

Emirates Central Cooling Systems Corporation P.J.S.C

Interim condensed consolidated financial statements

For the three-month period ended 31 March 2026 (unaudited)

Emirates Central Cooling Systems Corporation P.J.S.C

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Emirates Central Cooling Systems Corporation P.J.S.C

Directors' report for the three-month period ended 31 March 2026

Directors' report

The Board of Directors present their report and interim condensed consolidated financial statements of Emirates Central Cooling Systems Corporation P.J.S.C (the "Company" or "Empower") and its subsidiaries (together referred to as the "Group") for the three-month period ended 31 March 2026.

Principal activities

The principal activities of the Group are the provision of district cooling services, operations and maintenance of central cooling plants and related distribution networks and manufacturing of pre-insulated pipes for district cooling services.

Financial performance

The Group achieved a turnover of AED 630,573 thousand during the three-month period ended 31 March 2026, which represented a growth of 16.8% compared to the prior period and achieved an operating profit of AED 262,708 thousand, which represented a growth of 28.7% compared to the prior period. The net profit attributable to the equity holders of the Company amounted to AED 207,094 thousand for the three-month period ended 31 March 2026, an increase of 44.9% compared to the prior period.

Share capital

The paid-up capital of the Company is AED 1,000,000 thousand consisting of 10,000,000 thousand shares of AED 0.10 each. There has been no change in the capital structure of the Company during the three-month period ended 31 March 2026.

Transfer to statutory reserve

The transfer of profit to the statutory reserve has been suspended as the reserve has reached 50% of the paid-up share capital in prior years.

Dividend

No interim dividend proposed for the three-month period ended 31 March 2026.

Change in shareholding of the Company

During the three-month period ended 31 March 2026, Emirates Power Investment LLC ("EPI") transferred its ownership in the Company to Dubai Electricity and Water Authority PJSC ("DEWA"). As a result, there has been a change in the Board of Directors of the Company and Mr. Rashed Bin Humaidan has been appointed as a Director in place of Mr. Amit Kaushal, effective 10 March 2026.

Emirates Central Cooling Systems Corporation P.J.S.C
Directors' report
for the three-month period ended 31 March 2026 (continued)

Key agreements signed

During the three-month period ended 31 March 2026, Empower has signed 28 new agreements within its existing concession agreements with a total demand capacity of approximately 35,662 RT, with Group's total contracted capacity reaching 1.98 million RT.

In addition to the above customer service agreements, Empower has signed an agreement with Meraas, a leading real estate developer, to supply 15,200 RT for City Walk phase 3 development. The City Walk project represents a qualitative addition to Dubai's dynamic urban landscape, embodying an integrated concept of modern living that combines innovative architectural design with the highest standards of comfort and luxury.

Auditors

The interim condensed consolidated financial statements were reviewed by PricewaterhouseCoopers Limited Partnership Dubai Branch, who were re-appointed as external auditors of the Group for the year 2026 in the Annual General Assembly meeting held on 26 March 2026.

On behalf of the Board



H.E Saeed Mohammed Ahmad Al Tayer
Chairman
6 May 2026

Review report on interim condensed consolidated financial statements to the board of directors of Emirates Central Cooling Systems Corporation P.J.S.C

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Emirates Central Cooling Systems Corporation P.J.S.C (the "Company") and its subsidiaries (the "Group") as at 31 March 2026 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

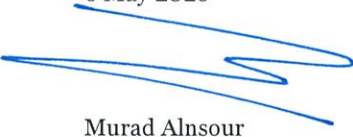
Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting."

PricewaterhouseCoopers Limited Partnership Dubai Branch
6 May 2026



Murad Alnsour
Registered Auditor Number 1301
Dubai, United Arab Emirates

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Emirates Central Cooling Systems Corporation P.J.S.C

Interim condensed consolidated statement of financial position

	Note	As at	
		31 March 2026	31 December 2025
		AED'000 Unaudited	AED'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	6	7,242,103	7,194,990
Right-of-use assets		1,296	1,878
Investment properties	28	169,936	170,793
Intangible assets	7	312,629	315,668
Financial assets at amortised cost	8	1,278,568	1,284,009
Financial assets at fair value through other comprehensive income	9	56,527	55,778
Deferred tax assets	27	14,791	15,077
		<u>9,075,850</u>	<u>9,038,193</u>
Current assets			
Inventories		58,997	55,718
Trade and other receivables	11	302,954	303,818
Due from related parties	13	36,611	39,353
Financial assets at amortised cost	8	21,094	20,830
Financial assets at fair value through profit or loss	10	48,401	45,461
Term deposits		120,442	57,704
Cash and cash equivalents	14	2,452,708	2,255,745
		<u>3,041,207</u>	<u>2,778,629</u>
Total assets		<u>12,117,057</u>	<u>11,816,822</u>
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		1,000,000	1,000,000
Statutory reserve		500,000	500,000
Other reserves		13,732	13,809
Contributed capital		82,190	82,190
Retained earnings		1,484,528	1,714,934
		<u>3,080,450</u>	<u>3,310,933</u>
Non-controlling interests		187,769	186,378
Total equity		<u>3,268,219</u>	<u>3,497,311</u>
LIABILITIES			
Non-current liabilities			
Bank borrowings	15	5,500,000	5,500,000
Government grant		299,249	299,998
Provision for employees' end of service benefits		73,303	70,893
Retention payable	16	14,971	15,835
		<u>5,887,523</u>	<u>5,886,726</u>
Current liabilities			
Trade and other payables	16	2,342,426	2,165,056
Bank borrowings	15	2,817	3,418
Current tax liabilities	27	117,845	97,585
Due to related parties	13	493,754	161,670
Government grant		3,170	3,170
Lease liabilities		1,303	1,886
		<u>2,961,315</u>	<u>2,432,785</u>
Total liabilities		<u>8,848,838</u>	<u>8,319,511</u>
Total equity and liabilities		<u>12,117,057</u>	<u>11,816,822</u>

