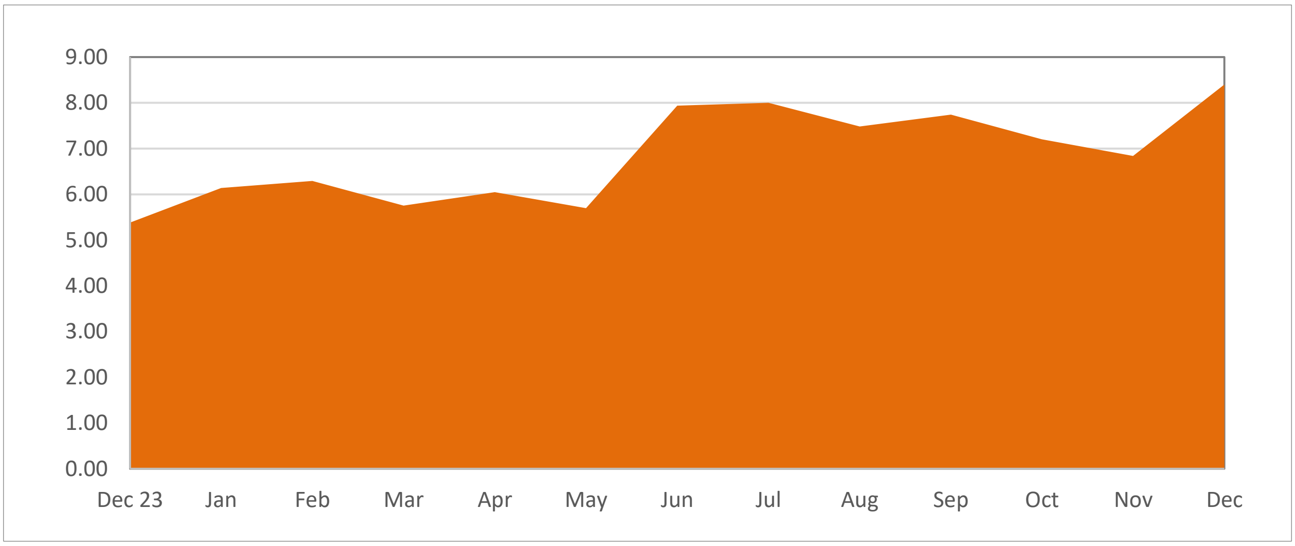
General Information about the Company

9. General Information about the Company

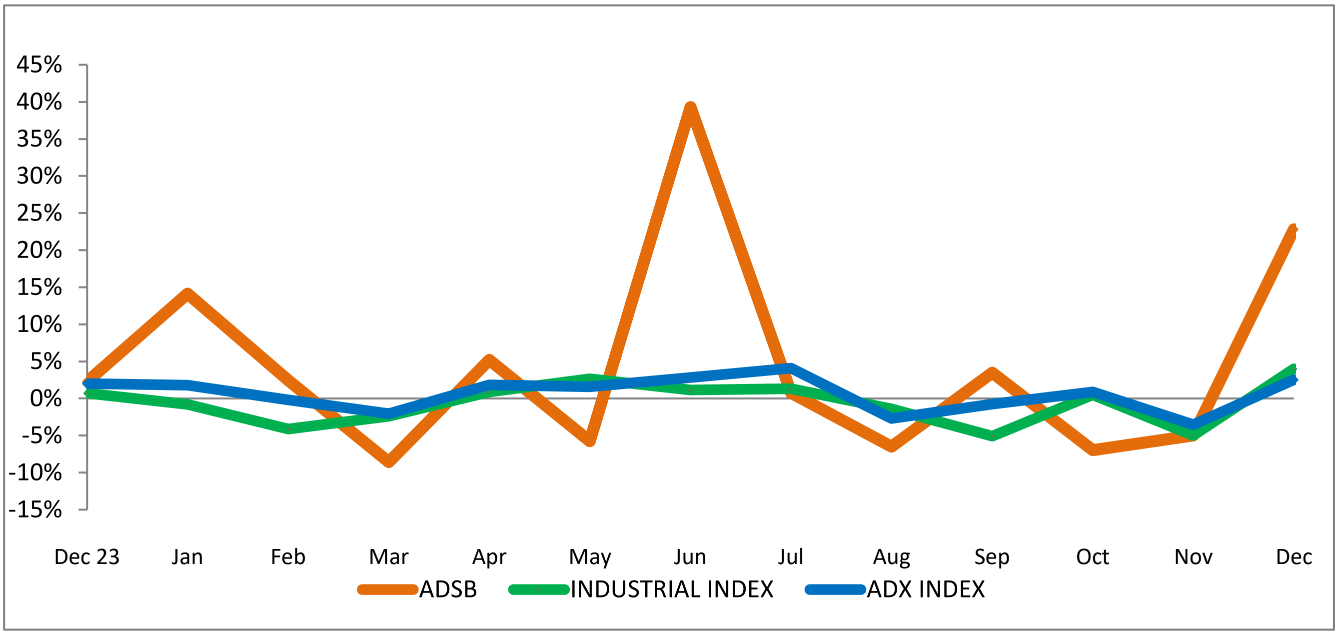
a. Company's share price on the market (closing price - highest price - lowest price) at the end of each month during the fiscal year 2025

MONTH	OPEN (AED)	CLOSE (AED)	HIGH (AED)	LOW (AED)	VALUE (AED) TRADED	VOLUME TRADED	# OF TRADES
01	5.380	6.140	6.930	5.010	133,750,844	21,975,345	4,361
02	6.080	6.290	6.520	5.880	87,916,882	14,296,205	2,072
03	6.290	5.750	6.290	5.440	22,253,397	3,753,195	1,092
04	5.740	6.050	6.400	4.950	54,890,988	9,451,242	2,751
05	6.050	5.700	6.090	5.670	29,368,674	5,026,560	1,660
06	5.680	7.940	8.870	5.260	261,246,016	34,952,633	7,573
07	7.940	8.000	8.940	7.860	181,538,731	21,701,147	5,237
08	7.960	7.480	8.050	7.320	44,339,922	5,802,046	2,369
09	7.480	7.740	8.150	7.260	59,279,063	7,667,468	2,827
10	7.750	7.200	7.870	7.030	24,997,140	3,341,090	1,700
11	7.200	6.840	7.200	6.680	18,582,628	2,677,860	861
12	6.840	8.400	8.460	6.580	60,024,138	7,740,279	2,293
Total					**978,188,423**	**138,385,070**	**34,796**

b. Company shares price performance during the year 2025



c. Performance of the company's shares compared with the ADX index and ADX investment and financial sector index during 2025



d. Distribution of shareholders' ownership as at 31/12/2025 (individuals, companies, governments) classified as follows: Local, Gulf, Arab, and Foreign:

SN	Shareholder Classification	Individuals	Companies	Government	Total
1	Local	36.40%	5.62%	49.96%	91.98%
3	Arab	5.10%	0.98%	0.00%	6.08%
2	Foreign	0.48%	1.46%	0.00%	1.95%
	Total	**41.98%**	**8.06%**	**49.96%**	**100.00%**

e. Shareholders owning 5% or more of the company's capital as of 31/12/2025, as per the following table:

SN	Citizenship	Investor Name	Holding	Ownership %
1	UAE	Edge Defense Platforms & Systems	105,908,000	49.96%
2	UAE	Mohamed Bin Ahmed Bin Saeed Al Qasimi	18,685,902	8.81%
			124,593,902	**58.77%**

f. shareholders' distribution according to ownership size as of 31/12/2025, as per the following table:

SN	Share Ownership Category	No. of Shareholders	Holding	Ownership %
1	Less than 50,000	5,321	21,903,586	10.33%
2	From 50,000 to less than 500,000	140	21,787,350	10.28%
3	From 500,000 to less than 5,000,000	24	37,307,651	17.60%
4	More than 5,000,000	3	130,993,413	61.79%
		5,488	**211,992,000**	**100%**

g. Investor Relations

The Management is committed to effective communication between the Company and its shareholders. The Company regularly announces its results to SCA, ADX, and shareholders by way of interim management statements, quarterly results, and the annual report and annual financial statements.

Details and contact information of Abu Dhabi Ship Building Investor Relations Officer:

- **Investor Relations Section Contact Details:**
  - Mobile Number: +971 54 363 3409
  - Phone: +971 25028424
  - Email: bushra.abyan@adsb.ae

h. Annual General Assembly 2025

The Company held its General Assembly Meeting on April 25, 2025 in which the shareholders approved the following matters:

- Approval of the Board of Directors' report on the Company's activities and financial position for the financial year ended December 31, 2024.
- Approval of the External Auditor's report for the financial year ended December 31, 2024.
- Approval of the Company's balance sheet and profit and loss account for the financial year ended December 31, 2024.
- Approval of the Board of Directors' proposal to distribute cash dividends to shareholders totaling AED 40,278,480 (Forty million, two hundred seventy-eight thousand, four hundred eighty dirhams), at a rate of 19 UAE fils per share for the financial year ended December 31, 2024.
- Approval of the Board of Directors' proposal regarding the remuneration of the Board members for the financial year ended December 31, 2024, amounting to AED 4,200,000.
- Discharge of the members of the Board of Directors from liability for the performance of their duties for the financial year ended December 31, 2024.
- Discharge of the External Auditors from liability for the financial year ended December 31, 2024.
- Appointment of Grant Thornton as the Company's External Auditors for the 2025 financial year, for total fees of AED 565,000.
- Election of a new Board of Directors for a three-year term, in accordance with the provisions of the Company's Articles of Association.

Special Resolutions:

- Approval of a related party transaction with EDGE Commercial LLC, which exceeds 5% of the Company's share capital, for the execution of maintenance works on naval defense vessels for the State of Kuwait. The total value of the transaction is AED 495,254,531 (Four hundred ninety-five million, two hundred fifty-four thousand, five hundred thirty-one dirhams), exclusive of Value Added Tax (VAT).
- Approval of a related party transaction with Emirates Advanced Research and Technology Holding (EARTH), which also exceeds 5% of the Company's share capital, for the construction of military warships for the Federal Republic of Nigeria. The total value of the transaction is USD 128,527,858 (One hundred twenty-eight million, five hundred twenty-seven thousand, eight hundred fifty-eight United States Dollars), exclusive of Value Added Tax (VAT).

i. Emiratization Percentage in Company as of 2025

In 2025, the Emiratization percentage was 32.12 %

j. Detailed statement of the fundamental events and important disclosures that the company encountered during 2025

k. Detailed Statement of Fundamental Events and Material Disclosures During 2025

The Company remained committed to transparency and timely disclosure in compliance with applicable regulatory requirements.

During the financial year ended 31 December 2025, the Company made several key disclosures, including its participation in IDEX and NAVDEX 2025 and the announcement of strategic partnerships, such as the Memorandum of Understanding with Arab Shipbuilding and Repair Yard (ASRY), collaboration with the Technology Innovation Institute (TII), and partnership with HENSOLDT.

The Company also disclosed key corporate developments, including the appointment of members of Executive Management, namely the Chief Operating Officer (COO), Chief Technology Officer (CTO), and Head of Business Development.

In addition, ADSB announced the receipt of a Letter of Award valued at approximately AED 7 billion for the supply of missile boats to the Kuwait Naval Forces.

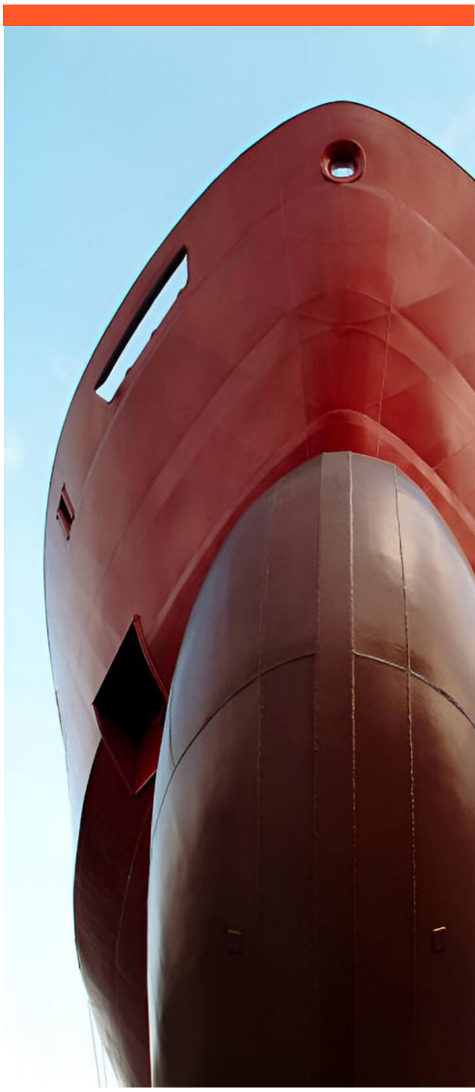
The Company continued to comply with all applicable disclosure requirements, and no other material events occurred that would have a significant impact on its financial position or operations.

l. Initiatives and Innovations during 2025

During 2025, ADSB continued to advance its innovation agenda and strengthen its position as a regional leader in the maritime and defence sector.

Key initiatives included the launch of the first vessel under the FALAJ 3 programme and continued progress on the Mine Countermeasure Naval Programme, including the development of the next-generation 170 M-DETECTOR vessel.

The Company also enhanced its technological capabilities through strategic collaborations with HENSOLDT, the Technology Innovation Institute (TII), and ASRY, supporting the development of advanced naval solutions and future shipbuilding projects.



This report is governed by the Resolution of the Board of the Securities and Commodities Authority (SCA) No. 3/Chairman of 2020 as amended from time to time on the Corporate Discipline and Governance Standards of Public Joint Stock Companies Resolution 3/2020) and the format of this report is as prescribed by SCA.

The Report has been filed with the Securities and Commodities Authority (SCA) and posted on Abu Dhabi Exchange (ADX) in addition to the ADSB's website.

David Massey
Chief Executive Officer

ADSB
أبوظبي لبناء السفن

ADSB
ABU DHABI SHIP BUILDING

2025 SUSTAINABILITY REPORT

ADSB
ABU DHABI SHIP BUILDING

BEYOND SHIPBUILDING


ADSB

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REPORT OVERVIEW

ABOUT THIS REPORT

This Sustainability Report reflects how Abu Dhabi Ship Building PJSC integrates environmental responsibility, people practices, and strong governance into the way we operate in 2025. It captures the practical actions behind our growth, how we run our facilities, how we support our workforce, and how we approach decision-making as a national shipbuilding and ship repair company.

Prepared in line with ADX ESG requirements and aligned with recognised international frameworks such as the Global Reporting Initiative and the UN Sustainable Development Goals, this report provides an overview of our main operations in Abu Dhabi and selected activities across the markets we serve.

More than a compliance exercise, this report is a transparent account of how ADSB is building long-term value. It is intended for our shareholders, employees, customers, partners, and the wider community who seek a clear understanding of how responsibility and performance align together at ADSB.

KEY ACHIEVEMENTS

ENVIRONMENTAL:

Achieved a notable reduction of 59% in fuel intensity (from 1.19 Megalitres / Million AED in 2024 to 0.49 Megalitres / Million AED in 2025)

Water Intensity: Decreased from 0.29 Megalitres / Million AED in 2022 to 0.11 Megalitres / Million AED in 2025 - showcasing a 62% improvement.

General Waste Reduction: General waste reduced from 1,803.33 tons in 2024 to 942.31 tons in 2025 - showcasing a 48% reduction.

SOCIAL:

Reached 34% Actual Emiratisation for positions eligible to be occupied by UAE Nationals.

Delivered 1,771 hours of Occupational Health and Safety training to the workforce

Achieved 'Great Place to Work' Certification

In 2025, 100% of employees received performance and career development reviews, reflecting ADSB's commitment to structured feedback and employee development

GOVERNANCE:

Increased local procurement share (based on order value) to 87%, significantly strengthening In-Country Value.

A new sustainability team of highly qualified and skilled members has been established to oversee all the sustainability measures of ADSB and come up with concrete sustainability plans.

Awarded "Excellence in Sustainable Procurement" at the IPSC 2025 for advancing responsible supply chain strategies.

MESSAGE FROM THE CHAIRMAN

As we chart ADSB's course for the future, our compass is guided by responsibility, ensuring that the growth we pursue today strengthens resilience and sustainability for generations to come.

The UAE's development story continues to be shaped by ambition paired with responsibility. National initiatives and long-term visions, such as UAE Centennial 2071, reflect a clear commitment to building a future that balances economic progress with environmental care and social wellbeing. This approach serves as an important reference point for ADSB as we operate within the nation's strategic maritime and shipbuilding sector. Under the proactive guidance of our wise leadership, the UAE has solidified its position as a global model for industrial excellence and a primary driver of international maritime governance. By embracing this legacy of foresight, we are empowered to transform strategic national goals into world-class maritime and shipbuilding capabilities that serve both our nation and the global community.

Our progress reflects the strategic alignment with the UAE Net Zero by 2050 initiative and the nation's Operation 300 billion Industrial Strategy by 2031. By mirroring national investments in clean energy and decarbonization, we are ensuring our growth contributes directly to the Emirates' vision for a sustainable, knowledge-based economy. As a cornerstone of the nation's maritime defense, ADSB is dedicated to pioneering energy-efficient naval platforms and sustainable manufacturing processes that fortify both our national security and our environmental legacy.

The year 2025 has been a definitive chapter in our 30-year history. A key highlight was the commissioning of the first-of-class vessel under the FALAJ 3 contract at NAVDEX in February 2025. This milestone, alongside a landmark AED 7 billion export contract underscores ADSB's role as a cornerstone of national maritime and shipbuilding capability and a trusted global partner. This year, we were honoured to be recognised as a Great Place to Work® Certified organisation, a testament to our dedication of building a thriving and trust-based workplace for our people.

As we move forward, our priority remains building long-term value through responsible growth. We will continue to invest in people, strengthening governance practices, and ensuring that sustainability remains part of strategic decision making.

On behalf of the Board of Directors, I would like to thank our management and staff, partners and stakeholders for their unwavering commitment to ADSB's journey. Our combined efforts continue to shape the company we are building together.

KHALED AHMED ALI MOHAMED ALZAABI
Chairman - Abu Dhabi Ship Building

MESSAGE FROM THE CEO

> In every vessel we build, we combine innovation, precision, and responsibility, ensuring that our progress strengthens both industry and the marine environments we depend on.

I am pleased to report that 2025 has been a year of continued focus and disciplined execution for ADSB. As we expand our capabilities and deliver across increasingly complex programs, our responsibility becomes even clearer. Growth is not simply about scale; it is about strengthening the systems, the processes, and the technical standards that support long-term performance.

During the past year, our shipyard teams have delivered across a wide range of maritime projects while reinforcing the operational foundations of the business. With the continued implementation of sustainable operations and value chain, ADSB received "Excellence in Sustainable Procurement" at an International Procurement Supply Chain Conference. ADSB also proudly unveiled its latest innovations in maritime support, the SEA HOSPITAL 400 and the 16-metre SEA AMBULANCE. These vessels represent more than technical achievement; they reflect our commitment to expanding portfolio with specialized medical support vessels engineered for rapid and reliable care which are vital for social and humanitarian needs in demanding operational environments.