To the best of our knowledge, the interim condensed consolidated financial statements are prepared, in all material respects, in accordance with IAS 34. The interim condensed consolidated financial statements were approved by the Board of Directors on 6 May 2026 and were signed on their behalf by:

Chief Executive Officer

Chairman

The notes on pages 8 to 32 form an integral part of these interim condensed consolidated financial statements. (4)

Emirates Central Cooling Systems Corporation P.J.S.C

Interim condensed consolidated statement of comprehensive income

	Note	Three-month period ended 31 March	
		2026	2025
		AED'000 Unaudited	AED'000 Unaudited
Revenue	17	630,573	539,959
Interest income on financial asset at amortised cost	8	14,196	14,414
Cost of sales	19	(322,525)	(290,763)
Gross profit		<u>322,244</u>	<u>263,610</u>
General and administrative expenses	20	(65,360)	(60,891)
Other income		5,824	1,416
Operating profit		<u>262,708</u>	<u>204,135</u>
Finance income		15,095	13,098
Finance costs		(48,772)	(58,165)
Finance costs – net		(33,677)	(45,067)
Profit before income tax		<u>229,031</u>	<u>159,068</u>
Income tax expense	27	(20,546)	(14,249)
Profit for the interim period		<u>208,485</u>	<u>144,819</u>
Profit attributable to:			
Equity holders of the Company		207,094	142,971
Non-controlling interests		1,391	1,848
		<u>208,485</u>	<u>144,819</u>
Basic and diluted earnings per share for profit attributable to the equity holders of the Company (AED)	24	<u>0.0207</u>	<u>0.0143</u>
Profit for the interim period		208,485	144,819
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Changes in fair value of financial assets at fair value through other comprehensive income		(77)	190
Deferred tax expense		-	(17)
Other comprehensive income for the period		(77)	173
Total comprehensive income for the period		<u>208,408</u>	<u>144,992</u>
Total comprehensive income attributable to:			
Equity holders of the Company		207,017	143,144
Non-controlling interests		1,391	1,848
		<u>208,408</u>	<u>144,992</u>

The notes on pages 8 to 32 form an integral part of these interim condensed consolidated financial statements. (5)

Emirates Central Cooling Systems Corporation P.J.S.C

Interim condensed consolidated statement of changes in equity

	Attributable to equity holders of the Company							
	Share capital AED'000	Statutory reserve AED'000	Other reserves AED'000	Contributed capital AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
Note								
At 1 January 2026	1,000,000	500,000	13,809	82,190	1,714,934	3,310,933	186,378	3,497,311
Total comprehensive income for the period	-	-	-	-	207,094	207,094	1,391	208,485
Profit for the period	-	-	-	-	207,094	207,094	1,391	208,485
Other comprehensive income	-	-	(77)	-	-	(77)	-	(77)
Other comprehensive income for the period	-	-	(77)	-	-	(77)	-	(77)
Total comprehensive income for the period	-	-	(77)	-	207,094	207,017	1,391	208,408
Transaction with owners in their capacity as owners:	-	-	-	-	(437,500)	(437,500)	-	(437,500)
Dividends	-	-	-	-	(437,500)	(437,500)	-	(437,500)
At 31 March 2026 (unaudited)	1,000,000	500,000	13,732	82,190	1,484,528	3,080,450	187,769	3,268,219
At 1 January 2025	1,000,000	500,000	18,768	82,190	1,596,632	3,197,590	175,745	3,373,335
Total comprehensive income for the period	-	-	-	-	142,971	142,971	1,848	144,819
Profit for the period	-	-	-	-	142,971	142,971	1,848	144,819
Other comprehensive income	-	-	173	-	-	173	-	173
Other comprehensive income for the period	-	-	173	-	-	173	-	173
Total comprehensive income for the period	-	-	173	-	142,971	143,144	1,848	144,992
Transaction with owners in their capacity as owners:	-	-	-	-	(437,500)	(437,500)	-	(437,500)
Dividends	-	-	-	-	(437,500)	(437,500)	-	(437,500)
At 31 March 2025 (unaudited)	1,000,000	500,000	18,941	82,190	1,302,103	2,903,234	177,593	3,080,827

The notes on pages 8 to 32 form an integral part of these interim condensed consolidated financial statements.

Emirates Central Cooling Systems Corporation P.J.S.C

Interim condensed consolidated statement of cash flows

	Note	Three-month period ended 31 March	
		2026	2025
		AED'000 Unaudited	AED'000 Unaudited
Cash flows from operating activities			
Profit before income tax		229,031	159,068
Adjustments for:			
Depreciation of property, plant and equipment	6	90,999	85,944
Depreciation of right-of-use assets		582	1,340
Depreciation of investment properties	28	857	1,142
Remeasurement of financial assets	29	5,616	5,616
Amortisation of intangible assets	7	3,039	3,113
Provision for employees' end of service benefits	21	2,655	2,555
Interest income earned on financial assets at amortised cost	8	(14,196)	(14,414)
Finance income		(15,095)	(13,098)
Finance costs	15	48,772	58,165
Government grant income		(749)	(695)
Operating cash flows before changes in working capital and payment of employees' end of service benefits		351,511	288,736
Changes in working capital:			
Inventories		(3,279)	2,066
Financial assets	29	13,757	13,757
Trade and other receivables		(1,842)	23,618
Due from related parties		2,742	1,015
Trade and other payables		57,556	70,368
Due to related parties		(17,916)	(28,370)
Cash generated from operations		402,529	371,190
Payment of employees' end of service benefits		(245)	(321)
Net cash generated from operating activities		402,284	370,869
Cash flows from investing activities			
Capital expenditure, net of project cost accruals		(102,227)	(79,722)
Additions to investment properties		-	(25,686)
Investment in financial assets at fair value through profit or loss		(2,842)	(5,295)
Short-term deposits (more than 3 months) invested		(62,099)	(5,838)
Interest received		13,532	12,272
Net cash used in investing activities		(153,636)	(104,269)
Cash flows from financing activities			
Proceeds from bank borrowings net of arrangement fee		1,000,000	3,749,358
Repayment of bank borrowings		(1,000,000)	(3,750,000)
Finance costs paid		(51,083)	(58,196)
Lease payments		(602)	(1,389)
Net cash used in financing activities		(51,685)	(60,227)
Net increase in cash and cash equivalents		196,963	206,373
Cash and cash equivalents, beginning of the period		2,255,745	1,936,627
Cash and cash equivalents, end of the period	14	2,452,708	2,143,000