ADSB signed Memorandum of Understanding (MOU) with an international solutions provider to explore collaboration opportunities in the development of advanced naval technologies. This underscores the Company's commitment to delivering breakthrough naval technologies. ADSB also signed a collaboration agreement with a local player which includes the launching of naval technology innovation hub, an advanced facility that will fast-track research, integration, and testing of next-generation naval technologies, including autonomy, propulsion, materials and secure systems. Despite the increased energy demands of our expanding industrial operations, we remain disciplined in our resource management, achieving a notable reduction in fuel intensity this year. By continuously evaluating equipment efficiency and exploring lower-dependency energy alternatives, we are ensuring that our operational growth remains aligned with our environmental responsibilities. This reflects ADSB's commitment to positioning the UAE as a leader in global maritime defense technology and innovation.

Our progress is a direct result of the dedication and professionalism of our workforce. As ADSB continues to grow, we remain focused on strengthening capability, supporting our people, and aligning our operations with the broader ambitions of the UAE.

I extend my sincere appreciation to our employees, partners, and stakeholders for their continued trust and commitment. Together, we are building a company defined not only by performance, but by a shared responsibility to the maritime industry and the nation.

DAVID MASSEY
CEO - Abu Dhabi Ship Building

ABOUT ADSB

ADSB AT A GLANCE

49.96%	50.04%
EDGE/ Abu Dhabi Government	Private Investors

Established in 1995, Abu Dhabi Ship Building PJSC (ADSB) has grown into one of the region's leading shipbuilding and ship repair companies. Headquartered in Abu Dhabi, ADSB serves both defence and commercial maritime sectors, delivering complex vessel construction, maintenance, repair, and overhaul services across the UAE and international markets.

Over three decades, ADSB has developed advanced shipyard capabilities supported by modern infrastructure and specialised technical expertise. Its facilities are equipped to manage projects across the full vessel lifecycle, from design and construction through to long-term maintenance and support. This integrated approach strengthens operational reliability and responds to the evolving needs of regional and global maritime clients.

As a key participant in a strategic industry that contributes to national security, maritime trade, and industrial development, ADSB recognises the responsibility that comes with operating in a heavy industrial environment. The company continues to manage its operational carbon footprint through energy monitoring, fuel efficiency oversight, and responsible site practices. At the same time, ADSB supports the development of energy-efficient and environmentally responsible vessels, contributing to a more sustainable maritime sector.

Through continued investment in people, technology, and disciplined governance, ADSB remains well positioned to strengthen its leadership in the regional shipbuilding industry while supporting the UAE's long-term industrial and sustainability ambitions.

OUR PURPOSE

To be the region's leading naval & commercial shipyard, offering unmatched service, innovation skill.

OUR CORE VALUES

Quality: We offer highly-efficient and reliable product & service delivery while maintaining industry leading health, safety & environmental standards

Innovation: We are motivated to continually develop the latest advanced solutions to create greater impact for our customers

Partnership: We work together with our employees, customers & partners towards coordinated growth and success

We deliver superior reliability, ease of operations, and cost efficiencies through five powerful enablers:

SUPERIOR DESIGN SELECTION

SKILLED WORKFORCE WITH EXTENSIVE TECHNICAL EXPERIENCE

WORLD-CLASS SHIPYARD FACILITIES

EXCEPTIONAL INTEGRATION CAPABILITIES

PRECISION STEEL FABRICATION

WHAT WE OFFER

NEW BUILD

REPAIR

MAINTENANCE

REFIT

CONVERSION

ENGINEERING CONSULTANCY

SUSTAINMENT

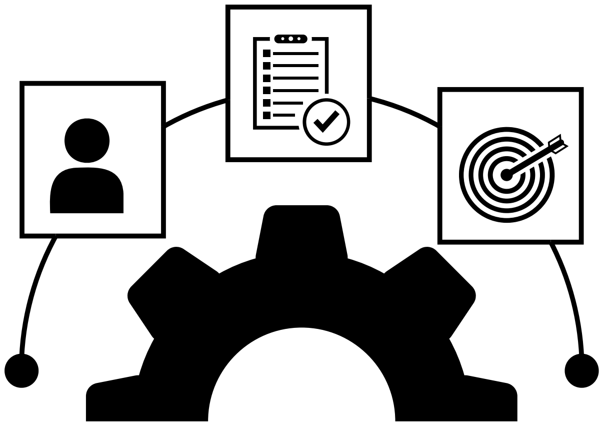
REFURBISHMENT

ADVANCED TECHNOLOGY

FACILITIES & CAPABILITIES

We provide a range of logistics and workshop support services to manage your equipment and supply chain systems, and operate your workshops. Our offerings have already helped to increase the defence capabilities of the UAE. Leveraging our advanced equipment portfolio, we build and service vessels that strengthen our customers' naval and shipbuilding fleets.

SEA OF OPPORTUNITIES



From Legacy to Innovation: Securing the Blue Economy

Advanced maritime capability remains essential to national security, economic resilience, and regional stability. For a nation with strategic coastlines and growing maritime trade such as the UAE, sustained investment in shipbuilding and lifecycle support is critical.

For over 30 years, ADSB has contributed to strengthening maritime readiness through the design, construction, and support of naval and commercial vessels. As defence requirements evolve and commercial activity expands, opportunities continue to grow across new build programmes, refit and conversion, and long-term sustainment services.

Aligned with global sustainability priorities, ADSB continues to advance responsible operational practices and support the development of more energy-efficient vessels, contributing to a stronger and more sustainable maritime sector.

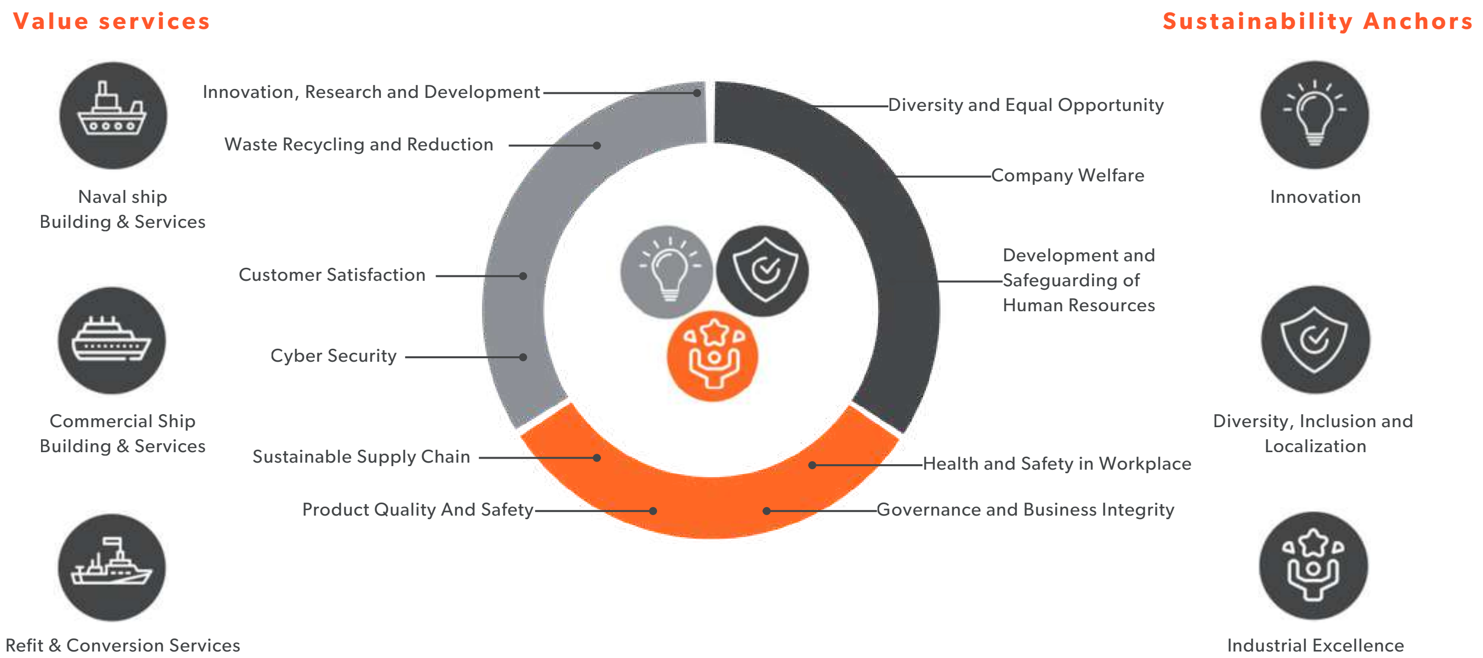
Pioneering Operational Excellence

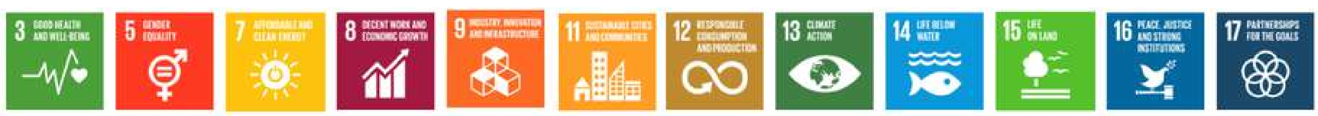
To remain at the forefront of the maritime sector and shipbuilding and repair industry, ADSB is committed to the continuous modernization of its shipyard operations and the integration of advanced digital solutions. By including automated manufacturing processes and digital design simulations, the company enhances its operational efficiency while maintaining the highest standards of safety and quality.

This focus on technical innovation allows ADSB to streamline vessel lifecycles, from initial concept to long-term sustainment, ensuring high performance and reliability for a diverse global clientele. By embracing these future-ready capabilities, ADSB is not only optimizing its current output but also setting new benchmarks for precision and excellence within the regional shipbuilding and repair industry.

OUR VALUE CREATION MODEL

OUR VALUE CREATION MODEL





IMPACTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

ADSB's value creation model is a strategic roadmap that integrates our core shipbuilding and repair services with robust sustainability anchors to deliver long-term impact for our stakeholders. By aligning our operational capabilities with global standards, we ensure that every project, from naval and commercial shipbuilding to complex refit and conversion services, is underpinned by a commitment to ethical excellence and industrial leadership. This model reflects how our core services, operational enablers, and sustainability priorities work together to deliver long-term value.

The Foundations of Resilience

Our model is anchored by a steadfast commitment to Innovation, DEI and Industrial Excellence. These anchors ensure that as we scale our operations, we maintain the highest standards of health and safety in the workplace while fostering an environment of diversity and equal opportunity. By prioritizing the development and safeguarding of our human resources and overall company welfare, we create a resilient organizational culture capable of navigating the complexities of the global maritime sector and shipbuilding and repair industry.

Integrated Operational Enablers

To transition from baseline operations to high-value output, ADSB integrates several critical enablers across the vessel lifecycle:

Innovation & Digital Security

Through dedicated Research and Development and robust Cyber Security protocols, we protect our technical assets and stay ahead of industry shifts.

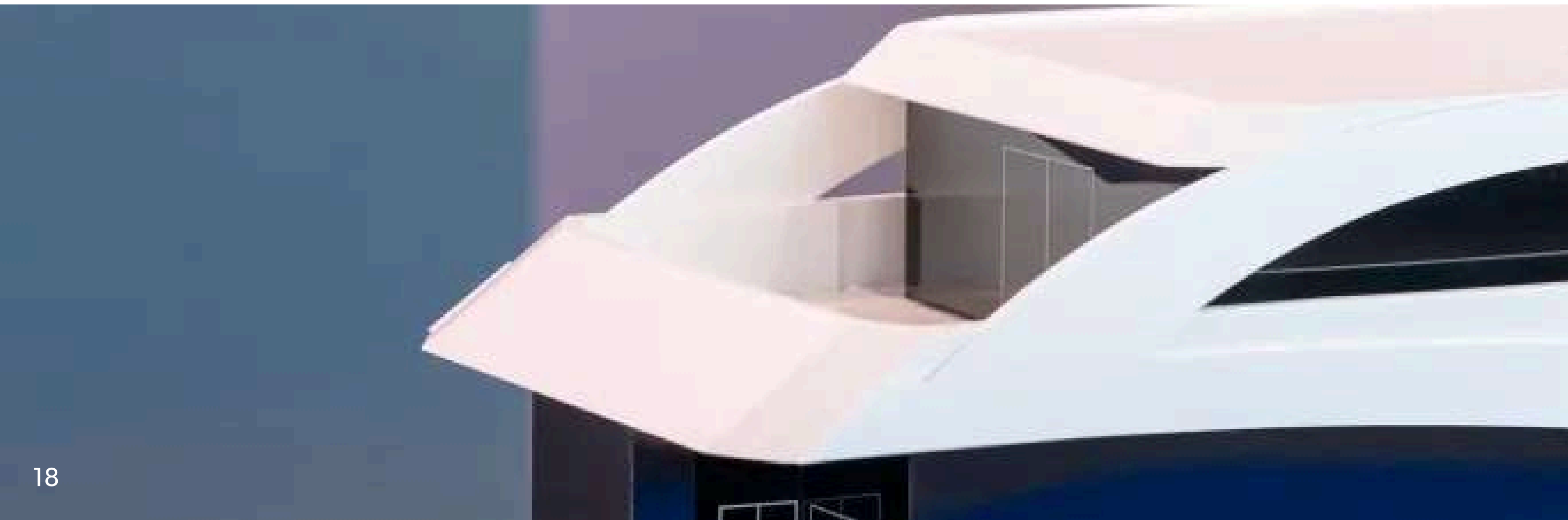
Quality & Responsibility

We maintain an unwavering focus on Product Quality and Safety, complemented by a Sustainable Supply Chain that mirrors our internal values.

Environmental Stewardship

By institutionalizing waste recycling and reduction, we minimize our operational footprint, ensuring that our pursuit of customer satisfaction is balanced with our responsibility to the planet.

This holistic approach allows ADSB to transform strategic inputs into sustainable outcomes, contributing to a stronger maritime sector and shipbuilding and repair industry and supporting the global advancement of the United Nations Sustainable Development Goals.



KEY AMBITIONS

Circular Economy Practices

Advance circular economy principles across operations to improve resource efficiency, reduce waste, and strengthen material lifecycle management.

Ethical Supply Chain

Ensuring ethical standards are met across our entire supply chain.

Renewable Energy Integration

Explore opportunities to integrate renewable and lower-carbon energy solutions into operational infrastructure where feasible.

Enhanced Employee Well-being

Support workforce wellbeing, engagement, and professional development as integral components of sustainable performance.

Ocean Conservation

Support marine preservation through responsible shipbuilding practices and environmentally conscious operational standards.

Stakeholder Education

Engage and inform stakeholders on sustainable practices, industry developments, and shared responsibility.

In-Country Value (ICV)

Increase contribution to the national economy by strengthening local procurement, workforce participation, and industrial capability development.

INTEGRATING SUSTAINABILITY

Health and Safety Commitment

We place the wellbeing of our workforce and surrounding communities at the centre of our operations, with continued focus on reducing workplace incidents and strengthening safety performance.

Operational Efficiency and Environmental Responsibility

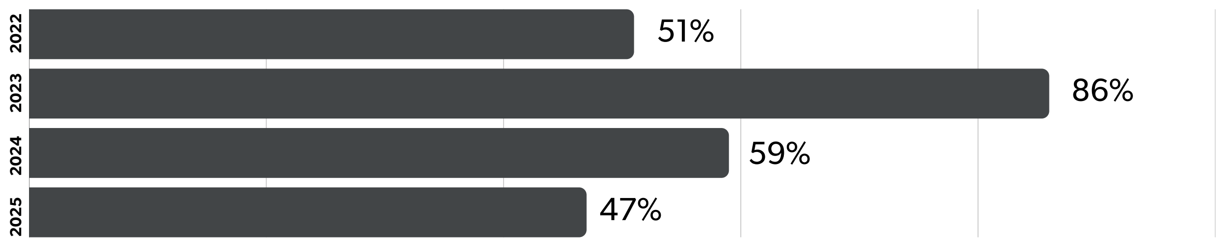
We continue to improve production efficiency by reducing waste, managing water consumption, and monitoring emissions, supported by structured waste management planning.

Responsible Supply Chain

We maintain transparent and accountable procurement practices, closely monitoring raw materials and subcontractors to ensure full compliance with our Quality, Health, Safety, and Environment standards. Strengthening In-Country Value remains a key priority across our supplier network.

Our suppliers are categorized into OEMs and non-OEMs for products and service providers based on order values.

OEM Procurement Share (Based on Order Value)



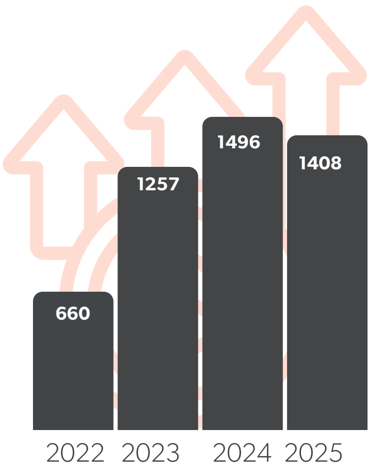
Local Procurement (Based on Order Value)

Excellence in Sustainable Procurement – IPSC 2025

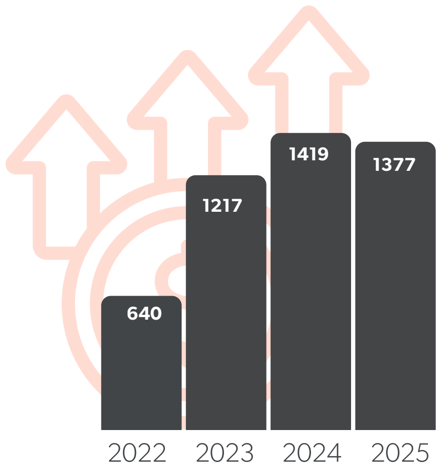
Abu Dhabi Ship Building (ADSB) received the Excellence in Sustainable Procurement Award at the International Procurement Supply Chain Conference (IPSC) 2025 held in New Delhi, India. Organised by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) in collaboration with Blue Ocean Corporation, the award recognises ADSB's efforts in advancing sustainable procurement practices and implementing responsible supply chain strategies that promote transparency, efficiency, and long-term industry impact.

FINANCIAL PERFORMANCE

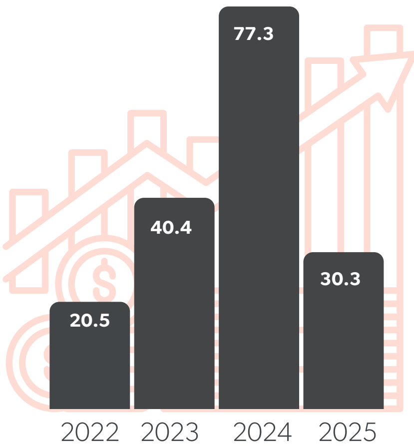
Total Revenues (Mn AED)



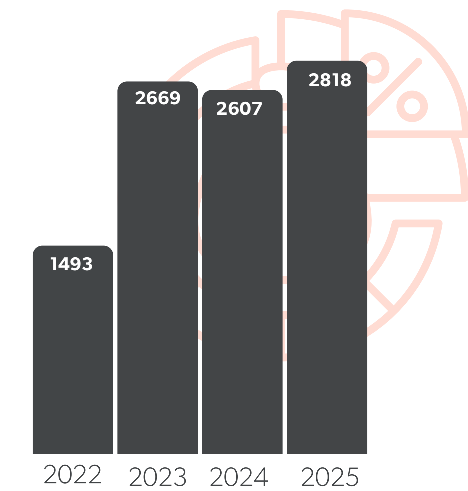
Total Cost Incurred (Mn AED)



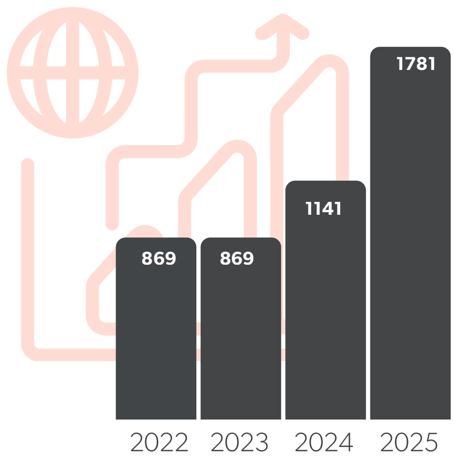
Net Profits (Mn AED)



Total Assets (Mn AED)



Market Capitalisation (Mn AED)




160 ITEP

KEY MILESTONES 2025

01 ADSB launches ALTAF, the first-of-class vessel in the FALAJ 3 programme.

02 ADSB participates in IDEX 2025.

03 The ALTAF missile boat was commissioned in the presence of Sheikh Hazza bin Zayed Al Nahyan and Staff Major General Sheikh Ahmed bin Tahnoun Al Nahyan.

04 ADSB launches the next-generation 170M DETECTOR vessel.

05 ADSB partners with ASRY to promote regional excellence in naval vessel production.

06 ADSB joins forces with Indra to equip the FA-400 with advanced naval systems.

07 ADSB partners with Intermarine to strengthen naval capabilities.

08 ADSB signs a strategic partnership agreement with HENSOLDT to advance naval technology development.

09 ADSB participates in LAAD Defence & Security Exhibition 2025 in Brazil.

10 ADSB participates in IMDEX Asia 2025 in Singapore.

11 ADSB participates in Make It In The Emirates (MIITE) 2025.

12 ADSB participates in Indo Defence 2025.

13 ADSB participates in IDEF 2025 in Istanbul, Türkiye.

14 ADSB partners with Technology Innovation Institute (TII) to launch a new naval innovation hub to advance naval technologies.

15 ADSB participates in the Abu Dhabi International Boat Show 2025 and launches the SEA HOSPITAL 400 and 16-meter SEA AMBULANCE vessels.

16 ADSB participates in the Egypt Defence Expo 2025 in Cairo, Egypt.

17 ADSB receives Letter of Award for AED 7 billion from EDGE as part of the record AED 9 billion contract signed with the Kuwait Ministry of Defence for the supply of FALAJ3 vessels.

PRESSROOM

Bahrain Delegation Visit

May 2025

ADSB welcomed a high-level delegation from the Kingdom of Bahrain led by HH Shaikh Naif bin Ibrahim Al Khalifa, Marine Corps Battalion Commander. The visit focused on strengthening defence collaboration and exploring opportunities in naval capability development.

ASRY Delegation Visit

July 2025

ADSB CEO David Massey led an official delegation visit to the Kingdom of Bahrain, where the team met with Dr Ahmed Al Abri, CEO of ASRY. The visit focused on discussing potential areas of collaboration between the two entities across the maritime sector.

Kuwait Coast Guard Delegation

July 2025

ADSB welcomed HH Commodore Sheikh Mubarak Ali Al-Sabah, Director General of Kuwait's Coast Guard, during an official visit to ADSB facilities. The visit follows EDGE Group's agreement with Kuwait's Ministry of Interior, under which ADSB will support the reconstruction, repair, and modernisation of naval assets while providing specialised training for Kuwait's marine and coast guard personnel.

Netherlands Embassy Visit

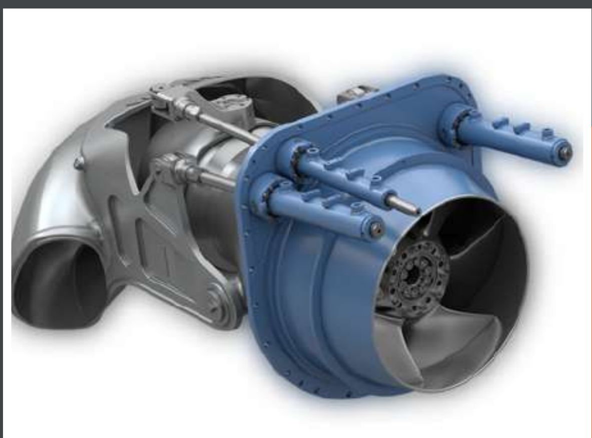
September 2025

ADSB welcomed an official delegation from the Embassy of the Netherlands led by Defence Attaché Commander de Groot. The delegation met with ADSB representatives, including COO Eng. Maktoom AlShehhi and Director of Strategy and Business Development Abdelrahman Alrousi, to discuss potential areas of cooperation in the maritime sector.

Naval Innovation Hub Partnership

September 2025

ADSB signed a collaboration agreement with the Technology Innovation Institute (TII) to establish a Naval Technology Innovation Hub in Abu Dhabi. The initiative will support research, testing, and integration of next-generation naval technologies, including autonomous systems, advanced materials, and maritime propulsion solutions.



Waterjet Refitting Contract

October 2025

ADSB partnered with Kongsberg Maritime to support the upgrade of waterjet propulsion systems on vessels operated by the Kuwait Coast Guard. The project will involve installing Kongsberg Kamewa waterjets as part of a fleet modernisation programme aimed at improving operational performance and reliability.

CERTIFICATIONS AND RATINGS


Bureau Veritas Certification

ABU DHABI SHIP BUILDING COMPANY PJSC

ISO 14001:2015

Scope of certification

1. DESIGN, CONSTRUCTION, REPAIR, REFIT AND CONVERSION OF NAVAL AND COMMERCIAL SHIPS IN STEEL, ALUMINIUM AND COMPOSITE MATERIALS.
2. REPAIR AND UPGRADE OF SHIP SYSTEMS AND COMPONENTS.
3. ASSOCIATED LOGISTICS AND FABRICATION SERVICES.

ISO 14001:2015 - Environmental Management Systems


Bureau Veritas Certification

ABU DHABI SHIP BUILDING COMPANY PJSC

ISO 9001:2015

Scope of certification

- DESIGN, CONSTRUCTION, REPAIR, REFIT AND CONVERSION OF NAVAL AND COMMERCIAL SHIPS IN STEEL, ALUMINIUM AND COMPOSITE MATERIALS.
- REPAIR AND UPGRADE OF SHIP SYSTEMS AND COMPONENTS.
- ASSOCIATED LOGISTICS AND FABRICATION SERVICES.

ISO 9001:2015 - Quality Management


Bureau Veritas Certification

ABU DHABI SHIP BUILDING COMPANY PJSC

ISO 45001:2018

Scope of certification

- DESIGN, CONSTRUCTION, REPAIR, REFIT AND CONVERSION OF NAVAL AND COMMERCIAL SHIPS IN STEEL, ALUMINIUM AND COMPOSITE MATERIALS.
- REPAIR AND UPGRADE OF SHIP SYSTEMS AND COMPONENTS.
- ASSOCIATED LOGISTICS AND FABRICATION SERVICES.

ISO 45001:2018- Occupational Health and Safety


Approval Certificate

شهادة اعتماد

ABU DHABI PUBLIC HEALTH CENTRE

ADOSH - Occupational Health and Safety

2026 PLANS

We will continue our ongoing target of reducing our environmental footprint in the following ways:

1. Reduce gas consumption by procuring additional electric-powered golf carts, which will replace gas-powered vehicles.

2. Enhance energy efficiency by increasing the number of fully solar-powered storage containers with integrated air-conditioning and alarm units.

3. Deploy Phase 2 of our motion-sensor lighting systems across offices and toilets.

4. Implement a Building Management System to optimise water, electricity, and air-conditioning use.

5. Complete our initiatives of planting trees and greeneries in the yard to contribute to carbon sequestration.

6. Track and record our waste through regular and vigilant observation, monitoring, and reporting processes.

ENVIRONMENTAL STEWARDSHIP

GHG ANALYSIS

At ADSB, we recognise the importance of managing greenhouse gas emissions and minimising our environmental footprint. Our environmental stewardship reflects the initiatives and practices implemented across our operations to enhance energy efficiency, reduce emissions, minimise waste, and protect marine ecosystems. As a shipbuilding and repair company, we understand the strategic role our industry plays in global environmental performance. We remain committed to adopting responsible practices and technologies, such as the research and development of low emission vessels, that reduce our ecological impact while supporting long-term operational resilience and the preservation of maritime resources.

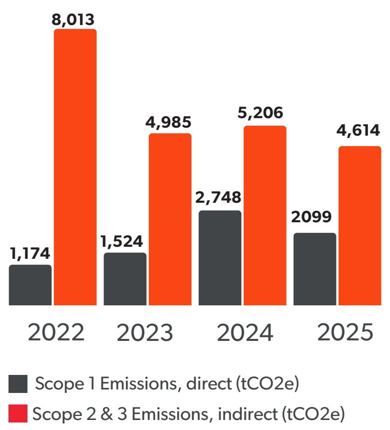
The regulatory landscape reached a critical milestone in 2025 as the International Maritime Organization (IMO) transitioned its 2023 Greenhouse Gas Strategy into a formal Net-Zero Framework. The IMO continues to advance global emission reduction targets, including its strategy to reduce greenhouse gas emissions from international shipbuilding. This reinforces the importance of innovation and sustainable vessel development within the shipbuilding sector. ADSB is actively aligning its engineering capabilities with these mandates, ensuring that zero or near-zero GHG emission technologies represent a growing share of our portfolio to meet the evolving demands of a regulated global market.

Advancing these targets requires a transition from experimental concepts to commercial reality. Building on earlier research into wind-assisted technologies and high-efficiency hull designs, 2025 has seen a significant industry shift toward alternative fuel integration, including green ammonia, methanol, and advanced battery-electric systems. ADSB continues to assess its operational emissions, including Scope 1, Scope 2, and relevant Scope 3 categories, to identify key areas for carbon reduction. By collaborating with global technology partners to implement these zero-emission solutions, we plan to deliver sophisticated maritime platforms that protect the coastline and the planet.

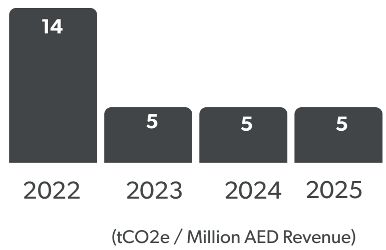
ADSB remains a steadfast partner in the UAE's "Net Zero by 2050" strategic initiative. Beyond the vessels we build, we are committed to reducing the environmental footprint of our own shipyard operations through industrial excellence. While certain pollutants remain unavoidable in the shipbuilding process, we maintain rigorous oversight to minimize their impact. We employ specialized risk assessments and protective measures for the storage and use of materials, including NOx, SOx, Persistent Organic Pollutants (POP), and Volatile Organic Compounds (VOC), ensuring that our pursuit of maritime leadership never comes at the cost of local air and water quality. By combining technological innovation with operational responsibility, ADSB is steering toward a sustainable maritime future.

GHG Emissions (Scope 1, 2 and 3)

GHG Emissions (Direct and Indirect)



GHG Emissions Intensity



Operational Emissions

	2022	2023	2024	2025
NOx	466.6ml/m3	14.64ml/m3	40.29ml/m3	221.7 ml/m3
SOx	1ml/m3	1.33ml/m3	2.2ml/m3	1.5 ml/m3
Volatile organic compounds (VOC)	79.8ppm	6.13ppm	10.66ppm	1.5 ml/m3
Particulate matter (PM)	-	79.38ppm	97.45ppm	Particulate matter (PM-2.5)-0.0748 mg/m³

ENVIRONMENTAL INITIATIVES TO DATE

Installed 4x10 KW (AC) and 1x40 KW (DC) EV chargers for employees to freely use, promoting the adoption of electric vehicles among our employees thereby reducing emissions
(2023 & 2025)

Harnessing solar power - replaced all external lighting units with solar-powered lighting units and installed 3 fully solar-powered storage containers with integrated air-conditioning and fire alarm units, and also upgraded labor accommodation' s water heating system with new solar-powered heaters
(2025)

Established a formal Sustainability Team and implementation procedure
(2024)

Planted more trees and greeneries in the yard to contribute to carbon sequestration
(2025 in process)

Installed clear road markings for pedestrians and cyclists for increased safety
(2025)

Creation of Waste, Scrap Management and Disposal Procedure and Waste Management and Reduction Plan
(2024 and updated in 2025)

Installed a Tadweer recycling vending machine to enhance on-site waste diversion and launched a paper and plastic recycling partnership with Al Dhafra
(2024)

Sensors for lights installed for offices and toilets (Phase 1)
(2024)

Deployed electric forklifts to reduce reliance on diesel-powered equipment
(2023)

Procured Polaris vehicles for security team and electric golf carts contributing to a cleaner transportation
(2023 & 2025)

Plans for 2026

We aim to further reduce our carbon footprint and enhance energy efficiency by procuring additional electric-powered golf carts (replacing gas-powered vehicles),increasing the number of fully solar-powered storage containers with integrated air-conditioning and fire alarm units, and rolling out Phase 2 of our motion-sensor lighting systems across offices and toilets. We will also implement a Building Management System to optimize water, electricity, and air-conditioning use.

In addition to cutting emissions, we will continue to create a safer and greener environment by completing our initiatives of planting more trees and greenery that underscore our commitment to promoting sustainability throughout our premises.

ENERGY MANAGEMENT

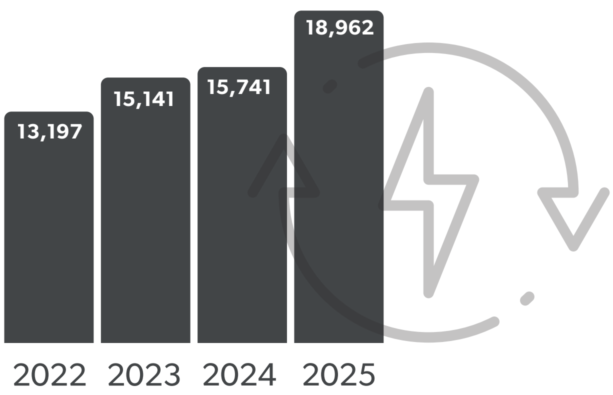
We strive to optimize energy usage, reduce consumption, and enhance operational efficiency across our facilities. Given the energy-intensive nature of shipbuilding and repair operations, careful monitoring and disciplined management remain essential to maintaining both operational performance and environmental responsibility.

Following the growth of 2024, our 2025 energy metrics reflect a period of significant industrial expansion and high-value project delivery. This increase in consumption and intensity is directly linked to the increased scale of our shipbuilding operations and the technical demands of our current project portfolio.

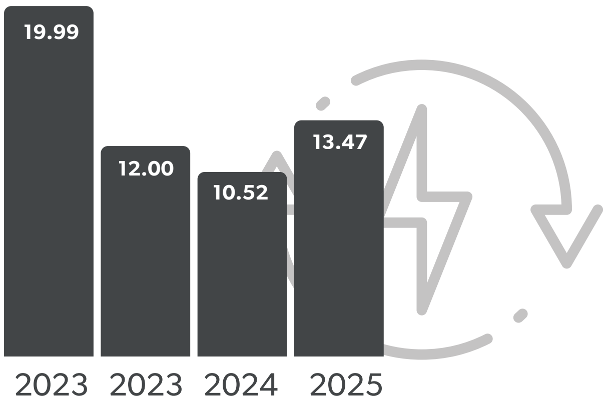
Electricity consumption across workshops, dry docks, and administrative facilities is monitored regularly to identify areas for efficiency improvement. Operational planning incorporates energy performance considerations, ensuring that production requirements are balanced with responsible resource use.

ADSB continues to evaluate opportunities to improve equipment efficiency, upgrade lighting systems, and optimize machinery usage across facilities. Where feasible, we assess alternatives that support reduced fuel dependency and lower overall energy intensity. Energy data is reviewed as part of ongoing operational oversight, supporting informed decision-making and long-term efficiency improvements.

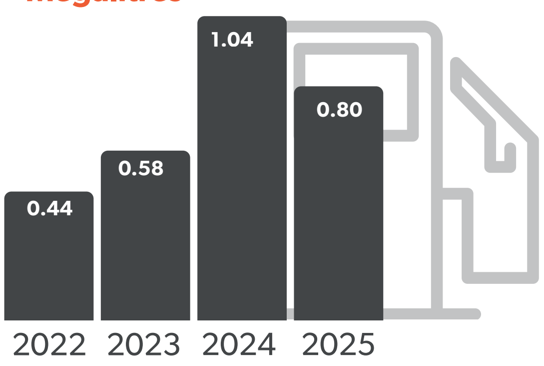
Electricity Consumption (MWh)



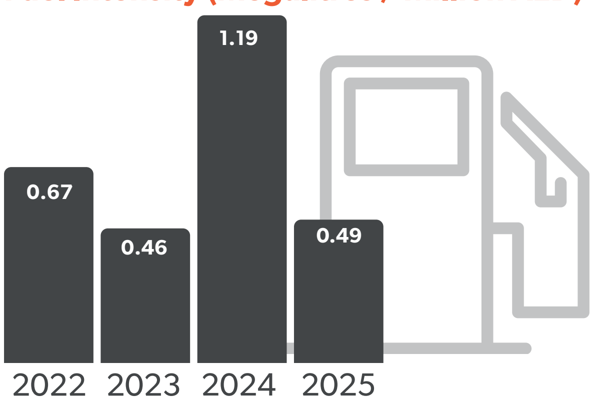
Electricity Intensity (MWh / Million AED)



Fuel Consumption (Petrol and Diesel) – Megalitres



Fuel Intensity (Megalitres / Million AED)

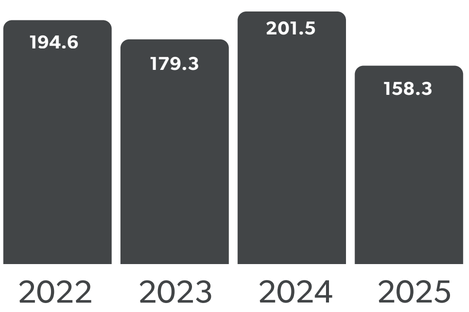


WATER MANAGEMENT

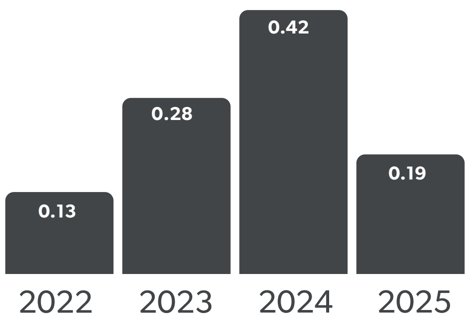
Water plays a vital role in shipbuilding, maintenance, and associated industrial activities. ADSB recognises the importance of responsible water stewardship across both operational and support facilities. Water withdrawal from ADDC is monitored to ensure efficient usage and compliance with regulatory standards. Operational processes are reviewed periodically to identify opportunities to reduce unnecessary consumption and improve water efficiency.