The notes on pages 8 to 32 form an integral part of these interim condensed consolidated financial statements. For reclassification, refer to note 29. (7)

Emirates Central Cooling Systems Corporation P.J.S.C

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026

1 Establishment and operations

Emirates Central Cooling Systems Corporation P.J.S.C (“EMPOWER” or “the Company”) was established on 23 November 2003 in accordance with Article 3 of Law No. 10 “Emirates Central Cooling Systems Corporation Incorporation Law for the year 2003” (“the Decree”). The Company was established as a joint venture between Dubai Electricity and Water Authority (“DEWA”), which is ultimately owned by the Government of Dubai (Ultimate Parent), and the Dubai Development Authority (later transferred to TECOM Investments FZ-LLC (“TECOM”). EMPOWER began commercial operations on 15 February 2004, and its principal activities are the provision of district cooling services and management, operation and maintenance of central cooling plants and related distribution networks.

In 2009, DEWA increased its shareholding in the Company to 70% and reduced TECOM’s interest to 30%, as formalised through Decree No.3 of 2010 issued by the Ruler of Dubai. On 9 May 2022, TECOM transferred its interest of 30% to Emirates Power Investment LLC, an entity under common control through the Decree No. 19 of 2022 issued by the Ruler of Dubai.

On 14 October 2022, the legal status of the Company was amended to a Public Joint Stock Company through Decree No. 22 of 2022 issued by the Ruler of Dubai. EMPOWER was listed on the Dubai Financial Market, on 15 November 2022, by listing 20% of its share capital. As a result, DEWA and Emirates Power Investment LLC’s (“EPI” interest was diluted to 56.0% and 24.0% respectively.

On 10 February 2026, EPI transferred its ownership in the Company to DEWA and as a result, DEWA’s shareholding in the Company increased from 56% to 80%.

These interim condensed consolidated financial statements relate to the Company and its subsidiaries (collectively referred to as “the Group”). The Company has the following principal subsidiaries:

Subsidiary	Principal activity	Beneficial and legal holding	
		2026	2025
Empower Insulated Pipe Systems LLC (formerly Empower Logstor LLC)	Manufacturing of pre-insulated pipes, mainly for district cooling.	100%	100%
Palm District Cooling LLC	Establishing and operating district cooling projects and provide air-conditioning, ventilator and refrigeration services.	100%	100%
Palm Utilities LLC	Establishing and operating district cooling projects and provide air-conditioning, ventilator and refrigeration services.	100%	100%
Empower FM LLC	Installations of equipment, installations and supplies for air conditioning, ventilation and purification systems, as well as their repairs and maintenance.	100%	100%
Empower Engineering & Consultancy LLC	Consultancy services for Project Development	100%	100%
Empower SNOW LLC	Establishing and operating district cooling projects and provide air-conditioning, ventilator and refrigeration services.	100%	100%
Dxb CoolCo FZCO	Establishing and operating district cooling projects and provide air-conditioning, ventilator and refrigeration services.	85%	85%

Emirates Central Cooling Systems Corporation P.J.S.C

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

1 Establishment and operations (continued)

During the period, the Company's primary office has been moved to Ibn Al Zahrawy Street, Opposite: Dubai Police Officers' Club, off - Sheikh Rashid Road, P.O. Box 8081, Al Jadaf, Dubai, United Arab Emirates.

These interim condensed consolidated financial statements for the three-month period ended 31 March 2026 were authorised for issue in accordance with a resolution of the Board of Directors on 6 May 2026.

These interim condensed consolidated financial statements have been reviewed, not audited. The comparative information for the interim condensed consolidated statement of financial position is based on the audited consolidated financial statements as at 31 December 2025. The comparative information for the interim condensed consolidated statements of comprehensive income, statements of changes in equity and cash flows for the three-month period ended 31 March 2026 and other explanatory notes is based on the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2025.

2 Basis of preparation

These interim condensed consolidated financial statements for the three-month period ended 31 March 2026 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", ("IAS 34").

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2025.

Emirates Central Cooling Systems Corporation P.J.S.C

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

3 Material accounting policies

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are consistent with those applied by the Group in its recent annual audited consolidated financial statements for the year ended 31 December 2025 except for the adoption of new and amended standards as set out below:

(a) *New and amended standards adopted by the Group*

The Group has applied the following amendments for the first time from 1 January 2026:

- Annual improvements to IFRS Accounting Standards – Volume 11
- Amendment to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments
- Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The Group did not have to change its material accounting policies or make retrospective adjustments as a result of adopting the amended standard.

(b) *Impact of standards issued but not yet applied by the Group*

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below:

	Effective date
Amendments to IAS 21 - Translation to a Hyperinflationary Presentation Currency	1 January 2027
IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 19 - Reducing disclosure requirements for eligible subsidiaries	1 January 2027

Management is currently assessing the impact of aforementioned new accounting standards, amendments and interpretations.

4 Use of estimates and judgments

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2025.

Emirates Central Cooling Systems Corporation P.J.S.C

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

5 Financial risk management

5.1 Financial risk factors

The Group's activities and borrowings exposes it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk.

These interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements. As such, they should be read in conjunction with the Group's consolidated financial statements as at 31 December 2025. There have been no changes in any financial risk management policies since year-end.