Drinking water consumption is tracked separately to maintain transparency across facilities. Wastewater discharge is managed in accordance with environmental requirements, ensuring that discharge volumes are monitored and controlled. Water is discharged to the municipality's treatment network line. In the equipment washing discharge area, we have installed an oil interceptor to maintain the quality of the waste discharge. Through structured monitoring and operational planning, ADSB continues to strengthen its approach to water management while maintaining the performance standards required within a heavy industrial environment.

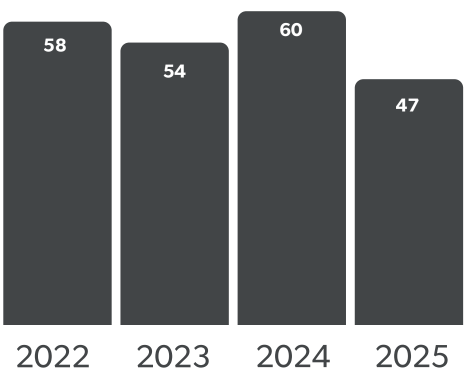
Water Consumption from ADDC (Megalitres)



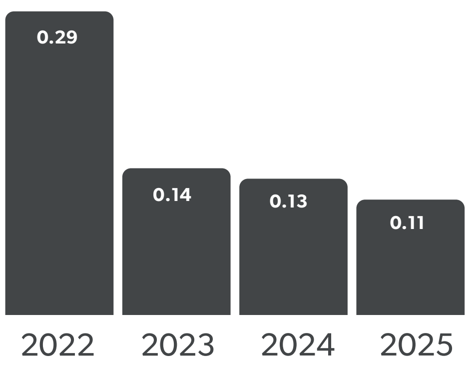
Drinking Water Consumption (Megalitres)



Water Discharged (Megalitres)



Water Intensity (Megalitres / Million AED)



WASTE MANAGEMENT

At ADSB, waste management forms a structured part of our operational controls. Shipbuilding and repair activities generate various waste streams, including general, organic, and hazardous materials. Responsible handling, segregation, and disposal remain central to our environmental stewardship.

A formal Waste Management and Reduction Plan guides waste handling procedures across workshops, dry docks, and administrative areas. Waste streams are segregated at source to improve recycling efficiency and minimise landfill disposal. Licensed waste service providers are engaged to ensure that hazardous materials are treated and disposed of in accordance with regulatory requirements. Regular reviews of waste data support improved material efficiency and operational planning. ADSB hired Tadweer, an approved subcontractor who specializes in disposal and waste management. Where feasible, ADSB prioritises reuse and recycling practices, seeking to reduce overall waste intensity while maintaining operational safety and compliance standards. ADSB don't do the recycling but only separation and recyclable waste are disposed to partners who do recycling themselves.

Our Waste Reduction Measures

ADSB continues to strengthen its waste management framework through structured operational controls and employee engagement initiatives.

Comprehensive recycling programme

Recyclable materials are segregated at source across workshops, offices, and operational areas to improve recovery rates and reduce landfill disposal.

Employee training on waste minimisation

Awareness sessions and operational guidance support employees in understanding proper segregation practices and responsible material handling.

Supplier collaboration

We engage with suppliers to minimise excess packaging and promote responsible material delivery practices across the supply chain.

Lean implementation

Lean operational principles are applied to reduce material inefficiencies and avoid unnecessary waste generation during production processes.

Material reuse initiatives

Where feasible, surplus materials are identified for reuse within operations to reduce procurement needs and overall waste volumes.

Culture of innovation

Operational teams are encouraged to identify practical waste reduction opportunities as part of continuous improvement practices.

WASTE REDUCTION GOALS

01 Divert waste from landfills through responsible disposal and mitigation.

02 Scale reduction, reuse, and resource recovery across all operations.

03 Benchmark annual recycling performance against internal targets.

04 Ensure full compliance with local mandates and industry standards.

05 Optimize operational waste streams to lower environmental impact.

06 Target a consistent decrease in total landfill disposal volumes.

General waste volume produced

359.59 tons	569.92 tons	1,803.33 tons	942.31 tons
2022	2023	2024	2025

Hazardous Waste Management - Given the industrial nature of our shipbuilding and repair operations, managing hazardous materials is a critical focus for ADSB. In 2025, our operations generated 3,047.38 tons of hazardous waste, lower than the 4,263.84 tons in 2024. We remain strictly committed to the safe handling, storage, and disposal of these materials, ensuring that all hazardous waste is processed (treated) in full compliance with local UAE environmental regulations and international safety standards to protect our marine and terrestrial ecosystems.

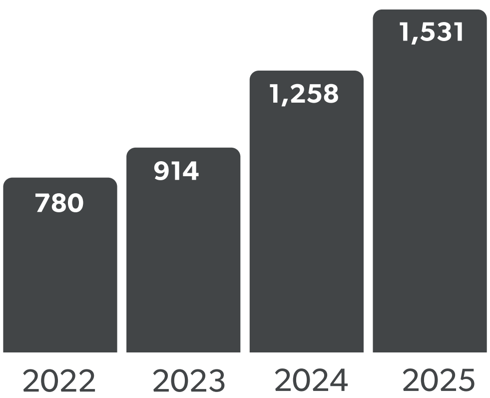
SOCIAL STEWARDSHIP

In line with our vision to be a sustainable and socially responsible entity, we prioritize the well-being, development, and diversity of our employees. Through strategic initiatives and ongoing investments in our workforce, we aim to promote a culture of innovation, inclusion, and excellence. Our efforts are in areas such as talent management, employee engagement, health and safety practices, training and development programs, as well as our commitment to promoting diversity, equity, and inclusion within our organization. As we navigate the dynamic landscape of the shipbuilding industry, our employees remain central to our ability to adapt, grow, and thrive sustainably. Through transparent reporting and accountability, we aim to demonstrate our dedication to upholding the highest standards of ethical conduct, employee well-being, and professional development.

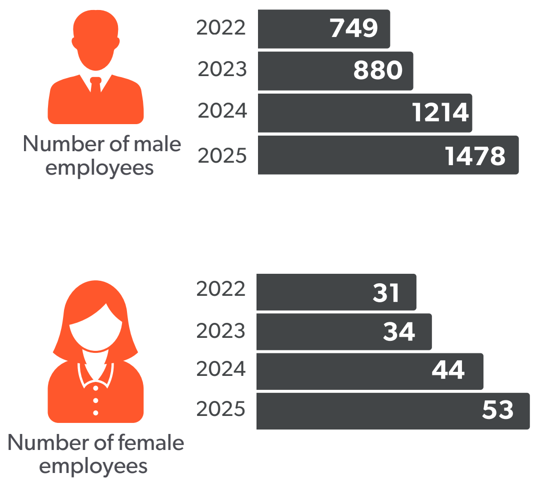
HUMAN CAPITAL

At Abu Dhabi Ship Building (ADSB), we recognize that our greatest strength lies within our people. As a leading shipbuilding and ship repair facility in the region, we understand the pivotal role our workforce plays in achieving our sustainability goals and driving organizational success. We are dedicated to establishing a comprehensive and peaceful workplace, where positivity thrives, and productivity naturally flourishes. Our commitment is to unlock the full potential of our team, ensuring a fulfilling career journey with us. Embracing diversity without any form of discrimination, we prioritize the well-being of our employees. In our pursuit of excellence, we aim to provide professional growth and strive to create an atmosphere that resonates with our team's individual strengths, encouraging a harmonious and collaborative work environment. To ensure adherence to anti-corruption measures, we ensure that all our employees receive regular communication through the webmaster.

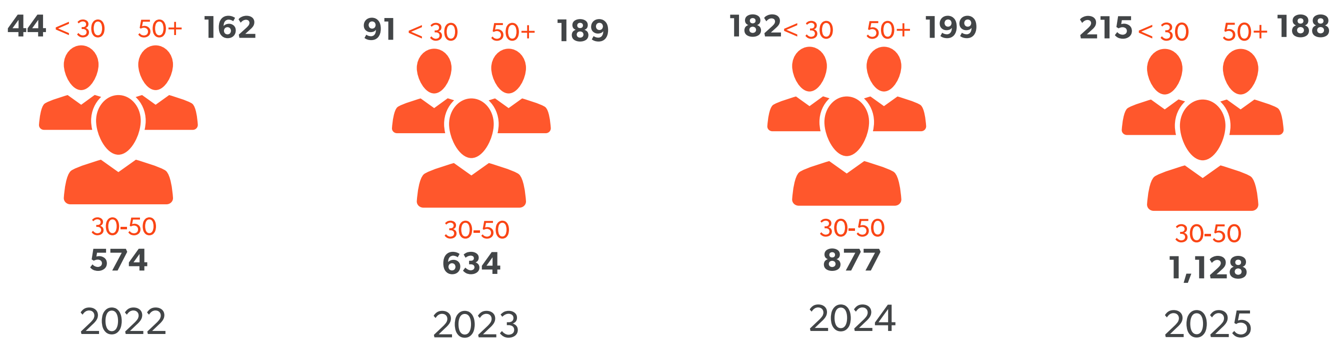
Total number of employees



Employees by gender



Employees by age group

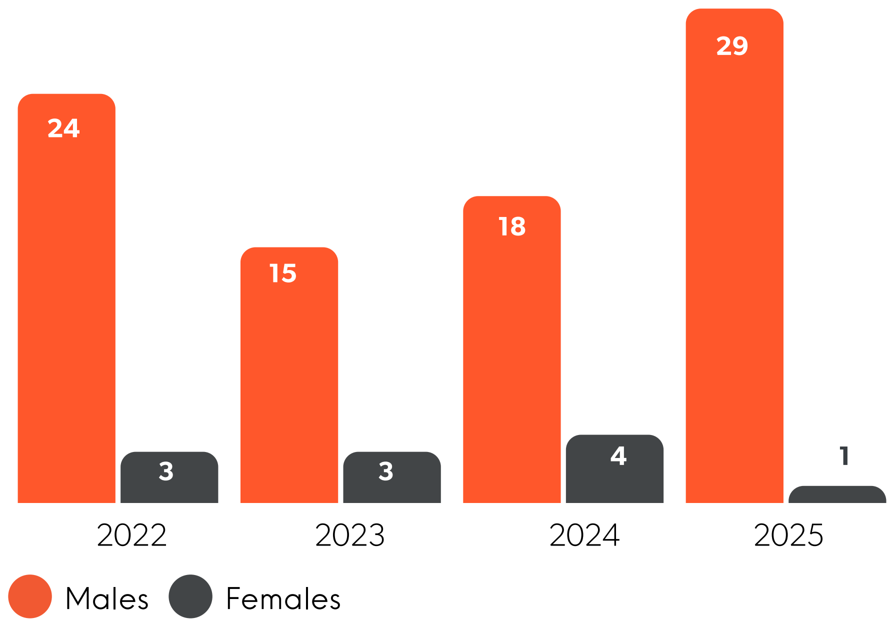


WORK-LIFE BALANCE

We nurture a workplace culture that prioritises employee well-being and happiness as a core value within our organisation. We recognise work-life balance difficulties and remain dedicated to helping our people attain a healthy balance between their professional and personal lives. Our company is committed to promoting an environment where employees' pleasure and wellbeing are highly valued. We are fully devoted to helping our employees achieve a healthy balance between work and personal life. To address the various demands of our team members, we provide a range of support mechanisms, including parental leave, and the availability of facilities and resources to support a balanced lifestyle. By prioritizing work-life balance, we hope to promote a productive workplace where our staff members may thrive and realize their full potential.

Employees at ADSB are provided with parental leave in accordance with company policy and applicable labour regulations. The chart below presents the number of employees who availed parental leave during the reporting period.

Employees Taking Parental Leave



100% Retention rate of employees who took parental leave in 2023-2025.

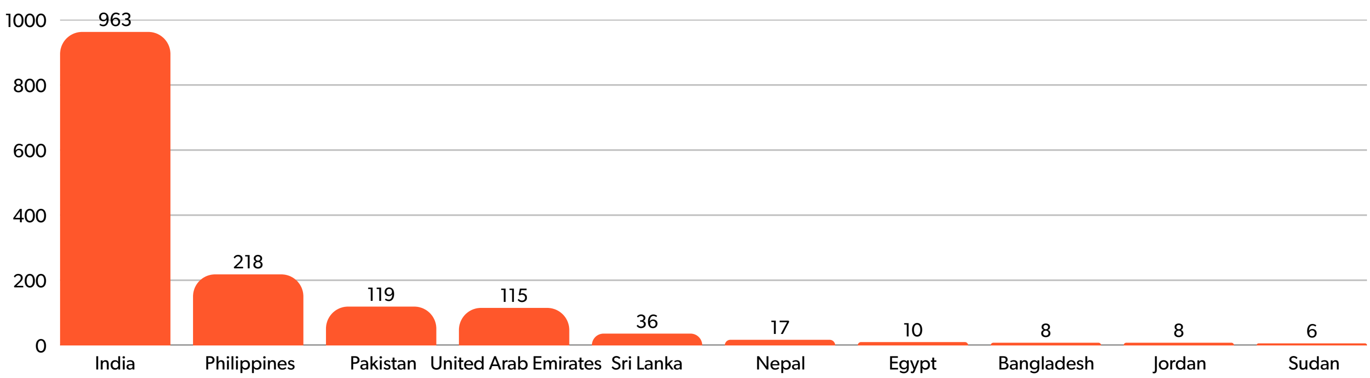
EQUAL OPPORTUNITY AND DIVERSITY

At Abu Dhabi Ship Building, we maintain a workplace environment built on the principles of equal opportunity and respect for diversity. Our workforce brings together individuals with varied professional backgrounds, skills, and perspectives, contributing to a dynamic and collaborative working environment. We aim to ensure that all employees are provided with fair opportunities for professional growth and advancement. Employment decisions, including recruitment, development, and progression, are based on qualifications, performance, and organisational requirements. This approach supports a professional culture where employees are recognised for their capabilities and contributions.

Our workforce represents multiple nationalities, reflecting the international nature of the shipbuilding industry and the diverse talent required to support complex maritime operations. To support fairness and transparency, the company maintains a remuneration policy that outlines guidelines for employee compensation, including salaries, bonuses, and benefits. This policy helps ensure consistency and clarity in compensation practices across the organisation.

The distribution of employee nationalities is illustrated below. While the workforce represents a broad mix of nationalities, the largest groups include employees from India, the Philippines, Pakistan, and the United Arab Emirates. This diversity reflects ADSB's commitment to maintaining an inclusive workplace.

2025- Top 10 Employee Nationalities



Number of Nationalities

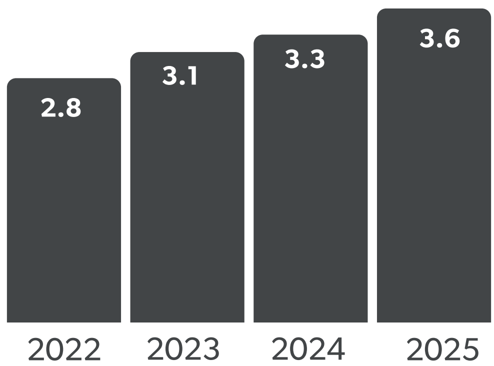
26 2022

26 2023

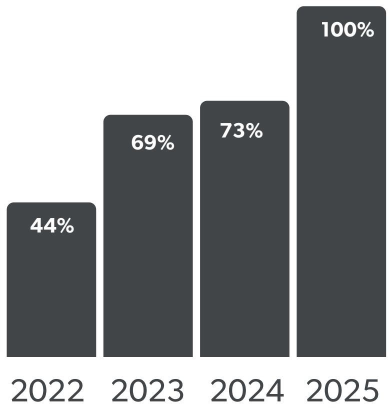
28 2024

31 2025

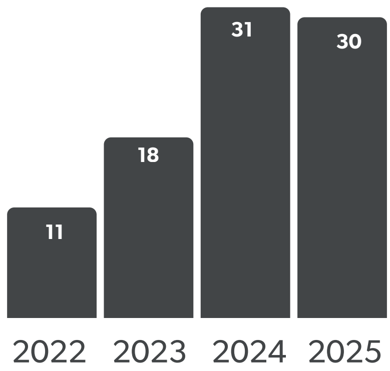
Women to Men Compensation Ratio



Proportion of Senior Management Personnel Hired from the Local Community



Total Enterprise Headcount Held by Contractors and/or Consultants in Specialised Skilled Roles



Outsourcing Skilled Resources

ADSB recognises that certain specialised shipbuilding activities require highly technical expertise. To support project execution and maintain operational standards, the company engages contractors and consultants for specific roles where additional skills or experience are required. These external professionals contribute to specialised technical tasks and project-specific requirements, complementing the capabilities of our internal workforce. By working with qualified external experts on a project basis, ADSB ensures that operational efficiency, technical quality, and project delivery standards are consistently maintained.

External Skilled Workforce

4%
2022

5%
2023

10%
2024

9%
2025

HEALTH & SAFETY

At Abu Dhabi Ship Building, the well-being of our employees is paramount, and we are deeply committed to maintaining a safe and healthy workplace environment. Our robust health and safety practices are designed to safeguard the physical, mental, and emotional well-being of everyone within our organization.

We adhere to stringent safety protocols, ensuring compliance with industry regulations and best practices. Through comprehensive training programs and regular risk assessments, we empower our employees to identify and mitigate potential hazards proactively.

We firmly believe that a safe and healthy workforce is essential for achieving sustainable business success and fulfilling our commitment to corporate responsibility

Providing a healthy working environment for our employees through:

Ongoing Training:
Regular safety training sessions are conducted to enhance employee awareness of accident prevention and safe working practices.
1,771 hours of Health and Safety training delivered across operations.

Supervision:
Operational supervision is maintained to ensure compliance with safety procedures and to address unsafe behaviours promptly.

PPE Usage:
Employees are required to use appropriate Personal Protective Equipment (PPE) to minimise risks associated with operational activities.

Health Monitoring:
Employee health is monitored periodically to support early identification of potential safety concerns.

Material Safety:
Safety procedures are implemented to minimise exposure to hazardous materials and ensure proper handling practices.

Feedback Mechanism:
Employees are provided with channels to report safety concerns and workplace risks.

Incident Investigation:
Reported incidents are investigated thoroughly to identify root causes and prevent recurrence.

Equipment Know-How:
Employees receive guidance on the correct installation, operation, and maintenance of equipment to ensure safe usage.

Safety Culture:
Employees are encouraged to maintain a safety-first mindset and recognise responsible safety behaviour within the workplace.

Continuous Improvement:
Safety practices and procedures are periodically reviewed and updated based on operational experience and feedback.

SOLAS (SAFETY OF LIFE AT SEA)

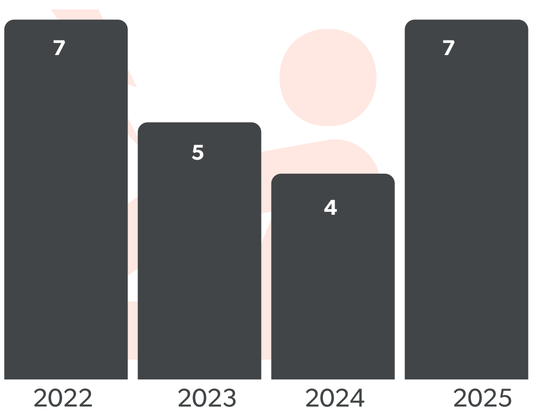
In alignment with the Safety of Life at Sea (SOLAS) Convention, which establishes internationally recognised maritime safety standards, ADSB ensures that vessel construction and related operational activities adhere to defined safety requirements. Compliance with these standards remains essential to maintaining safe shipbuilding and repair operations.