5.2 Liquidity risk

There has been no material change in the contractual undiscounted cash outflows for financial liabilities during the period.

5.3 Fair value estimation

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and bank balances, trade and other receivables (excluding prepayments), due from related parties, financial assets at amortised cost and term deposits. Financial liabilities consist of trade and other payables (excluding deferred revenue), bank borrowings and due to related parties. The fair values of financial instruments approximate their carrying values.

Emirates Central Cooling Systems Corporation P.J.S.C

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026
(continued)

6 Property, plant and equipment

	Land AED'000	Plant, equipment and machinery AED'000	Building AED'000	Furniture and fixtures AED'000	Leasehold improvements AED'000	Computer equipment AED'000	Vehicles AED'000	Capital work-in- progress AED'000	Total AED'000
Cost									
At 1 January 2026	432,364	9,826,387	71,769	24,437	12,625	50,921	14,966	495,858	10,929,327
Additions	-	5,421	-	207	371	266	1,380	123,384	131,029
Transfers	-	107,440	197,150	11,336	45,246	17,155	-	(378,327)	-
Retirements	-	-	-	-	-	-	(104)	-	(104)
At 31 March 2026 (unaudited)	432,364	9,939,248	268,919	35,980	58,242	68,342	16,242	240,915	11,060,252
Accumulated depreciation / impairment									
At 1 January 2026	-	3,587,657	40,185	21,978	12,185	44,685	9,634	18,013	3,734,337
Charge for the period	-	85,855	1,382	689	803	1,517	753	-	90,999
Write-off	-	-	-	-	-	-	-	(7,083)	(7,083)
Retirements	-	-	-	-	-	-	(104)	-	(104)
At 31 March 2026 (unaudited)	-	3,673,512	41,567	22,667	12,988	46,202	10,283	10,930	3,818,149
Net book amount at 31 March (unaudited)	432,364	6,265,736	227,352	13,313	45,254	22,140	5,959	229,985	7,242,103

Emirates Central Cooling Systems Corporation P.J.S.C

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

6 Property, plant and equipment (continued)

	Land AED'000	Plant, equipment and machinery AED'000	Building AED'000	Furniture and fixtures AED'000	Leasehold improvements AED'000	Computer equipment AED'000	Vehicles AED'000	Capital work-in- progress AED'000	Total AED'000
Cost									
At 1 January 2025	432,364	9,459,653	70,709	22,078	12,625	47,922	12,103	339,040	10,396,494
Additions	-	616	-	187	-	834	-	117,663	119,300
Transfers	-	16,289	-	-	-	-	-	(16,289)	-
At 31 March 2025 (unaudited)	432,364	9,476,558	70,709	22,265	12,625	48,756	12,103	440,414	10,515,794
Accumulated depreciation / impairment									
At 1 January 2025	-	3,265,155	37,330	20,192	12,037	40,748	7,859	18,013	3,401,334
Charge for the period	-	83,767	689	408	54	670	356	-	85,944
At 31 March 2025 (unaudited)	-	3,348,922	38,019	20,600	12,091	41,418	8,215	18,013	3,487,278
Net book amount at 31 March (unaudited)	432,364	6,127,636	32,690	1,665	534	7,338	3,888	422,401	7,028,516

During 2022, the Group returned 11 plots of land to a related party, which were granted in previous years for the purpose of constructing the district cooling plants. Accordingly, the carrying amount of AED 59,382 thousand was reversed from property, plant and equipment and the corresponding deferred government grant. Management signed a Master Land Agreement and Exclusivity and Framework Agreement with the related party granting the Group unlimited access over 8 plots. The Master Land Agreement refers to separate lease agreements which were executed for 6 plots during the period ended 31 December 2025 on reasonable terms and for a nominal value. The remaining lease agreements for 2 plots are yet to be executed on similar terms.

EMPOWER will continue to have uninterrupted and unencumbered use of the plots until the relevant lease agreements are entered into. District cooling assets with a net book value of AED 69,462 thousand are developed on some of these plots of land.

During three-month period ended 31 March 2026, the transfer to plant, equipment and machinery from capital work in progress represents additions mainly to district cooling projects. The transfers to other categories represent assets capitalised with respect to Empower's office building which was completed during the period. The useful life of the Headquarter building was determined to be 50 years.

Capital work-in-progress balances as of 31 March 2026 mainly includes costs of constructing district cooling plants and networks pertaining to various projects.

Emirates Central Cooling Systems Corporation P.J.S.C

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

6 Property, plant and equipment (continued)

	Three-month period ended 31 March	
	2026 AED'000 Unaudited	2025 AED'000 Unaudited
Depreciation expense has been charged to:		
Cost of sales (Note 19)	85,855	83,767
General and administrative expenses (Note 20)	5,144	2,177
	<u>90,999</u>	<u>85,944</u>

Additions during the period include non-cash transactions of AED 28,802 thousand.

7 Intangible assets

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
At 1 January	315,668	327,825
Amortisation during the period/year	(3,039)	(12,157)
At 31 March / 31 December	<u>312,629</u>	<u>315,668</u>

Intangible assets of the Group represent rights to charge users that have been acquired and recognised at fair value as of the acquisition date. These assets have a useful life of 30 years.

8 Financial assets at amortised cost

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
At 1 January	1,304,839	1,324,787
Interest earned during the period/year	14,196	58,307
Remeasurement and settlement during the period/year	(19,373)	(78,255)
At 31 March / 31 December	<u>1,299,662</u>	<u>1,304,839</u>
Less: current portion	(21,094)	(20,830)
Non-current portion	<u>1,278,568</u>	<u>1,284,009</u>

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

8 Financial assets at amortised cost (continued)

The balance of financial assets at amortised cost as above represents receivable of:

- (a) AED 290,671 thousand (31 December 2025: AED 291,933 thousand) from Nakheel PJSC, an entity under common control, in relation to acquisition of Empower Snow LLC during 2021, and
- (b) AED 1,008,991 thousand (31 December 2025: AED 1,012,906 thousand) from Dubai Aviation City Corporation, an entity under common control, in relation to acquisition of DXB CoolCo FZCO during 2023.