Security personnel supporting ADSB's operations are engaged through external service providers and operate in accordance with the company's policies, procedures, and Management Information Systems (MIS). Their performance is monitored through defined Key Performance Indicators (KPIs) to ensure adherence to safety protocols and operational requirements. All security personnel are required to follow ADSB's safety and environmental guidelines while performing their duties.

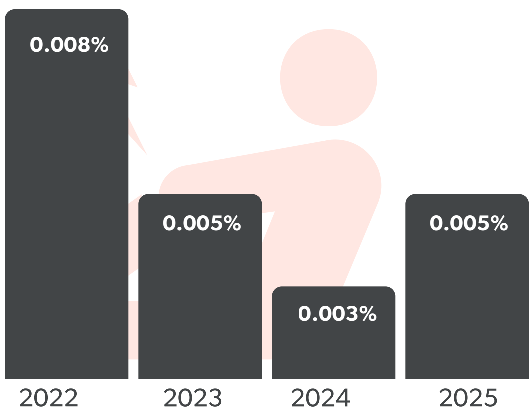
To strengthen emergency preparedness and operational safety, ADSB conducts regular training sessions in collaboration with the Fire Fighting and Health, Safety, and Environment (HSE) teams. These sessions focus on emergency response procedures, hazard awareness, and safe operational practices. Through continuous training and monitoring, ADSB seeks to maintain a secure working environment that supports the safety of employees, assets, and operations.

The indicators presented below outline key safety performance metrics, including the total number of workplace injuries, injury rates, and training hours dedicated to occupational health and safety.

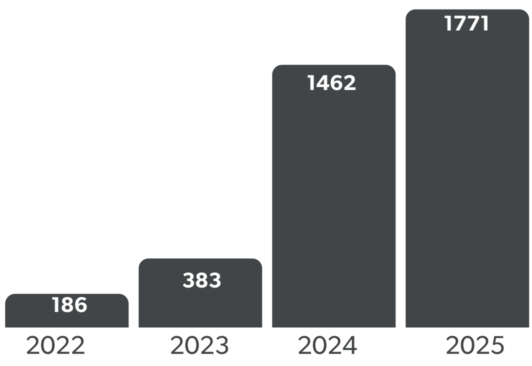
Total Number of Injuries



Injury Rate (%)



Worker Training in Occupational Health and Safety (hours)

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TRAINING AND DEVELOPMENT

At ADSB, our workforce remains the organisation's most important asset. We therefore place strong emphasis on continuous learning and professional development to ensure employees are equipped with the knowledge and skills required to perform effectively within the shipbuilding industry.

Our training and development initiatives are designed to support both individual capability building and organisational growth. These programmes aim to strengthen technical expertise while also supporting broader professional development in response to evolving industry requirements. ADSB provides a range of learning opportunities covering specialised technical training as well as leadership development programmes. Through structured training activities, employees are supported in enhancing their professional competencies and adapting to the complexities of shipbuilding operations.

In addition to internal training programmes, employees are provided with access to development opportunities through the Learning Innovation Factory (LIF), a training platform available across the EDGE Group. This programme supports employees in maintaining up-to-date knowledge and improving their professional capabilities. Mentorship initiatives and individual development planning further support employee progression by providing clear pathways for professional growth within the organisation. Where required, ADSB also engages external training providers to supplement internal programmes and strengthen workforce capabilities.

100% In 2025, 100% of employees received performance and career development reviews, reflecting ADSB's commitment to structured feedback and employee development

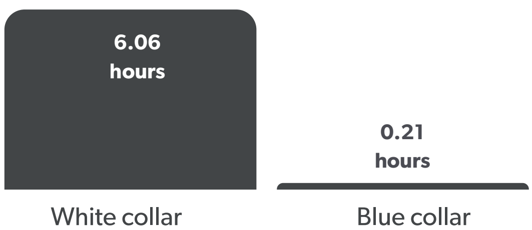
ADSB continues to provide training on human rights policies and procedures across the organisation. In 2025, security personnel completed obstacle refresher training as part of ongoing capacity building, while human rights awareness continued to be integrated into employee training programmes.

Average training hours by gender

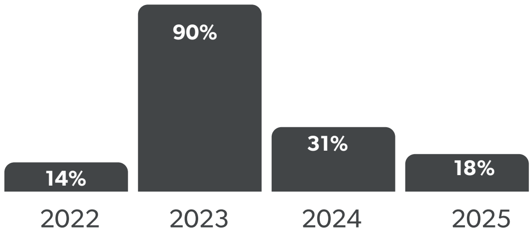
Male: **1.68** hours

Female: **2.42** hours

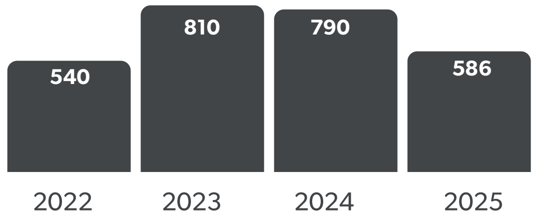
Average training hours by employee category



Percentage of employees trained in human rights policy



Total hours undertaken for human rights training

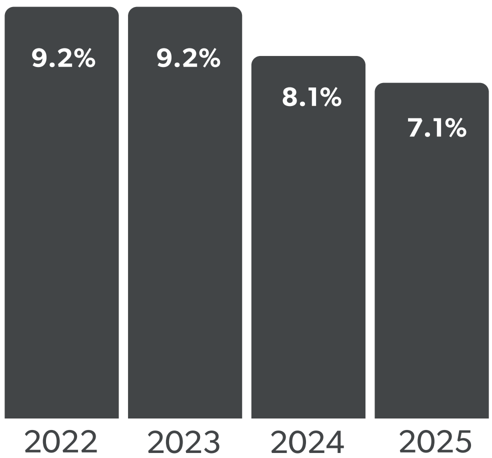


EMIRATISATION

Emiratisation is a key national priority in the UAE, aimed at strengthening the participation of Emirati talent across the workforce and creating meaningful opportunities for career growth and professional development. ADSB supports this national agenda by contributing to the development of local talent and providing opportunities for UAE nationals to build long-term careers within the organisation.

In line with this commitment, ADSB strives to create an environment that recognises the value of local expertise while reflecting the UAE's diverse and multicultural workforce. The organisation remains focused on supporting the inclusion and development of Emirati professionals across various roles, while continuing to promote a workplace culture built on respect, diversity, and equal opportunity. Through Emiratisation efforts, ADSB contributes to the broader objective of strengthening national capabilities and supporting the UAE's long-term economic and social development. By investing in the growth and advancement of Emirati employees, the organisation aims to enhance local participation in specialised industries while supporting the development of relevant skills, experience, and professional expertise.

Percentage of National Employees within the Organisation



Actual Emiratisation in 2025 is

34%

of positions that can be occupied by UAE Nationals.

SOCIAL COMMITMENT

Our approach to social responsibility has been an important part of ADSB's development into a modern and progressive shipbuilding organisation. This approach focuses on improving the overall working conditions of our employees both within and beyond the shipyard. We recognise that people are our most valuable resource, and we therefore place strong emphasis on supporting and valuing our workforce. ADSB continues to acknowledge employee contributions while promoting a diverse and inclusive workplace where individuals are given equal opportunities to grow and succeed. Through these efforts, we continue to advance our employee engagement objectives.

ADSB's employee engagement initiatives focus on:

1. **Improving the workplace environment**
   Enhancing workplace conditions and facilities to support employee well-being and productivity.

2. **Encouraging active participation**
   Promoting employee engagement through open communication and opportunities for involvement in workplace initiatives.

3. **Creating a positive work culture**
   Supporting a collaborative and motivating environment that encourages teamwork and professional development.

4. **Addressing workplace concerns**
   Ensuring that employee concerns are addressed through appropriate channels and maintaining transparent processes for resolving issues.

UAE National Day Celebration

We came together to celebrate UAE National Day, reflecting on the country's journey, values, and shared sense of unity. The occasion was a moment to honour the UAE's heritage while recognising the role we play in supporting its continued progress and development.

Health & Wellness Initiatives

Through a focus on safety culture and general health awareness, we aim to foster a supportive atmosphere across all levels of the organization. Our social commitment is driven by the belief that a healthy workforce is the backbone of a resilient and sustainable shipyard.

Enhancing employee Performance and overall effectiveness through corporate social responsibility (CSR) initiatives

ADSB's CSR initiatives support organisational performance by strengthening employee engagement and promoting a positive workplace culture. These initiatives aim to improve working conditions, encourage collaboration, and support the overall well-being of employees.

Through these efforts, ADSB continues to reinforce a workplace environment built on respect, cooperation, and shared responsibility, recognising that employee engagement plays an important role in sustaining long-term organisational effectiveness.

AWARDS & RECOGNITION

Great Place to Work Certification

In 2025, we were proud to be recognised as a Great Place to Work® Certified organisation in the UAE for the period September 2025 to September 2026. This certification reflects our continued commitment to fostering a positive and inclusive workplace culture where employee wellbeing, engagement, and professional growth remain key priorities. It reinforces our efforts to create an environment where our people feel valued, supported, and empowered to contribute to the long-term success of ADSB.

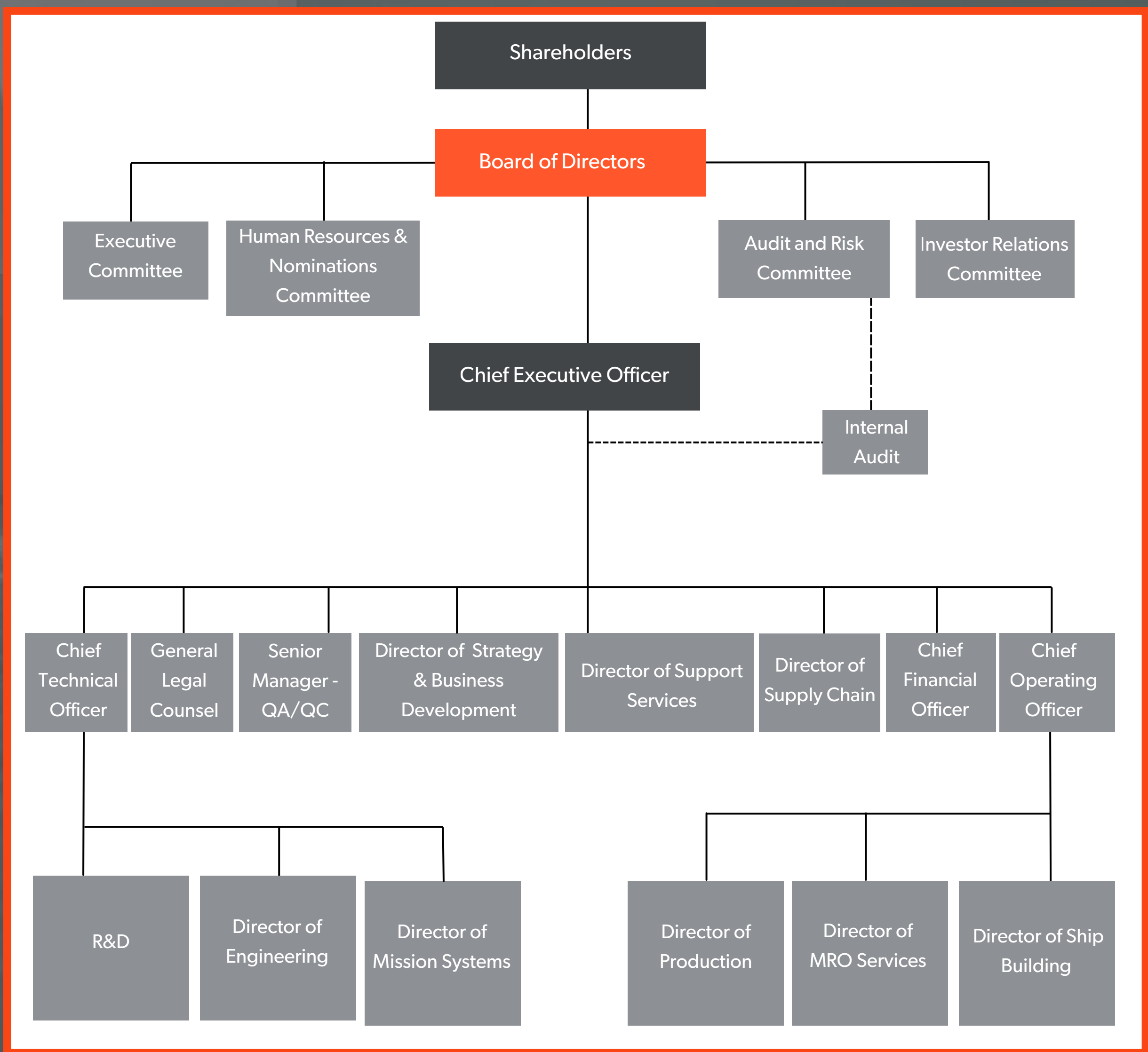
ETHICAL GOVERNANCE

GOVERNANCE STRUCTURE

The governance structure of Abu Dhabi Ship Building Company is built around oversight by the shareholders and the Board of Directors, supported by specialised committees that guide key areas of decision-making. This framework provides a structured approach to managing the organisation and ensures that responsibilities are clearly defined across different levels of leadership.

The Board and its committees play an important role in overseeing the company's strategic direction, monitoring risks, and maintaining effective management practices. Through this governance framework, ADSB seeks to uphold transparency, accountability, and sound decision-making throughout the organisation. ADSB's governance framework includes the delegation of responsibilities across management levels to support oversight of economic, environmental, and social topics.

ADSB is also supported by a dedicated Sustainability Team with a defined mandate and roles. The team coordinates environmental, social, and governance initiatives across the organisation and supports the monitoring and reporting of sustainability performance. Working alongside the Board committees and management functions, the Sustainability Team helps ensure that sustainability considerations are integrated into operational practices and organisational decision-making.



Board members by nationality

	Italian	UAE
2022	01	08
2023	01	08
2024	01	08
2025	01	08

Board members by gender

Number of Male Board Members

2022	8
2023	8
2024	7
2025	8

Number of Female Board Members

2022	1
2023	1
2024	2
2025	1

Number of Individuals in the Governance Body / Board by Age Group

	< 30	30-50	50+
2023	0	7	2
2023	0	8	1
2024	0	8	1
2025	0	7	2

67% Percentage of total board seats occupied by independent board members.

Non-executive members in the board as of 2025 **9**

RISK MANAGEMENT

Abu Dhabi Ship Building adopts a comprehensive and proactive approach to risk management, covering the identification, evaluation, and prioritisation of risks across its business activities. Through structured risk management systems and processes, the company works to monitor, mitigate, and manage potential risks that may affect its operations and long-term performance.

ADSB continuously reviews and strengthens its risk management framework to ensure it remains aligned with emerging challenges and evolving market conditions. The company monitors a range of operational and financial risks, including access to financing, budget limitations, project delivery challenges, cost management, market competition, and operational efficiency.

To manage financial risks, ADSB maintains prudent financial management practices, supports strong banking relationships, and works closely with financial partners to secure necessary funding. In response to budget pressures, the company implements careful cost management measures while maintaining product and service quality through regular budget reviews and operational oversight.

Operational risks are addressed through structured project management practices, quality control systems, and employee training programmes that support efficiency and performance. ADSB also continues to invest in research and development, operational improvements, and infrastructure upgrades to strengthen competitiveness and respond to evolving customer and technological requirements.

DATA PRIVACY

We recognise the critical importance of safeguarding our company's intellectual property, sensitive client and supplier information, and other confidential data to ensure the continuity and security of our operations. Our organisation is committed to enhancing our security protocols, encompassing technical controls across our network, software, and hardware. Additionally, we conduct training sessions to increase employee awareness of cybersecurity best practices. Our data policy involves the following procedures:

- Restricted use of USB drives to minimise the risk of unauthorised data transfer.
- Mobile Device Management systems are implemented to control access to company data from personal devices and to manage devices in the event of loss or theft.
- Encrypted email communication, both internally and externally, is enabled through SECLORE to secure ADSB's communication channels.
- Data security controls are in place to protect information and the IT environment accessed by employees across various operational functions.
- Data loss prevention systems and data classification frameworks are implemented to safeguard sensitive information. Non-Disclosure Agreements are required for IT personnel and consultants handling company data.
- Network access controls restrict LAN usage to ADSB employees, while access to network drives is assigned based on individual roles and responsibilities.
- Advanced VPN systems support secure remote access and enable safe work-from-home operations.

SUSTAINABILITY AT ADSB

LISTENING TO OUR STAKEHOLDERS

We owe our esteemed industry position to our stakeholders' unwavering support because we listen to them and value their feedback. Through continuous engagement, we gain vital insights into their perspectives, empowering us to proactively identify and address environmental, social, and governance (ESG) risks while capitalising on emerging opportunities. Our dedication to meaningful engagement fosters trust and cultivates strong, lasting relationships crucial for sustainable growth through:

IDENTIFICATION

Proactively recognising stakeholders through dynamic discussions and deliberations within our corporate sustainability committee.

PRIORITISATION

Strategically prioritising stakeholders based on their significant influence in decision-making processes and key activities.

ENGAGEMENT

Creating robust channels of connection that allow us to engage with stakeholders and uncover essential material topics.

MANAGING EXPECTATIONS

Effectively addressing stakeholder concerns and expectations strengthens our relationships and drives mutual success.

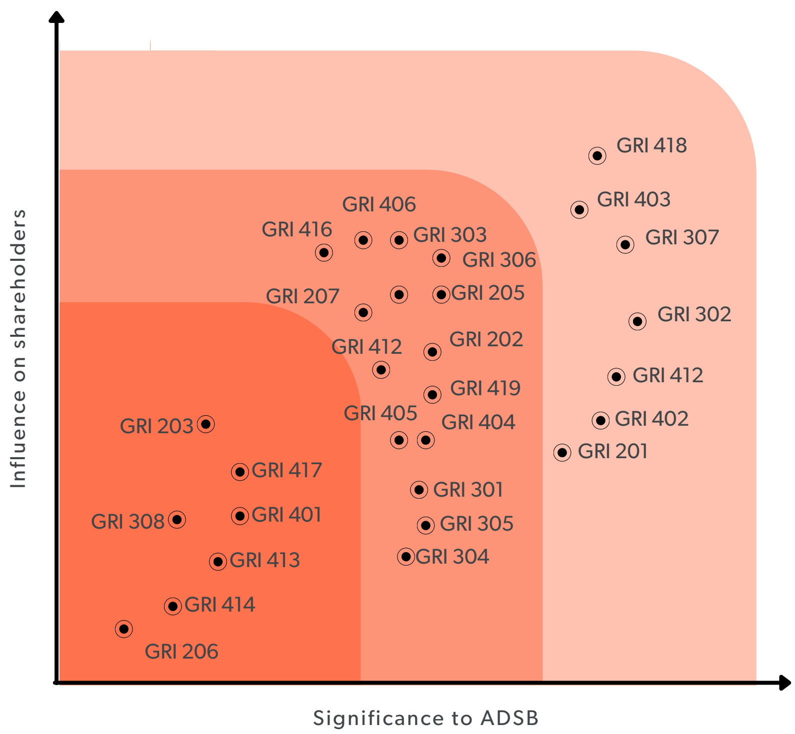
MATERIALITY ANALYSIS

A materiality analysis is crucial for our company to pinpoint key focus areas, prioritise them, and grasp their significance for our stakeholders. This analysis also allows us to understand the processes that may influence our business model. Furthermore, this analysis also aids in aligning sustainability strategies with stakeholder expectations, as recommended by the GRI. This company's sustainability report encompasses the organisation's significant economic, environmental, and social impacts and any ESG-related information significantly affecting stakeholder assessments and decisions.