The financial assets are categorised within level 3 of the fair value hierarchy which approximates its carrying value.

9 Financial assets at fair value through other comprehensive income (FVTOCI)

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
At 1 January	55,778	55,709
Interest income	826	644
Interest received	-	(643)
(Loss)/ gain during the period/year	(77)	68
At 31 March / 31 December	<u>56,527</u>	<u>55,778</u>

During the period, the following amounts were recognised in condensed consolidated statement of comprehensive income:

	31 March 2026 AED'000 Unaudited	31 March 2025 AED'000 Unaudited
(Loss)/gain recognised in other comprehensive income	(77)	190
Interest income from equity investments held at FVTOCI recognised in profit or loss	<u>826</u>	<u>826</u>

The Group had invested in Tier 1 Capital Certificates (“Bonds”), which have been issued at their par value. These Bonds are perpetual instruments and are listed and carry a non-cumulative interest of 6% per annum, payable semi-annually at the discretion of the issuer.

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

10 Financial assets at fair value through profit or loss

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
Investment in National Bonds	48,124	45,283
Interest accrued	277	178
At 31 March / 31 December	<u>48,401</u>	<u>45,461</u>

During the period ended 31 March 2026, the Group invested an additional amount of AED 2,663 thousand into the National Bonds Corporation Sole Proprietorship P.S.C. on similar terms as existing investments.

11 Trade and other receivables

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
Trade receivables	196,617	199,213
Accrued revenues	44,261	44,424
	240,878	243,637
Less: Provision for expected credit losses	(41,078)	(41,078)
	199,800	202,559
<i>Other financial assets at amortised cost</i>		
Other receivables	23,674	16,556
<i>Other assets</i>		
Advance to contractors / suppliers	62,927	65,633
Prepayments	16,553	19,070
	79,480	84,703
	<u>302,954</u>	<u>303,818</u>

Other receivables includes a deposit of AED 4,490 thousand (2025: AED 4,490 thousand) receivable from DEWA (Note 13).

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

12 Dividends

Final dividends

A final dividend of AED 437,500 thousand (AED 0.04375 per share) in respect of the year ended 31 December 2025 was declared and approved in Annual General Assembly Meeting held on 26 March 2026 which was paid on 23 April 2026 ((2025: A final dividend of AED 437,500 thousand (AED 0.04375 per share) in respect of the year ended 31 December 2024 was declared and approved in Annual General Assembly Meeting held on 19 March 2025 which was paid on 16 April 2025)).

Interim dividends

No interim dividend proposed for the three-month period ended 31 March 2026 (2025: Interim dividend of AED 437,500 thousand (AED 0.04375 per share) in respect of the six-month period ended 30 June 2025 was approved in Annual General Assembly Meeting held on 9 October 2025 which was subsequently paid on 30 October 2025).

13 Transactions and balances with related parties

Related parties include the shareholders, key management personnel, subsidiaries, joint venture, directors and businesses which are controlled directly or indirectly by the shareholders or directors or over which they exercise significant management influence. The Group has availed the exemption as per para 25 of IAS 24 Related Party Disclosure and consider the entities (other than disclosed below) controlled by Government of Dubai as non-related.

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

13 Transactions and balances with related parties (continued)

(a) Related party transactions

During the period, the Group entered into the following significant transactions with related parties:

	Three-month period ended	
	31 March	
	2026	2025
	AED'000	AED'000
	Unaudited	Unaudited
<i>Services rendered to entities under common control of Ultimate Parent</i>		
Nakheel PJSC	28,619	25,995
Dubai Properties Group LLC	24,864	31,769
Tecom Investments FZ LLC	11,809	13,769
Jumeirah Group LLC	11,124	10,098
Meraas Holding LLC	5,983	6,318
Meydan City Corporation	3,074	3,164
	<u>85,473</u>	<u>91,113</u>
<i>Dividend to shareholders*</i>		
Dubai Electricity and Water Authority PJSC (DEWA)	350,000	245,000
Emirates Power Investment LLC	-	105,000
	<u>350,000</u>	<u>350,000</u>
<i>Services received from shareholder</i>		
Dubai Electricity and Water Authority PJSC (DEWA)	176,700	164,977
<i>Services rendered to entities under common control of Ultimate Parent</i>		
Dubai Airports Corporation	43,334	41,364
<i>Services received from entities under common control of Ultimate Parent</i>		
Finance cost from Emirates NBD PJSC	50,482	56,002
<i>Key Management Remuneration</i>		
Board of directors' remuneration (Note 20)	1,500	1,470
<i>Compensation of key management personnel</i>		
Short term benefits	1,256	1,219
End of service benefits	130	130
	<u>1,386</u>	<u>1,349</u>

*Dividend (Note 12) was announced subsequent to the transaction of transfer ownership by EPI to DEWA (Note 1).