Impact refers to the organisation's influence across three main areas:

1. Environment
2. Social
3. Governance

Whether positive or negative, impact could be deemed relevant and potentially material based on the above three areas. Integrating materiality analysis into our operations brings numerous benefits that enhance our company's performance and sustainability. These benefits include risk mitigation through identifying ESG risks most relevant to our company, enabling the avoidance of costly legal, reputational, and operational issues. Effective risk management also promotes increased trust.



OUR CONTRIBUTION TO THE UNSDGS

Defence shipbuilding capabilities form a crucial pillar for every country, and they have become even more vital for nations such as the United Arab Emirates (UAE) that hold strategic shipbuilding interests. Protecting territorial waters alongside critical infrastructure demands these capabilities. Abu Dhabi Ship Building leads the shipbuilding sector with its ability to build advanced vessels designed for military and commercial operations. ADSB delivers expert advice and service for all vessel sizes through specialised knowledge, particularly in littoral warfare defence patrol missions and exclusive economic zone protection.

ADSB demonstrates our dedication to the UN Sustainable Development Goals by tailoring our projects to promote economic innovation and sustainability for future generations. This aligns with our increasing emphasis on sustainability in the shipbuilding and ship repair industry. Our commitment extends to sustainable methods that guide us toward our ambitious zero-waste and emission-free ship production targets. These activities demonstrate our commitment to environmental protection while advancing eco-friendly practices within the shipbuilding industry. Our targets also translate into the workplace, where we minimize waste through our Waste Management Reduction Plan to enhance recycling efforts to lessen our environmental impact, including an action plan to increase efficient lighting systems.

The UAE's COP28 in 2023 brought forth meaningful agreements and discussions that have made climate change action an urgent priority. The growing awareness of climate change's detrimental impact on ecosystems, economic systems, and human health drives the need for effective measures. Climate Change is a worldwide issue, and our dedication focuses on speeding up our efforts to reduce greenhouse gas emissions while encouraging sustainable methods and strengthening resistance against unavoidable climate change effects. Moving towards a low-carbon and climateresilient future demands immediate collective action to protect both present and future generations.

Contribution Goals and Relevant SDGs

Action	Relevant SDG
Aligning projects with economic development and long-term sustainability objectives	8 DECENT WORK AND ECONOMIC GROWTH
Supporting sustainability initiatives within the global shipbuilding and ship repair industry	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
Implementing operational practices that support waste reduction and efficient resource management	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
Working towards reduced emissions through responsible operational practices	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Strengthening efforts to minimise greenhouse gas emissions across operations	11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION
Promoting sustainable operational practices across business activities	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Supporting resilience and preparedness in response to climate-related challenges	13 CLIMATE ACTION
Reducing environmental impact through improved operational efficiency	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
Implementing waste management practices to minimise environmental impact	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 15 LIFE ON LAND
Improving energy efficiency through responsible use of resources and infrastructure improvements	3 GOOD HEALTH AND WELL-BEING; 11 SUSTAINABLE CITIES AND COMMUNITIES
Achieving the Great Place to Work® Certification by fostering a high-trust culture and commitment to professional excellence.	8 DECENT WORK AND ECONOMIC GROWTH

ADX ESG INDEX

ADX ESG INDEX

	METRIC	CALCULATION	GRI STANDARD	RELEVANT SDGs	PAGE NO.
Environmental	E1. GHG Emissions	E1.1 Total amount in CO_2 equivalents for Scope 1 E1.2 Total amount in CO_2 equivalents for Scope 2 (if applicable) E1.3 Total amount in CO_2 equivalents for Scope 3 (if applicable)	GRI 305: Emissions 2016	13 CLIMATE ACTION	Page 31–32
	E2. Emissions Intensity	E2.1 Total GHG emissions per output scaling factor E2.2 Total non-GHG emissions per output scaling factor	GRI 305: Emissions 2016	13 CLIMATE ACTION	Page 32
	E3. Energy Usage	E3.1 Total amount of energy directly consumed E3.2 Total amount of energy indirectly consumed	GRI 302: Energy 2016	7 AFFORDABLE AND CLEAN ENERGY	Page 34
	E4. Energy Intensity	Total direct energy usage per output scaling factor	GRI 302: Energy 2016	7 AFFORDABLE AND CLEAN ENERGY	Page 34

Environmental

METRIC	CALCULATION	GRI STANDARD	RELEVANT SDGs	PAGE NO.
E5. Energy Mix	Percentage of energy usage by generation type	GRI 302: Energy 2016	7 AFFORDABLE AND CLEAN ENERGY	Page 34
E6. Water Usage	E6.1 Total amount of water consumed E6.2 Total amount of water reclaimed	GRI 303: Water and Effluents 2018	6 CLEAN WATER AND SANITATION	Page 35
E7. Environmental Operations	E7.1 Does the company follow a formal Environmental Policy? (Yes/No) E7.2 Does the company follow waste, water, energy or recycling policies? (Yes/No) E7.3 Does the company use a recognised energy management system? (Yes/No)	GRI 103: Management Approach 2016*	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Page 28, 33, 34, 36
E8. Environmental Oversight	E8.1 Does the Board or Management oversee climate-related risks? (Yes/No) E8.2 Does the Board or Management oversee other sustainability issues? (Yes/No)	GRI 102: General Disclosures 2016	13 CLIMATE ACTION	Page 55
E10. Climate Risk Mitigation	Annual investment in climate-related infrastructure, resilience and product development	GRI 102: General Disclosures 2016	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	No, we are working towards this avenue, to be disclosed in further reports.

	METRIC	CALCULATION	GRI STANDARD	RELEVANT SDGs	PAGE NO.
Social	S1. CEO Pay Ratio	Ratio of CEO total compensation to median employee compensation	GRI 102: General Disclosures 2016	8 DECENT WORK AND ECONOMIC GROWTH	23.16:1 in 2025
	S2. Gender Pay Ratio	Ratio of average male compensation to average female compensation	GRI 405: Diversity and Equal Opportunity 2016	5 GENDER EQUALITY	Page 42
	S.3 Employee Turnover	Year-over-year employee turnover	GRI 401: Employment 2016	8 DECENT WORK AND ECONOMIC GROWTH	Page 40-41, 43
	S4. Gender Diversity	Workforce gender distribution across organisational levels	GRI 405: Diversity and Equal Opportunity 2016	5 GENDER EQUALITY	Page 40-42
	S5. Temporary Worker Ratio	Percentage of part-time employees and contractors	GRI 102: General Disclosures 2016	8 DECENT WORK AND ECONOMIC GROWTH	Page 43
	S6. Non-Discrimination	Sexual harassment and non-discrimination policy (Yes/No)	Sexual harassment and non-discrimination policy (Yes/No)	5 GENDER EQUALITY	Page 42
	S7. Injury Rate	Frequency of injury events relative to workforce hours	GRI 403: Occupational Health and Safety 2018	3 GOOD HEALTH AND WELL-BEING	Page 46
	S8. Global Health & Safety	Occupational health and safety policy (Yes/No)			Page 44-46

	METRIC	CALCULATION	GRI STANDARD	RELEVANT SDGs	PAGE NO.
Social	S9. Child & Forced Labour	Child labour and forced labour policy (Yes/No)	GRI 103: Management Approach 2016	8 DECENT WORK AND ECONOMIC GROWTH	Yes, we adhere to UAE laws.
	S10. Human Rights	Human rights policy covering employees and suppliers	GRI 103: Management Approach 2016	10 REDUCED INEQUALITIES	Page 48–49
	S11. Nationalization	Percentage of national employees and local job creation	GRI 405: Diversity and Equal Opportunity 2016	8 DECENT WORK AND ECONOMIC GROWTH	Page 50
	S12. Community Investment	Community investment as percentage of revenue	GRI 102: General Disclosures 2016	11 SUSTAINABLE CITIES AND COMMUNITIES	Page 51-52
Governance	G1. Board Diversity	Board gender diversity and committee representation	GRI 405: Diversity and Equal Opportunity 2016	5 GENDER EQUALITY	Page 56
	G2. Board Independence	Independent board representation	GRI 102: General Disclosures 2016	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Page 56
	G3. Incentivized Pay	Sustainability-linked executive incentives	GRI 103: Management Approach 2016		Yes
	G4. Collective Bargaining	Workforce covered by collective bargaining agreements	GRI 102: General Disclosures 2016	8 DECENT WORK AND ECONOMIC GROWTH	NA

	METRIC	CALCULATION	GRI STANDARD	RELEVANT SDGs	PAGE NO.
Governance	G5. Supplier Code of Conduct	Supplier compliance with code of conduct	GRI 102: General Disclosures 2016	8 DECENT WORK AND ECONOMIC GROWTH	Yes
	G6. Ethics & Anti-Corruption	Anti-corruption policy and workforce certification		12 RESPONSIBLE CONSUMPTION AND PRODUCTION	100%
	G7. Data Privacy	Data protection policy and GDPR compliance	GRI 103: Management Approach 2016	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Page 58
	G8. Sustainability Reporting	Publication of sustainability report and disclosures	GRI 102: General Disclosures 2016	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Yes, this is our fifth sustainability report.
	G9. Disclosure Practices	Reporting to sustainability frameworks and SDGs		12 RESPONSIBLE CONSUMPTION AND PRODUCTION	No, we will be considering in future for necessary disclosures.
	G10. External Assurance	Third-party assurance of sustainability disclosures		16 PEACE, JUSTICE AND STRONG INSTITUTIONS	No, we chose to have internal assurance.

> Beyond steel and strategy, shipbuilding today carries a deeper purpose - to defend without depleting, to innovate without compromising, and to ensure that the oceans we rely on remain as resilient as the vessels we deploy.

ADSB
Mussafah Industrial Area
PO Box 8922
Abu Dhabi, UAE

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Developed with assistance of our Sustainability Partner - THE ONE PERCENT

Abu Dhabi Ship Building PJSC

Consolidated Financial Statements
For the year ended 31 December 2025

PUBLIC

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Independent Auditor's Report
To the Shareholders of Abu Dhabi Ship Building PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Abu Dhabi Ship Building PJSC (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman Resolution No. 88 of 2021 Regarding Financial Statements Audit Standards for the Subject Entities. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditor's Report
To the Shareholders of Abu Dhabi Ship Building PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters

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

Key audit matter	How our audit addressed the area of focus
Recognition of revenue from ship building and repair services contracts A significant portion of the Group's revenues is derived from ship building and repair services contracts and revenue on such contracts is recognised over time as performance obligations are fulfilled over time. As disclosed in note 18 to the consolidated financial statements, during the year, the Group has recognised AED 1,407,510 thousand (2024: AED 1,496,254 thousand) revenue from ship building and repair services contracts. This area was important to our audit due to significant estimates involved in the determination of stage of completion and measurement of progress towards the satisfaction of performance obligations and estimating costs to complete on each contract.	We have assessed the appropriateness of the revenue recognition accounting policies adopted by the Group and its compliance with IFRS Accounting Standards; We obtained an understanding and walked through of the Group's controls over the revenue and cost recognition process to assess the design of the key controls in place. Our substantive audit procedures included the following, amongst others: • on a sample basis, reviewed the contracts and service orders to evaluate management's assessment of performance obligations in accordance with IFRS 15; • obtained an understanding of the performance and status of the contracts through discussions with project teams (management's specialists) and the finance team; • on a sample basis, obtained cost estimation schedules approved by project teams and verifying the costs to complete by agreeing to evidence of committed spend, budgeted rates, or actual costs incurred to date; • evaluated Group's positions through examination of customer and subcontractor correspondences, contract amendments, variation orders, and milestone acceptances; and • review of correspondence from legal advisors and minutes of the key meetings to corroborate management's assessment of claims and penalties recorded.

Independent Auditor's Report
To the Shareholders of Abu Dhabi Ship Building PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the area of focus
Recoverability of contract assets and trade receivables As at 31 December 2025, the Group has significant balances of contract assets and trade receivables, and the recoverability thereof has been assessed as a key audit matter. As disclosed in notes 8 and 9, an amount of AED 4,834 thousand (2024: AED 4,783 thousand) and AED 23,381 thousand (2024: AED 24,267 thousand) has been recognised as an allowance for Expected Credit Loss ("ECL") against contract assets and trade receivables respectively in accordance with IFRS 9. This area was important to our audit due to significant estimates involved in the recoverability assessment of long outstanding trade receivables and contract assets. Significant estimates made by management include, amongst others, probability of customers' default, loss given default, exposure at default, expected dates of collection and discount rates.	Our audit procedures included the following, amongst others: • obtained an understanding of the Group's process for estimating ECL and assessing the appropriateness of the ECL methodology against the requirements of IFRS 9; • assessed the reasonableness of management's key assumptions and judgements made in determining the ECL, including the segmenting of trade receivables and contract assets, selection of ECL model, and macroeconomic factors; • tested key inputs into the model and comparing these to historical data; • assessed reasonableness of forward-looking factors used by the Group by corroborating with publicly available information; and • verified billings post year-end and ensured that these were in line with contractual terms where applicable, as they related to unbilled work in progress at the reporting date. Refer to notes 4, 8 and 9 to the consolidated financial statements, which disclose the significant judgements made by the management in relation to the recoverability of these balances, along with the required disclosures.

Other Information

Management is responsible for the other information. Other information consists of the information included in the Sustainability report, the Corporate Governance report, the Message from the Chairman and the Management Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon. We obtained the Message from the Chairman and the Management Discussion and Analysis prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Group's 2025 Sustainability report and Corporate Governance report after the date of our auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, 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.

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Independent Auditor's Report
To the Shareholders of Abu Dhabi Ship Building PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

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

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

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

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

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, 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 and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman Resolution No. 88 of 2021 Regarding Financial Statements Audit Standards for the Subject Entities will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman Resolution No. 88 of 2021 Regarding Financial Statements Audit Standards for the Subject Entities, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report
To the Shareholders of Abu Dhabi Ship Building PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Articles of Association of the Company and the UAE Federal Law No. (32) of 2021 (as amended);

Independent Auditor's Report
To the Shareholders of Abu Dhabi Ship Building PJSC (continued)

Report on Other Legal and Regulatory Requirements (continued)

iii) the Group has maintained proper books of account in accordance with established accounting principles;

iv) the financial information included in the *Message from the Chairman and the Management Discussion and Analysis* is consistent with the books of account and records of the Group;

v) based on the information that has been made available to us, the Group has not purchased or invested in any shares or stocks during the year ended 31 December 2025;

vi) note 24 reflects the material related party transactions and the terms under which they were conducted;

vii) note 1 to the consolidated financial statements discloses that the Group is currently in the process of amending the statutory documents, to reflect the changes required due to the application of the UAE Federal law No. (32) of 2021 (as amended); and

viii) based on the information that has been made available to us, except for item (vii) mentioned above, nothing has come to our attention which causes us to believe that the Group has contravened, during the financial year ended 31 December 2025, any of the applicable provisions of its Articles of Association or of the UAE Federal Law No. (32) of 2021 (as amended), which would have a material impact on its activities or its consolidated financial position as at 31 December 2025; and

ix) there were no social contributions made during the year.

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

i) its Memorandum of Association or Law of Establishment which would materially affect its activities or its financial position as at 31 December 2025; and

ii) relevant provisions of the applicable laws, resolutions and circulars organising the Group's operations.

GRANT THORNTON

Dr. Osama R. El-Bakry
Registration No: 935
Abu Dhabi, United Arab Emirates

18 March 2026

Consolidated statement of financial position
As at 31 December 2025

	Notes	31 December 2025 AED '000	31 December 2024 AED '000
Assets			
Non-current assets			
Property, plant and equipment	5	**153,932**	148,012
Intangible assets	6	**3,748**	2,330
Right-of-use assets	22	**3,404**	5,322
Advances to suppliers	9	**147,634**	291,174
Total non-current assets		**308,718**	446,838
Current assets			
Inventories	7	**51,998**	33,238
Contract assets	8	**304,588**	404,487
Trade and other receivables	9	**1,741,762**	1,037,646
Cash and cash equivalents	10	**410,962**	685,614
Total current assets		**2,509,310**	2,160,985
Total assets		**2,818,028**	2,607,823
Equity and liabilities			
Equity			
Share capital	11	**211,992**	211,992
Statutory reserve	12	**25,243**	22,215
Retained earnings		**83,095**	96,113
Equity attributable to owners of the parent		**320,330**	330,320
Non-controlling interests		**(138)**	(138)
Total equity		**320,192**	330,182
Liabilities			
Non-current liabilities			
Employees' end of service benefits	13	**35,852**	31,232
Advances from customers	14	**267,544**	581,795
Lease liabilities	22	**1,515**	3,714
Total non-current liabilities		**304,911**	616,741
Current liabilities			
Trade and other payables	15	**1,622,245**	1,156,648
Advances from customers	14	**443,954**	344,837
Lease liabilities	22	**2,349**	2,214
Bank overdrafts	16	**124,377**	157,201
Total current liabilities		**2,192,925**	1,660,900
Total liabilities		**2,497,836**	2,277,641
Total equity and liabilities		**2,818,028**	2,607,823

Khaled Ahmed Ali Mohamed Al Zaabi Chairman of the Board	David Massey Chief Executive Officer	Mariam Al Moosawi Chief Financial Officer

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December 2025

	Notes	**2025 AED '000**	2024 AED '000
Contract revenues	18	**1,407,510**	1,496,254
Contract costs	19	**(1,280,106)**	(1,330,484)
Gross profit		**127,404**	165,770
General and administrative expenses	20	**(97,560)**	(85,702)
Reversal of expected credit losses	8,9	**835**	17,548
Depreciation and amortization	5,6,22	**(11,079)**	(7,876)
Finance costs		**(8,442)**	(2,553)
Other income (net)	21	**21,711**	(1,726)
Profit for the year before tax		**32,869**	85,461
Income tax expense	17	**(2,581)**	(8,138)
Profit for the year after tax		**30,288**	77,323
Other comprehensive income		**-**	-
Profit for the year and total comprehensive income after tax		**30,288**	77,323
Attributable to:			
Equity holders of the parent		**30,288**	77,323
Non-controlling interest		**-**	-
Basic and diluted earnings per share (AED)	23	**0.14**	0.36

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

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

	Share capital AED'000	Statutory reserve AED'000	Retained earnings AED'000	Equity attributable to owners of the parent AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance as at 1 January 2024	211,992	14,483	47,721	274,196	(138)	274,058
Total comprehensive income for the year	-	-	77,323	77,323	-	77,323
Transfer to statutory reserve	-	7,732	(7,732)	-	-	-
Payment of dividend (Note 29)	-	-	(21,199)	(21,199)	-	(21,199)
Balance as at 31 December 2024	211,992	22,215	96,113	330,320	(138)	330,182
Balance as at 1 January 2025	**211,992**	**22,215**	**96,113**	**330,320**	**(138)**	**330,182**
Total comprehensive income for the year	**-**	**-**	**30,288**	**30,288**	**-**	**30,288**
Transfer to statutory reserve	**-**	**3,028**	**(3,028)**	**-**	**-**	**-**
Payment of dividend (Note 29)	**-**	**-**	**(40,278)**	**(40,278)**	**-**	**(40,278)**
Balance as at 31 December 2025	**211,992**	**25,243**	**83,095**	**320,330**	**(138)**	**320,192**

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

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

	Notes	2025 AED'000	2024 AED'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before tax		**32,869**	85,461
Adjustments for:			
Depreciation and amortization	5,6,22	**27,449**	22,552
Provision for employees' end of service benefits	13	**6,150**	6,252
Allowance for expected credit losses on contract assets	8	**51**	113
Reversal of expected credit losses on trade receivables, net	9	**(886)**	(17,661)
Provision for slow-moving inventories	7	**782**	-
Gain on disposal of property, plant and equipment		**-**	(145)
Finance income	21	**(3,703)**	(5,759)
Finance costs		**8,648**	2,881
Operating profit before changes in working capital:		**71,360**	93,694
Changes in working capital:			
Change in inventories		**(19,542)**	(8,056)
Change in contract assets		**99,848**	(76,258)
Change in trade and other receivables and advances to suppliers		**(559,558)**	106,314
Change in trade and other payables		**471,289**	31,531
Change in advances from customers		**(215,134)**	(316,517)
Cash used in operations		**(151,737)**	(169,292)
Payment of employees' end of service benefits	13	**(1,530)**	(1,702)
Payment of income taxes		**(8,138)**	-
Net cash used in operating activities		**(161,405)**	(170,994)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	**(29,679)**	(23,741)
Purchase of intangible assets	6	**(3,022)**	(2,186)
Proceeds from disposal of property, plant and equipment		**-**	145
Finance income received		**3,571**	6,296
Net cash used in investing activities		**(29,130)**	(19,486)
CASH FLOW FROM FINANCING ACTIVITIES			
Finance costs paid		**(8,414)**	(2,510)
Dividends paid	29	**(40,278)**	(21,199)
Payments of lease liabilities		**(2,601)**	(2,665)
Net cash used in financing activities		**(51,293)**	(26,374)
Net decrease in cash and cash equivalents		**(241,828)**	(216,854)
Cash and cash equivalents, beginning of year		**528,413**	745,267
Cash and cash equivalents, end of year	10	**286,585**	528,413

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

1 Activities

Abu Dhabi Ship Building PJSC (the "Company") was established by Emiri Decree No. 5 of 1995 on 12 July 1995. The Company's registered office address is P.O. Box 8922, Abu Dhabi, United Arab Emirates.

The Group's management is currently in the process of amending the statutory documents, to reflect the changes required due to application of the UAE Federal law No. (32) of 2021 (as amended).

The Group's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The Company and its subsidiaries (together referred to as the "Group") are engaged primarily in the construction, maintenance, repair, and overhaul of commercial and military ships and vessels.

The principal activities, country of incorporation and operation, and ownership interest of the Company in the subsidiaries are set out below:

	Interest (%)			
Name of subsidiary	***31 December 2025***	*31 December 2024*	*Country of Incorporation*	*Principal activity*
Abu Dhabi Systems Integration LLC ("ADSI")	**100%**	100%	UAE	Import and commissioning of integrated electronic systems and computer programs
Gulf Logistics and Naval Support LLC ("GLNS")	**100%**	100%	UAE	Provision of naval support services
Safwa Marine L.L.C.	**100%**	100%	UAE	Trading of ships and boats
ADSB Investments Limited	**100%**	100%	UAE	Holding of investments
Frontiers Industrial Investment LLC	**99%**	99%	UAE	System integration and technology development and implementation
High Speed Craft Company LLC	**100%**	100%	UAE	Marine machine and equipment repairing and maintenance

2 Fundamental accounting concepts

The consolidated financial statements of the Group are prepared on the going concern basis.

2 Fundamental accounting concepts (continued)

2.1 Basis of preparation

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board ("IASB") and applicable requirements of the UAE Federal Law No. (32) of 2021 (as amended).

The consolidated financial statements of the Group have been prepared on an accrual basis and under historical cost convention. The employees' end of service benefits provision is calculated in line with UAE labour laws.

The consolidated financial statements have been presented in United Arab Emirates Dirhams ("AED"), which is the functional and presentation currency of the Group, all values have been rounded to the nearest thousand (AED '000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

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

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest

2 Fundamental accounting concepts (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

- Derecognizes the cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate as would be required if the Group had directly disposed of the related assets or liabilities.

The consolidated financial statements of the Group represent the financial statements of the Company, and its subsidiaries mentioned in note 1.

2.2 Application of new and revised IFRS Accounting Standards

Standards, interpretations and amendments to existing standards that are effective in 2025

The following relevant standards, interpretations and amendments to existing standards were issued by the IASB:

Standard number	Title	Effective date
IAS 21	Amendments to IAS 21 Lack of exchangeability Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025

The application of these revised IFRS Accounting Standards has no material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

2 Fundamental accounting concepts (continued)

2.2 Application of new and revised IFRS Accounting Standards (continued)

Standards and interpretations in issue but not yet effective and has not been adopted early by the Group

The Group has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'	1 January 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'	1 January 2027
Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to Greenhouse Gas Emissions Disclosures (Amendments to IFRS S2)	1 January 2027

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

3 Material accounting policy information

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Construction contracts

Management assesses construction contracts and considers IFRS 15 guidance on contract combinations, contract modifications arising from variation orders, variable consideration, and the assessment of whether there is a significant financing component in the contracts, particularly taking into account the reason for the difference in timing between the transfer of control of goods and services to the customer and the timing of the related payments.

3 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

Construction contracts (continued)

The Group primarily has two types of construction contracts: (1) naval ship building and (2) commercial and small boats construction.

Revenue from the naval ship building construction contracts is recognised over time based on the criteria that the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance obligation completed to date. The Group becomes entitled to invoice customers for construction contracts based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work and an invoice for the related milestone payment. The Group will recognise a 'contract asset' for any work performed.

The Group uses the input method to measure the progress towards complete satisfaction of these performance obligations under IFRS 15. The complete satisfaction of the performance obligation is determined based on the proportion of contract costs incurred for work performed up to the end of the reporting period relative to the estimated total contract costs. The contract costs recognised at the end of the reporting period is equal to the actual costs incurred to date with the corresponding revenue and margin recognised in proportion to the work completed.

For certain commercial and small boat construction contracts, when the Group does not have an enforceable right to receive payment for work done as construction progresses, revenue is recognized when control of the goods has been transferred to the customer, being the point in time of delivery.

Contract modifications are accounted as a separate contract when the scope of the contract increases because of the additions of promised goods or services that are distinct and the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling process of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

Contract liabilities represents the obligation to transfer goods or services to a customer for which consideration has been received or receivable from the customer. Contract assets represents the right to consideration in exchange for goods or services that have been transferred to a customer.

An asset is recognised for the costs incurred to fulfil a contract only if those costs are directly related to a contract, the costs generate or enhance resources of the Group that will be used in satisfying a performance obligation in the future and the costs are expected to be recovered. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. The Group assesses contract assets for impairment in accordance with IFRS 9 *Financial Instruments*.

3 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

Repairs and services

Revenue from fixed price contracts for the repair of ships and vessels is recognised based on the percentage of completion on the basis of total costs incurred to date to estimated total costs.

Revenue from cost plus contracts for the repair of commercial and military ships and vessels is recognised by applying the margin allowed per the respective contracts to the cost incurred to date.

Services

Revenues from services are considered as distinct on the basis of below:

- The customer benefits from the service on its own or together with other resources that are readily available to the customer; and
- The Group's promise to transfer the services to the customer is separately identifiable.

Revenue from contracts relating to services is recognised over time since the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The Group considers the best measure of progress towards complete satisfaction of the performance obligation over time is a cost-based input method and it recognises revenue on this basis. In case of variable efforts or inputs, the performance obligation is measured at the cost-plus margin.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of assets as follows:

Buildings and structures	
- Concrete	30 - 40 years
- Steel	20 - 30 years
- Prefabricated and other structures	10 years
- Other small structures	5 years
Production and other equipment	2-25 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognized in the consolidated statement of comprehensive income as the expense is incurred.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is included in the consolidated statement of comprehensive income when the asset is derecognized.

3 Material accounting policy information (continued)

Property, plant and equipment (continued)

Assets under construction are recorded at cost and represents costs based on contractual payments for the design, development, construction and commissioning of the Group and those other costs incurred during the development stage directly attributable to the construction of the Group. Assets under construction are transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed and commissioned.

Borrowing costs

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

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

All other borrowing costs are recognized in consolidated statement of comprehensive income in the period in which they are incurred.

Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use and it's determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

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

3 Material accounting policy information (continued)

Financial instrument

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition as financial assets at fair value through profit or loss, fair value through OCI or amortized cost. All financial assets are recognized initially at fair value plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

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

Subsequent measurement

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

a) Financial assets at amortised cost;
b) Financial assets at fair value through OCI with recycling of cumulative gains and losses;
c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition; and
d) Financial assets at fair value through profit or loss.

The Group does not have any assets which are classified in categories b, c and d.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks net of bank overdrafts.

Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

3 Material accounting policy information (continued)

Financial instrument (continued)

Financial assets (continued)

Financial assets at amortised cost (continued)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statement of comprehensive income when the asset is derecognized, modified or impaired. Financial assets at amortised cost include bank balances, trade and other receivables, advances to suppliers and contract assets.

Impairment of financial assets

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

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

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

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial assets

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

3 Material accounting policy information (continued)

Financial instrument (continued)

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities consist of trade and other payables, bank overdrafts and lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification. The category of financial liabilities most relevant to the Group is loans and borrowings.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

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

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

3 Material accounting policy information (continued)

Financial instrument (continued)

Financial liabilities (continued)

Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, and are determined on weighted average basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

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

Leases

The Group as a lessee

The Group makes the use of leasing arrangements principally for plot of land and other leases. The rental contracts for land are typically negotiated for terms of between 3 and 8 years. The Group does not enter into sale and leaseback arrangements.

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

3 Material accounting policy information (continued)

Leases (continued)

<u>The Group as a lessee (continued)</u>

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

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

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

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

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

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

3 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Measurement and recognition of leases as a lessee (continued)

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in consolidated statement of comprehensive income on a straight-line basis over the lease term.

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged on a straight-line basis over the assets' estimated useful lives. The estimated useful lives are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets include computer software with an estimated useful life of 4 years.

Employees' end of service benefits

The Group provides for end of service benefits of its non-UAE national employees in accordance with UAE labour law. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Pension and national insurance contributions for UAE citizens are made by the Group in accordance with Federal Law No. (2) of 2000.

Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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 Group classifies all other liabilities as non-current.

3 Material accounting policy information (continued)

Corporate Income Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible 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 profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

There are no temporary differences in the current year, hence no deferred tax assets and liabilities to be carried forward to the next year.

4 Significant management judgement in applying accounting policy information and estimation uncertainty

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

While applying the accounting policies as stated in note 3, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

4 Significant management judgement in applying accounting policy information and estimation uncertainty (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant management judgements

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

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

Key sources of estimation of uncertainty

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

Useful lives of property, plant and equipment

The management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates.

Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4 Significant management judgement in applying accounting policy information and estimation uncertainty (continued)

Key sources of estimation of uncertainty (continued)

Allowance for obsolete inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross inventories were AED 56,182 thousand (2024: AED 36,456 thousand), with an allowance for obsolete and slow-moving inventories of AED 4,184 thousand (2024: AED 3,218 thousand) (note 7). Any difference between the amounts actually realised in future periods and the amounts expected to be realised will be recognized in the consolidated statement of comprehensive income.

Allowance for Expected Credit Losses (ECL)

The Group uses a provision matrix to calculate Lifetime ECLs for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

At the reporting date, gross trade receivables, were AED 1,370,227 thousand (2024: AED 784,304 thousand) with an allowance for expected credit losses amounting to AED 23,381 thousand (2024: AED24,267 thousand) (note 9). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the consolidated statement of comprehensive income.

At the reporting date, gross contract assets, were AED 309,422 thousand (2024: AED 409,270 thousand) with an allowance for expected credit losses amounting to AED 4,834 thousand (2024: AED 4,783 thousand) (note 8). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the consolidated statement of comprehensive income.

The Group has determined the expected credit loss on bank balances to be insignificant considering that the counterparty banks are investment grade category and has a low probability of default and loss at given default.

The Group has determined the expected credit loss on due from related party balances to be immaterial considering the fact that these have low probability of default and loss at given default is minimal.

4 Significant management judgement in applying accounting policy information and estimation uncertainty (continued)

Key sources of estimation of uncertainty (continued)

Estimation of total costs of construction contracts

At the reporting date, the Group is required to estimate the costs to complete its construction contracts. This requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates also include potential claims by subcontractors and cost of meeting other contractual obligations to the customers. Effects of any revision to these estimates are reflected in the period in which the estimates are revised. When the expected contract costs exceed the total anticipated contract revenue, the total expected loss is recognised immediately, as soon as foreseen, whether or not work has commenced on these contracts. The Group uses its projects and commercial team to estimate the cost to complete of these contracts. Factors such as delays in expected completion date, changes in the scope of work, changes in material prices, labour costs and other costs are included in the construction cost estimates based on best estimates updated on regular basis.

5 Property, plant and equipment

	Buildings and structures AED'000	Production and other equipment AED'000	Assets under construction AED'000	Total AED'000
Cost:				
At 1 January 2024	334,957	159,664	2,345	496,966
Additions	-	-	23,741	23,741
Transfers	3,768	18,425	(22,193)	-
Disposals	-	(3,683)	-	(3,683)
At 31 December 2024	**338,725**	**174,406**	**3,893**	**517,024**
Additions	**-**	**-**	**29,679**	**29,679**
Transfers	**5,329**	**20,777**	**(26,106)**	**-**
At 31 December 2025	**344,054**	**195,183**	**7,466**	**546,703**
Accumulated depreciation:				
At 1 January 2024	220,474	132,168	-	352,642
Charge for the year	11,480	8,573	-	20,053
Related to Disposals	-	(3,683)	-	(3,683)
At 31 December 2024	**231,954**	**137,058**	-	**369,012**
Charge for the year	**12,230**	**11,529**	-	**23,759**
Reclassification	**22**	**(22)**	-	**-**
At 31 December 2025	**244,206**	**148,565**	-	**392,771**
Net carrying amount:				
As at 31 December 2025	**99,848**	**46,618**	**7,466**	**153,932**
As at 31 December 2024	106,771	37,348	3,893	148,012

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

5 Property, plant and equipment (continued)

Assets under construction represents the cost incurred on the development of building structures and production facilities, which were under progress at the reporting date and will be transferred to the relevant asset category of property, plant and equipment when ready for intended use.

The depreciation charge has been allocated in the consolidated statement of comprehensive income as follows:

	2025 **AED'000**	2024 AED'000
Contract costs (note 19)	**14,549**	12,855
Expenses	**9,210**	7,198
	23,759	20,053

6 Intangible assets

	2025 **Computer software** **AED'000**	2024 Computer Software AED'000
Cost:		
Balance at 1 January	**19,026**	16,840
Additions during the year	**3,022**	2,186
Balance at 31 December	**22,048**	19,026
Accumulated amortization:		
Balance at 1 January	**16,696**	16,356
Amortization for the year	**1,604**	340
Balance at 31 December	**18,300**	16,696
Net carrying amount	**3,748**	2,330

7 Inventories

	2025 **AED'000**	2024 AED'000
Goods available for sale	**7,876**	3,876
Work in progress	**33,531**	17,321
Raw materials and consumables	**14,775**	15,259
	56,182	36,456
Less: Provision for obsolete and slow-moving items	**(4,184)**	(3,218)
	51,998	33,238

7 Inventories (continued)

The movements of the provision for obsolete and slow-moving items were as follows:

	2025	2024
	AED'000	AED'000
At 1 January	**3,218**	3,218
Charged during the year (note 20)	**782**	-
Reclassification	**184**	-
At 31 December	**4,184**	3,218

8 Contract assets

	2025	2024
	AED'000	AED'000
Value of work executed	**14,449,228**	13,041,718
Progress billings received and receivable	**(14,744,357)**	(12,859,498)
	(295,129)	182,220

The contract work in progress is presented as follows:

	2025	2024
	AED'000	AED'000
Contracts assets, net of ECL	**304,588**	404,487
Contracts liabilities (note 15)	**(599,717)**	(222,267)
	(295,129)	182,220

Contracts assets as at 31 December 2025 are stated net of allowance for expected credit losses of AED 4,834 thousand (2024: AED 4,783 thousand). The movements on the allowance are as follows:

	2025	2024
	AED'000	AED'000
At 1 January	**4,783**	4,670
Charged during the year	**51**	113
At 31 December	**4,834**	4,783

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group becomes entitled to receive payments from customers in line with a series of performance related milestones. The Group will recognise a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

The management of the Group always measures the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. Refer note 4 to the consolidated financial statements where significant estimate and judgement relating to ECLs, and future recovery dates have been disclosed.

9 Trade and other receivables

	2025 AED'000	2024 AED'000
Trade receivables, gross	**1,370,227**	784,304
Less: Allowance for expected credit losses	**(23,381)**	(24,267)
Trade receivables, net	**1,346,846**	760,037
Advances paid to suppliers*	**376,866**	254,852
Prepayments and other receivables	**18,050**	22,757
	1,741,762	1,037,646

*Advances paid to suppliers were classified in the consolidated statement of financial position as follows:

	2025 AED'000	2024 AED'000
Current (included within trade and other receivables)	**376,866**	254,852
Non-current*	**147,634**	291,174
Total	**524,500**	546,026

*The non-current portion of the advances to suppliers is expected to be utilized after one year. However, management believes that the discounting impact is not significant to the consolidated financial statements.

Allowance for expected credit losses

The Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade receivables which is a product of probability of default and loss given default on the carrying amount of trade and other receivables.

At the end of the reporting period, the analysis of trade receivables is as follows:

		Past due			
31 December 2025	**Total AED'000**	**0-30 days AED'000**	**31-90 days AED'000**	**91-180 days AED'000**	**>180 days AED'000**
Trade receivables	**1,370,227**	**2,054**	**404,765**	**173,515**	**789,893**
Lifetime ECL	**(23,381)**	**(20)**	**(5,687)**	**(2,507)**	**(15,167)**
Trade receivables, net	**1,346,846**	**2,034**	**399,078**	**171,008**	**774,726**

9 Trade and other receivables (continued)

Allowance for expected credit losses (continued)

31 December 2024	Total AED'000	Past due 0-30 days AED'000	31-90 days AED'000	91-180 days AED'000	>180 days AED'000
Trade receivables	784,304	383,636	9,727	83,320	307,621
Lifetime ECL	(24,267)	(9,057)	(587)	(874)	(13,749)
Trade receivables, net	760,037	374,579	9,140	82,446	293,872

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

	2025 AED'000	2024 AED'000
At the beginning of the year	**24,267**	43,429
Recoveries*	**(886)**	(17,661)
Write-offs	**-**	(1,501)
At the end of the year	**23,381**	24,267

* Recoveries mainly pertains to collections during the year including reversal of provisions.

Refer note 4 to the consolidated financial statements where significant estimate and judgement relating to ECLs, and future recovery dates have been disclosed.