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

13 Transactions and balances with related parties (continued)

(b) Balances with related parties

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
Due from related parties		
<i>Entity under common control of Ultimate Parent</i>		
Dubai Airports Corporation (DAC)	16,063	16,171
Nakheel PJSC	13,133	16,308
Jumeirah Group LLC	4,325	3,720
Tecom Investments FZ LLC	2,282	2,291
Dubai Aviation City Corporation (DACC)	764	764
Meraas Holding LLC	-	69
Others	44	30
	<u>36,611</u>	<u>39,353</u>
Due to related parties		
<i>Shareholders</i>		
Dubai Electricity and Water Authority PJSC (DEWA)	433,744	103,483
<i>Entity under common control of Ultimate Parent</i>		
Meydan City Corporation	28,894	28,551
Dubai Properties Group LLC	22,898	21,333
Dubai Airports Corporation (DAC)	7,930	8,046
Meraas Holding LLC	31	-
Others	257	257
	<u>60,010</u>	<u>58,187</u>
	<u>493,754</u>	<u>161,670</u>
Amounts included in bank borrowings, financial assets at amortised cost, cash and cash equivalents and trade and other receivables		
<i>Shareholder</i>		
Dubai Electricity and Water Authority PJSC (Note 11)	4,490	4,490
<i>Entities under common control of Ultimate Parent</i>		
Emirates NBD PJSC	7,225,178	5,921,192
Dubai Aviation City Corporation (DACC)	1,008,991	1,012,906
Dubai Islamic Bank PJSC	346,136	291,838
Nakheel PJSC	290,671	291,933
Emirates Islamic Bank (P.J.S.C.)	65,648	138,725

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

14 Cash and cash equivalents

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
Cash on hand	1,141	-
Cash at bank	239,848	204,886
Short term bank deposits – less than 3 months	2,211,719	2,050,859
	<u>2,452,708</u>	<u>2,255,745</u>

Bank balances are held with branches of local and international banks. Short-term bank deposits bear an effective interest rate of 3.40% to 4.60% per annum (2025: 3.9% to 4.8% per annum).

Term deposits are presented as cash equivalents only if they have a maturity of three-month or less from the date of original maturity or are readily convertible to known amounts of cash which are subject to insignificant risk of changes in value.

The Group earned finance income AED 15,095 thousand during the three-month period ended 31 March 2026 (2025: AED 13,098 thousand).

15 Bank borrowings

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
Revolving credit facilities	5,500,000	5,500,000
Interest accrued	2,817	3,418
Revolving credit facilities	<u>5,502,817</u>	<u>5,503,418</u>
Total borrowings	5,502,817	5,503,418
Less: current portion	<u>(2,817)</u>	<u>(3,418)</u>
Non-current balance	<u>5,500,000</u>	<u>5,500,000</u>

Interest accrued as of 31 March 2026 amounts to AED 2,817 thousand (2025: AED 3,418 thousand), classified as short-term portion of bank borrowings which is payable within one year.

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

15 Bank borrowings (continued)

The movement in bank borrowings during the period/year:

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
As at 1 January	5,503,418	5,498,415
Drawdown during the period/year	1,000,000	6,749,358
Interest expense during the period/year	48,753	220,753
Interest capitalised during the period/year	1,729	10,711
Interest paid during the period/year	(51,083)	(229,600)
Principal repayment during the period/year	(1,000,000)	(6,750,000)
Arrangement fee charged to statement of profit and loss	-	3,781
At 31 March / 31 December	<u>5,502,817</u>	<u>5,503,418</u>

During the year ended 31 December 2025, the Group exchanged certain borrowing facilities with one of its existing lenders. For further information, please refer to note 19 in the Group's annual consolidated financial statements for the year ended 31 December 2025.

As of 31 March 2026, the Group has the following outstanding borrowing facilities:

Facility	Maturity	Interest rate	Amount (AED'000)
RCF – Conventional & Islamic	September 2027	EIBOR + margin	2,750,000
RCF – Conventional & Islamic	February 2028	EIBOR + margin	<u>2,750,000</u>
Total			<u>5,500,000</u>

Revolving credit facilities (RCF) are classified as non-current liabilities at the end of the reporting period as the Company has a right to defer settlement of these for at least 12 months after the reporting period.

The maturity profile of the borrowings is as follows:

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
Within one year	2,817	3,418
After one year but not more than three years	<u>5,500,000</u>	<u>5,500,000</u>
	<u>5,502,817</u>	<u>5,503,418</u>

The change in financial covenants is not substantial and the facilities are guaranteed by the Company and Palm District Cooling LLC.

There were no undrawn facilities as of 31 March 2026 and 31 December 2025.

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

16 Trade and other payables

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
Deferred revenue	786,295	741,871
Refundable customers' security deposits	563,948	549,132
Project cost accruals	402,339	361,648
Project payables	130,407	143,675
Retention payable	112,541	108,514
Dividends payable	87,500	-
Other liabilities*	274,367	276,051
	<u>2,357,397</u>	<u>2,180,891</u>
Less: Non-current portion of retention payable	(14,971)	(15,835)
Current portion	<u>2,342,426</u>	<u>2,165,056</u>

* Other liabilities include accrued expenses for water and electricity amounting to AED 43,786 thousand (31 December 2025: AED 50,207 thousand) payable to DEWA.

Movement in deferred revenue is as follows:

	31 March 2026 AED'000 Unaudited	31 March 2025 AED'000 Unaudited
At the beginning of the period	741,871	520,094
Billed during the period	403,424	334,885
Less: income recognised during the period	(359,000)	(291,455)
At the end of the period	<u>786,295</u>	<u>563,524</u>

17 Revenue

	Three-month period ended 31 March	
	2026 AED'000 Unaudited	2025 AED'000 Unaudited
District cooling services	618,239	538,251
Sale of pre-insulated pipes	12,334	1,708
	<u>630,573</u>	<u>539,959</u>

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

18 Operating segments

The Group has determined that the Board of Directors, are the chief operating decision-makers (“CODM”) as per the requirements of IFRS 8 Operating Segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

The Board of Directors are also provided with multiple levels of information which comprise of revenue, gross profit and net profit, aggregated for higher level components by stream. The financial accounting system of the Group is currently configured in this manner and this information is readily available. However, for decision making purposes, the Board of Directors relies mainly on the revenue and net profit information that contains lower-level components. Hence, the segment information provided is primarily to the net profit level of the Group.

For the Board of Directors, the Group is currently organised into two major operating and reportable segments as follows:

- The ‘Chilled water’ segment constructs, owns, assembles, installs, operates and maintains cooling and conditioning systems. In addition, the segment distributes and sells chilled water for use in district cooling technologies.
- The ‘Pre-insulated pipe business’ segment is involved in manufacturing, assembling and selling activities relating to the expansion of the Group’s chilled water business.