10 Cash and cash equivalents

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

	2025 AED'000	2024 AED'000
Bank balances	**410,962**	685,614
Less: Bank overdrafts (note 16)	**(124,377)**	(157,201)
Cash and cash equivalents	**286,585**	528,413

There were no restrictions on bank balances at the time of approval of these consolidated financial statements.

11 Share capital

	2025 AED'000	2024 AED'000
Authorised, issued and fully paid	**211,992**	211,992

EDGE Defence Platforms & Systems- Sole Proprietorship L.L.C is the major shareholder of the Group which owns 49.96% of the share capital.

12 Statutory reserve

In accordance with the UAE Federal Law number (32) of 2021 (as amended), concerning Commercial Companies and the Company's Articles of Association, 10% of the profit for each year has been transferred to a non-distributable legal reserve. Such transfers are required to be made until the balance of the statutory reserve equals one half of the Company's paid-up share capital. Such reserve is not available for distribution as dividends to the Shareholders. An amount of AED 3,028 thousand has been transferred to this reserve during the year (2024: AED 7,732 thousand).

13 Employees' end of service benefits

The movements on the provision for employees' end of service benefits are as follows:

	2025 AED'000	2024 AED'000
At 1 January	**31,232**	26,682
Charged for the year	**6,150**	6,252
Paid during the year	**(1,530)**	(1,702)
At 31 December	**35,852**	31,232

14 Advances from customers

Advances from customers mainly represent advances received for projects and are applied against billings when raised. Advances from customers are analysed in the consolidated statement of financial position as follows:

	2025 AED'000	2024 AED'000
Current	**443,954**	344,837
Non-current	**267,544**	581,795
Total	**711,498**	926,632

*The non-current portion of the advances from customers is expected to be utilized after one year. However, management believes that the discounting impact is not significant to the consolidated financial statements.

15 Trade and other payables

	2025 AED'000	2024 AED'000
Project accruals	**889,174**	783,080
Contract liabilities (note 8)	**599,717**	222,267
Trade payables	**71,133**	91,527
Other liabilities	**52,735**	49,841
Income tax payable (note 17)	**2,581**	8,138
Other payables	**6,905**	1,795
	1,622,245	1,156,648

All amounts are short term. The carrying value of the trade and other payables is considered to be reasonable approximation of fair value.

The average credit period on purchases of goods and services is 60 days (2024: 60 days). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

16 Bank overdrafts

	2025 AED'000	2024 AED'000
Bank overdrafts from commercial banks	**124,377**	157,201

The overdraft facilities are short-term, unsecured and bear market rate of interest.

As at 31 December 2025, the Group has AED 250,623 thousand (31 December 2024: AED 217,799 thousand) as available undrawn overdraft facilities.

17 Income tax expense

The charge for the year is calculated based upon the adjusted net profit for the year at rates of tax applicable.

The charge to the consolidated statement of comprehensive income for the year is as follows:

	2025 AED'000	2024 AED'000
Charge for the year	**2,581**	8,138

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

17 Income tax expense (continued)

Reconciliation of the Group's tax on profit based on accounting and profit as per the tax laws is as follows:

	2025 AED'000	2024 AED'000
Profit before taxation	**32,869**	85,461
Effect of tax rates		
- Basic exemption limit	**(375)**	(375)
- Expenses not deductible for tax purposes	**449**	5,332
- Reversal of expenses not deductible for tax purposes	**(4,265)**	-
Income tax using the domestic corporate tax rate @ 9%	**2,581**	8,138

18 Contract revenues

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major revenue streams. This is consistent with the revenue information that is disclosed for each reportable segment (note 26) under IFRS 8 *Operating Segments.*

	2025 AED'000	2024 AED'000
Revenue from construction contracts	**1,107,309**	1,321,454
Revenue from rendering of services	**300,201**	174,800
	1,407,510	1,496,254

18.1 Timing of revenue recognition

	2025 AED'000	2024 AED'000
Services transferred at the point in time	**43,979**	20,775
Services transferred over time	**1,363,531**	1,475,479
	1,407,510	1,496,254

18.2 Geographical markets

	2025 AED'000	2024 AED'000
Inside United Arab Emirates	**703,777**	806,494
Outside United Arab Emirates	**703,733**	689,760
	1,407,510	1,496,254

19 Contract costs

	2025 AED'000	2024 AED'000
Material and subcontract costs	**1,030,955**	1,120,048
Staff and manpower contract costs	**186,600**	155,820
Insurance costs	**18,630**	11,791
Overheads*	**15,113**	13,686
Depreciation of property, plant and equipment (note 5)	**14,549**	12,855
Depreciation of right-of-use assets	**1,821**	1,821
Other direct costs	**12,438**	14,463
	1,280,106	1,330,484

* This includes finance costs in the amount of AED 207 thousand (2024: AED 327 thousand).

20 General and administrative expenses

	2025 AED'000	2024 AED'000
Staff costs	**55,420**	47,361
IT licences support and maintenance	**15,907**	13,588
Professional and consultancy fees	**9,187**	5,030
Marketing and advertisement	**5,095**	1,346
Director's remuneration and committee fees (note 24)	**4,475**	3,625
Repairs and maintenance	**3,966**	4,045
Inventory obsolescence (note 7)	**782**	-
Material	**678**	558
Others	**2,050**	10,149
	97,560	85,702

21 Other income (net)

This mainly includes interest on short-term fixed deposits, the recovery of allowance of trade receivables and contract assets and foreign exchange gains and losses.

	2025 AED'000	2024 AED'000
Finance income	**3,703**	5,759
Other income/(expenses) (net)	**18,008**	(7,485)
	21,711	(1,726)

22 Leases

Right-of-use assets

	Land	
	2025	2024
	AED'000	AED'000
Cost:		
Balance at 1 January	**17,835**	17,835
Additions	**168**	-
Balance at 31 December	**18,003**	17,835
Accumulated amortization:		
Balance at 1 January	**12,513**	10,354
Charge for the year	**2,086**	2,159
Balance at 31 December	**14,599**	12,513
Net carrying amount	**3,404**	5,322

Lease liabilities

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

	2025	2024
	AED'000	AED'000
Current	**2,349**	2,214
Non-Current	**1,515**	3,714
	3,864	5,928

Future minimum lease payments at 31 December 2025 are as follows:

	Within one year	**Two to five years**	**Total**
	AED'000	**AED'000**	**AED'000**
Lease payments	2,586	1,635	4,221
Finance charges	(237)	(120)	(357)
Net present values	**2,349**	**1,515**	**3,864**

Future minimum lease payments at 31 December 2024 are as follows:

	Within one year	Two to five years	Total
	AED'000	AED'000	AED'000
Lease payments	2,578	4,060	6,638
Finance charges	(364)	(346)	(710)
Net present values	2,214	3,714	5,928

22 Leases (continued)

Lease liabilities (continued)

The depreciation charge has been allocated in the consolidated statement of comprehensive income as follows:

	2025 AED'000	2024 AED'000
Contract costs (note 19)	**1,821**	1,821
Expenses	**265**	338
	2,086	2,159

The consolidated statement of comprehensive income shows the following amounts relating to leases for the year ended 31 December:

	2025 AED'000	2024 AED'000
Depreciation	**(2,086)**	(2,159)
Finance costs	**(234)**	(371)

23 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the earnings for the year attributable to the owners of the parent by the weighted average number of shares outstanding during the year as follows:

The calculation of earnings per share is as follows:

	2025 AED'000	2024 AED'000
Profit for the year attributable to the owners of the parent (AED '000)	**30,288**	77,323
Weighted average number of ordinary issued throughout the period ('000)	**211,992**	211,992
Basic and diluted earnings per share (AED)	**0.14**	0.36

During the year, the Group has not issued any instruments that have an impact on earnings per share when exercised (2024: nil).

24 Related party transactions and balances

Related parties include the Group's major shareholders, Directors and key management personnel, and businesses controlled by them and their families or over which they exercise a significant influence in financial and operating decisions. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Pricing policies and terms of these transactions are approved by the Group's management.

The remuneration of directors and other members of key management during the year was as follows:

	2025 AED'000	2024 AED'000
Key management compensation:		
Salaries, bonuses and other benefits	**14,871**	14,254
Post-employment benefits	**1,500**	1,396
	16,371	15,650
Directors' remuneration (note 20)	**3,500**	2,850
Board Committee fees (note 20)	**975**	775

Related parties transactions:

The details of major related party transactions during the year were as follows:

Revenues from related parties	**61,282**	4,955
Purchases from related parties	**25,341**	39,210

Related parties balances:

Due from a related party (included in trade and other receivables)	**7,857**	5,019
Due to a related party (included in trade and other payables)	**171,089**	47,891

These balances resulted from unsettled balances from previous secondment agreement of certain employees from both parties, back charges, as well as revenues or costs.

25 Contingencies and capital commitments

The Group's bankers have issued, in the normal course of business, letters of guarantee, performance bond and letters of credit in the amount of AED 1,859,520 thousand (31 December 2024: AED 1,834,463 thousand) in respect of contract performance and advances in connection with the contracts for shipbuilding and overhaul in progress at the year-end.

Commitments

The capital expenditure contracted at the end of the reporting period but not provided for is AED 22,379 thousand (31 December 2024: AED 10,799 thousand).

26 Segment information

The Group has internal management reporting and budgeting based on five reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the management reviews internal reports on at least a quarterly basis.

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

- New Build and Engineering encompasses the design, engineering, research and development, construction, commissioning, test and trials, ILS, upgrades, conversions and consultancy services for military, commercial and leisure vessels in any construction material
- Small Boats, includes in-house design development, research and development, construction of moulds, prototypes and boats with LOA up to 24 meters with capability of large scale production line for military, commercial and luxury boats, commissioning, services and repairs of composite and special material boats.
- Military repairs and maintenance, includes upgrades, maintenance, repairs, and overhaul (MRO) of military vessels, and integrated support services
- Commercial repairs and maintenance include upgrades, maintenance, repairs and overhaul (MRO) of commercial vessels.
- Mission systems which includes import and commissioning of integrated systems and computer programs

Information regarding the results of each reportable segment is included below. Performance is measured on segment profit as included in the internal management reports that are reviewed by the Board of Directors.

26 Segment information (continued)

	New Build and Engineering AED'000	Small Boats AED'000	Military Repairs and Maintenance AED'000	Commercial Repairs and Maintenance AED'000	Mission Systems AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
Year ended 31 December 2025								
Contract revenues	1,035,770	52,081	274,240	13,159	32,260	-	-	1,407,510
Contract costs	(944,643)	(50,339)	(242,815)	(12,418)	(29,891)	-	-	(1,280,106)
Gross profit	91,127	1,742	31,425	741	2,369	-	-	127,404
General and administrative expenses	(35,315)	(4,684)	(14,146)	(2,439)	(1,951)	(39,025)	-	(97,560)
Reversal of / (allowance for) expected credit losses	2,352	(1,093)	(799)	311	60	4	-	835
Depreciation and amortization	(4,432)	(1,108)	(1,717)	(499)	-	(3,323)	-	(11,079)
Finance costs	-	-	-	-	-	(8,442)	-	(8,442)
Other income (net)	3,652	-	-	-	-	18,059	-	21,711
Income tax expense	-	-	-	-	-	(2,581)	-	(2,581)
Segment profit/(loss)	57,384	(5,143)	14,763	(1,886)	478	(35,308)	-	30,288

26 Segment information (continued)

	New Build and Engineering AED'000	Small Boats AED'000	Military Repairs and Maintenance AED'000	Commercial Repairs and Maintenance AED'000	Mission Systems AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
Year ended 31 December 2024								
Contract revenues	1,248,088	53,761	148,770	22,564	23,071	-	-	1,496,254
Contract costs	(1,111,586)	(48,833)	(124,830)	(21,736)	(23,499)	-	-	(1,330,484)
Gross profit/(loss)	136,502	4,928	23,940	828	(428)	-	-	165,770
General and administrative expenses	(31,590)	(3,116)	(11,568)	(3,013)	(1,399)	(35,016)	-	(85,702)
Reversal of expected credit losses	7,373	(189)	287	2,138	7,818	121	-	17,548
Depreciation and amortization	(3,150)	(788)	(1,182)	(591)	(197)	(1,968)	-	(7,876)
Finance costs	-	-	-	-	-	(2,553)	-	(2,553)
Other income / (expense)	5,674	7	-	-	-	(7,407)	-	(1,726)
Income tax expense	-	-	-	-	-	(8,138)	-	(8,138)
Segment profit / (loss)	114,809	842	11,477	(638)	5,794	(54,961)	-	77,323

	New Build and Engineering AED'000	Small Boats AED'000	Military Repairs and Maintenance AED'000	Commercial Repairs and Maintenance AED'000	Mission Systems AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
As at 31 December 2025								
Assets	**2,253,706**	**108,573**	**330,252**	**27,567**	**20,044**	**88,019**	**(10,133)**	**2,818,028**
Liabilities	**1,952,611**	**68,482**	**178,395**	**23,657**	**32,250**	**242,441**	**-**	**2,497,836**
Capital Expenditure	**15,533**	**2,126**	**4,251**	**981**	**-**	**9,810**	**-**	**32,701**
As at 31 December 2024								
Assets	2,216,898	89,424	209,592	32,133	17,056	52,853	(10,133)	2,607,823
Liabilities	1,922,024	52,803	50,269	8,553	32,701	211,291	-	2,277,641
Capital Expenditure	16,204	2,333	3,890	1,296	-	2,204	-	25,927

27 Financial instruments

Material accounting policy information

Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the consolidated financial statements.

Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return on equity. The Group monitors capital using a gearing ratio, which is net debt divided by total equity (excluding non-controlling interests) plus net debt. The calculation of the Group's gearing ratio as follows:

	2025 AED'000	2024 AED'000
Trade and other payable	**1,622,245**	1,156,648
Bank overdraft	**124,377**	157,201
Lease liabilities	**3,864**	5,928
Total debt	**1,750,486**	1,319,777
Total equity attributable to owners of the parent	**320,330**	330,320
Total equity and debt	**2,070,816**	1,650,097
Gearing ratio	**85%**	80%

Financial risk management

The Group's finance department monitors and manages the financial risks relating to the operations of the Group. These risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group does not enter into or trade in derivative financial instruments for speculative or risk management purposes.

(a) Foreign currency risk management

The Group's major contracts with customers as well as with some of the major suppliers and subcontractors are denominated in currencies other than AED, and therefore, the Group has foreign exchange transaction exposure.

As the AED is pegged to the USD, balances in USD are not considered to represent significant currency risk. Management is therefore of the opinion that the Group's exposure to the currency risk is limited to Euro.

27 Financial instruments (continued)

Financial risk management (continued)

(a) Foreign currency risk management (continued)

Foreign currency sensitivity analysis

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2025	2024	**2025**	2024
	AED'000	AED'000	**AED'000**	AED'000
Euro	**1,478,977**	1,279,256	**1,609,010**	1,388,219
US Dollar	**114,345**	98,551	**129,913**	137,139
Others	**2,174**	495	**2,174**	370
	1,595,496	1,378,302	**1,741,097**	1,525,728

At 31 December 2025, if the exchange rate of the currencies other than the USD had increased/decreased by 10% against the AED, with all other variables held constant, the Group's profit for the year would have been higher/lower by AED 13,003 thousand (2024: higher/lower by AED 10,884 thousand) mainly as a result of foreign exchange gain or loss on translation of Euro.

(b) Interest rate risk management

The Group is exposed to cash flow interest rate risk on its bank borrowings which are subject to floating interest rates.

The following table demonstrates the sensitivity of the Group's profit for the year to a reasonably possible change in interest rates, with all other variables held constant.

	Effect on profit AED'000
2025	
+50 increase in basis point	**(622)**
-50 decrease in basis point	**622**
2024	
+50 increase in basis point	**(786)**
-50 decrease in basis point	**786**

(c) Credit risk management

Credit risk in relation to the Group refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group, and arises principally from the Group's trade and other receivables, contract assets and bank balances.

The Group controls credit risk by monitoring credit exposures, limiting transactions with specific counterparties and assessing creditworthiness of counterparties on a routine and regular basis.

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

27 Financial instruments (continued)

Financial risk management (continued)

(c) Credit risk management (continued)

Concentration of credit risk

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group executes contracts mainly for a key customer and as at 31 December 2025, contract assets, trade receivables, excess billings and advances received from this key customer amounted to a net receivable position of AED 77,897 thousand (2024: AED 86,198 thousand net payable). Management believes that the concentration of credit risk is mitigated by the high credit worthiness and financial stability of its customers.

The Group also executes a contract for a key customer in Republic of Angola and as at 31 December 2025, trade receivables, excess billing and advances from this key customer to a net receivables position of AED 347,726 thousand (2024: AED 64,746 thousand). Management believes that the concentration of credit risk is mitigated by the high credit worthiness and financial stability of its customers, however , if the probability of default for this particular customer had increased/decreased by 1%, with all other variables held constant, the Group's profit for the year would have been lower/higher by AED 10,886 thousand (2024: lower/higher by AED 6,448 thousand).

The credit risk on liquid funds is limited because the counterparties are reputable local banks closely monitored by the regulatory body. The carrying amount reflected in these consolidated financial statements represents the Group's maximum exposure to credit risk for such receivables.

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

(d) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management of the Group, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and committed borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

27 Financial instruments (continued)

Financial risk management (continued)

(d) Liquidity risk (continued)

The below tables summarise the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes principal cash flows only as interest cash flows were insignificant. Maturity profile of financial liabilities at the end of the reporting period is as follows:

	Total AED'000	Within one year AED'000	2-5 years AED'000	After 5 years AED'000
31 December 2025				
Trade and other payables	**1,622,245**	**1,622,245**	**-**	**-**
Bank overdrafts*	**124,377**	**124,377**	**-**	**-**
Lease liabilities*	**3,864**	**2,349**	**1,515**	**-**
	1,750,486	**1,748,971**	**1,515**	**-**
31 December 2024				
Trade and other payables	1,156,648	1,156,648	-	-
Bank overdrafts*	157,201	157,201	-	-
Lease liabilities*	5,928	2,214	3,714	-
	1,319,777	1,316,063	3,714	-

* The Group's bank overdrafts and lease liabilities are interest bearing financial liabilities.

28 Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, trade and other receivables, and contract assets. Financial liabilities consist of trade and other payables, bank overdrafts and lease liabilities.

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

29 Dividends

On 25 April 2025, the Shareholders of the Group approved during the Group's Annual General Meeting the distribution of 19% of its share capital as cash dividends amounting to AED 40,278 thousand. On 22 May 2025 the Group has distributed the approved dividends to the Shareholders.

On 25 April 2024, the Shareholders of the Group approved during the Group's Annual General Meeting the distribution of 10% of its share capital as cash dividends amounting to AED 21,199 thousand. On 26 May 2024 the Group has distributed the approved dividends to the Shareholders.

30 Subsequent Events

Subsequent to the reporting date, geopolitical tensions in the Middle East have continued to evolve, including ongoing regional conflicts and heightened political uncertainty. These developments have increased volatility in global and regional financial markets and may, over time, affect economic conditions in the region. As at the date of approval of these consolidated financial statements, the Group continues to monitor developments in the region and will assess the potential impact, if any.

31 Approval of consolidated financial statements

The consolidated financial statements of the Group for the year ended 31 December 2025 were authorized for issuance in accordance with a resolution of the Board of Directors on 18 March 2026.