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

18 Operating segments (continued)

	Three-month period ended 31 March 2026 (unaudited)		Three-month period ended 31 March 2025 (unaudited)		Total AED'000	Elimination AED'000	Chilled water AED'000	Pre- insulated pipe AED'000	Chilled water AED'000	Pre- insulated pipe AED'000	Elimination AED'000	Total AED'000
	Chilled water AED'000	Pre- insulated pipe AED'000	Chilled water AED'000	Pre- insulated pipe AED'000								
Revenues												
External revenue	618,239	12,334	-	-	630,573	-	538,251	1,708	-	-	-	539,959
Interest income on financial asset at amortised cost	14,196	-	-	-	14,196	-	14,414	-	-	-	(9,020)	14,414
Inter-segment revenue	-	5,427	(5,427)	-	-	-	-	9,020	-	-	(9,020)	-
Total revenues	632,435	17,761	(5,427)	-	644,769	-	552,665	10,728	-	-	(9,020)	554,373
Cost of sales	(313,866)	(11,995)	3,336	(322,525)	(322,525)	(289,468)	(289,468)	(6,276)	(4,981)	(4,981)	4,981	(290,763)
Gross profit	318,569	5,766	(2,091)	322,244	322,244	263,197	263,197	4,452	(4,039)	(4,039)	4,452	263,610
General and administrative expenses	(64,061)	(1,299)	-	(65,360)	(65,360)	(59,768)	(59,768)	(1,123)	-	-	-	(60,891)
Other income	5,789	35	-	5,824	5,824	1,413	1,413	3	-	-	-	1,416
Operating profit	260,297	4,502	(2,091)	262,708	262,708	204,842	204,842	3,332	(4,039)	(4,039)	3,332	204,135
Finance income	14,518	577	-	15,095	15,095	12,719	12,719	379	-	-	-	13,098
Finance costs	(48,772)	-	-	(48,772)	(48,772)	(58,165)	(58,165)	-	-	-	-	(58,165)
Profit before tax	226,043	5,079	(2,091)	229,031	229,031	159,396	159,396	3,711	(4,039)	(4,039)	3,711	159,068
Income taxes	(20,277)	(457)	188	(20,546)	(20,546)	(14,249)	(14,249)	-	-	-	-	(14,249)
Net profit for the period	205,766	4,622	(1,903)	208,485	208,485	145,147	145,147	3,711	(4,039)	(4,039)	3,711	144,819

Inter-segment transactions are eliminated on consolidation.

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

18 Operating segments (continued)

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

	Three-month period ended 31 March 2026 (unaudited)		Three-month period ended 31 March 2025 (unaudited)			
	Chilled water AED'000	Pre- insulated pipe AED'000	Total AED'000	Chilled water AED'000	Pre- insulated pipe AED'000	Total AED'000
Depreciation on property, plant and equipment (Note 6)	90,461	538	90,999	85,395	549	85,944
Depreciation on right-of-use assets	582	-	582	1,340	-	1,340
Depreciation on investment properties (Note 28)	857	-	857	1,142	-	1,142
Amortisation of intangible assets (Note 7)	3,039	-	3,039	3,113	-	3,113
Total depreciation and amortisation	94,939	538	95,477	90,990	549	91,539

Segment assets and liabilities are as follows:

	Three-month period ended 31 March 2026 (unaudited)		Three-month period ended 31 March 2025 (unaudited)			
	Chilled water AED'000	Pre- insulated pipe AED'000	Total AED'000	Chilled water AED'000	Pre- insulated pipe AED'000	Total AED'000
Segment assets	11,987,198	129,859	12,117,057	11,299,488	110,218	11,409,706
Investment in joint venture	-	-	-	307	-	307
Total assets	11,987,198	129,859	12,117,057	11,299,795	110,218	11,410,013
Segment liabilities	8,828,674	20,164	8,848,838	8,316,477	12,709	8,329,186
Total liabilities	8,828,674	20,164	8,848,838	8,316,477	12,709	8,329,186

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

18 Operating segments (continued)

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

	Three-month period ended 31 March 2026 (unaudited)		Three-month period ended 31 March 2025 (unaudited)	
	Chilled water AED'000	Total AED'000	Pre- insulated pipe AED'000	Chilled water AED'000
Property, plant and equipment	130,956	131,029	73	144,986
			Pre- insulated pipe AED'000	Total AED'000
			-	144,986

Geographic information

The Group's revenues, profits and assets completely relate to its operations in Dubai, UAE only. The following table presents certain revenue and non-current assets information relating to the Group based on geographical location of the operating units:

	Revenue		Non-current assets	
	31 March 2026 (unaudited) AED'000	31 March 2025 (unaudited) AED'000	31 March 2026 (unaudited) AED'000	31 December 2025 (audited) AED'000
United Arab Emirates	630,573	539,959	9,075,850	9,038,193

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

19 Cost of sales

	Three-month period ended 31 March	
	2026	2025
	AED'000 Unaudited	AED'000 Unaudited
Utilities cost	177,626	166,102
Depreciation on property, plant and equipment (Note 6)	85,855	83,767
Repairs and maintenance	22,268	13,567
Staff costs (Note 21)	14,774	12,044
Materials	6,443	787
Amortisation of intangible asset (Note 7)	3,039	3,113
Depreciation on right-of-use assets	151	331
Others	12,369	11,052
	322,525	290,763

20 General and administrative expenses

	Three-month period ended 31 March	
	2026	2025
	AED'000 Unaudited	AED'000 Unaudited
Staff costs (Note 21)	46,641	45,562
Depreciation on property, plant and equipment (Note 6)	5,144	2,177
Communication expenses	1,547	1,368
Board of directors' remuneration	1,500	1,470
Bank charges	1,320	893
Software maintenance expenses	1,003	1,347
Consultancy	896	1,470
Rent	886	128
Advertising and marketing expenses	880	802
Depreciation on investment properties (Note 28)	857	1,142
HSE equipment	783	374
Water and electricity	537	554
Depreciation on right-of-use assets	431	1,009
Business travel	228	203
Repairs and maintenance	74	84
Others	2,633	2,308
	65,360	60,891

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

21 Staff costs

	Three-month period ended 31 March	
	2026 AED'000 Unaudited	2025 AED'000 Unaudited
Salaries	39,722	37,739
Staff benefits	19,038	17,312
End of service benefits	2,655	2,555
	<u>61,415</u>	<u>57,606</u>
Staff costs have been charged to:		
Cost of sales (Note 19)	14,774	12,044
General and administrative expenses (Note 20)	46,641	45,562
	<u>61,415</u>	<u>57,606</u>

22 Guarantees

As at 31 March 2026, the Group had no outstanding bank guarantees and letters of credits (31 December 2025: Nil).

23 Commitments

Capital commitments

As at 31 March 2026, the Group has project commitments of AED 956,822 thousand (31 December 2025: AED 825,129 thousand) for projects-in-progress. These commitments represent the value of contracts as of 31 March 2026, net of invoices recorded, and accruals made as of that date.

24 Earning per share

	31 March 2026 AED'000 Unaudited	31 March 2025 AED'000 Unaudited
Profit attributable to the ordinary equity holders of the Company	<u>207,094</u>	<u>142,971</u>
Weighted average number of ordinary shares used as a denominator in calculating basic earnings per share	<u>10,000,000</u>	<u>10,000,000</u>
Basic and diluted earnings per share (AED)	<u>0.0207</u>	<u>0.0143</u>

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

25 Fair value measurement

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: inputs that are quoted market price (unadjusted) in an active market for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

31 March 2026	Level 1 AED'000 Unaudited	Level 2 AED'000 Unaudited	Level 3 AED'000 Unaudited	Total AED'000 Unaudited
Financial assets at fair value through other comprehensive income	56,527	-	-	56,527
Financial assets at fair value through profit or loss	-	48,401	-	48,401
	<u>56,527</u>	<u>48,401</u>	<u>-</u>	<u>104,928</u>
31 December 2025	Level 1 AED'000 Audited	Level 2 AED'000 Audited	Level 3 AED'000 Audited	Total AED'000 Audited
Financial assets at fair value through other comprehensive income	55,778	-	-	55,778
Financial assets at fair value through profit or loss	-	45,461	-	45,461
	<u>55,778</u>	<u>45,461</u>	<u>-</u>	<u>101,239</u>

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

25 Fair value measurement (continued)

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments; and
- for other financial instruments - discounted cash flow analysis. All of the resulting fair value estimates are included in level 2.

26 Seasonality of operations

The Group's financial results for any period are not necessarily indicative of results to be expected for the full year. Interim period revenues and earnings are typically sensitive to the weather conditions.

27 Income tax expense

(a) Components of income tax expense

Income tax expenses recorded in consolidated statement of comprehensive income comprises the following:

	Three-month period ended 31	
	March	
	2026	2025
	AED'000	AED'000
	Unaudited	Unaudited
Current tax	20,260	13,963
Deferred tax	286	286
Income tax expense for the period	20,546	14,249

Income tax expense is recognised during the three-month period ended 31 March 2026 on the weighted average annual income tax rate for the full financial year. Amounts accrued for income tax expense may have to be adjusted if the annual income tax rate changes. As of 31 March 2026, the Group has current tax liabilities of AED 117,845 thousand (31 December 2025: AED 97,585 thousand) and deferred tax assets of AED 14,791 thousand (31 December 2025: AED 15,077 thousand).

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

27 Income tax expense (continued)

(b) *Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate.*

The income tax rate applicable to the Group's income is 9% (2025: 9%). A reconciliation between the expected and the actual tax charge is provided below:

	Three-month period ended	
	31 March	
	2026	2025
	AED'000	AED'000
	Unaudited	Unaudited
Profit before income tax	229,031	159,068
Profit before tax at statutory rate of 9%	20,613	14,316
Income which is exempt from taxation	(67)	(67)
Income tax expense	20,546	14,249

The effective tax rate as of 31 March 2026 is 8.97% (2025: 8.96%).

(c) *Deferred taxes analysed by type of temporary difference*

Differences between IFRS Accounting Standards and statutory taxation regulations in the United Arab Emirates give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences was not material to the interim condensed consolidated financial statements.

(d) *OECD Pillar Two*

The Group has assessed the applicability of the OECD Pillar Two model rules and concluded that it is not within the scope of the legislation.

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Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2026 (continued)

28 Investment properties

	31 March 2026 AED'000 Unaudited	31 December 2025 AED'000 Audited
At 1 January	170,793	118,015
Additions	-	25,687
Transfers from property, plant and equipment (Note 6)	-	33,408
Depreciation during the period (Note 20)	(857)	(6,317)
At 31 March / 31 December	<u>169,936</u>	<u>170,793</u>

Additions and transfers during 2025 mainly represent construction cost of the leased floors of the office building. Transfer from property, plant and equipment is a non-cash transaction.

29 Corresponding figures

The Group had previously presented receipts of AED 13,757 thousand as a non-cash adjustment to “Operating cash flows before changes in working capital and payment of employees’ end of service benefits,” under “Remeasurement of financial assets (settlement of financial assets)” in the statement of cash flows which has been presented as changes in Financial assets within the “Changes in working capital” in the interim condensed consolidated statement of cash flows. This reclassification has no impact on the net cash generated from operating activities.

30 Regional Conflict

Ongoing developments within parts of the Middle East during the financial period have given rise to a degree of uncertainty in the United Arab Emirates where the Group operates. These conditions may result in indirect effects on market conditions relevant to the Group’s district cooling services.

Management continues to monitor the situation and will consider any implications in the ordinary course of business.