

**Preliminary Results (Unaudited) of ARKAN Building Materials Co. P.J.S.C.
for the year ended December 31, 2022**

General Information

Name of the Company	: Arkan Building Materials Company P.J.S.C.
Date of Establishment	: January 15, 2006
Paid up Capital	: 6,850,000,000 Ordinary shares of one Dirham each
Subscribed Capital	: 6,850,000,000 Ordinary shares of one Dirham each
Chairman of the Board	: Hamad A. Al Hammadi
Chief Executive Officer (Acting)	: Saeed G. Al Remeithi
Chief Financial Officer	: Stephen J. Pope
Name of External Auditor	: Deloitte & Touche (M.E.)
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for the year ended December 31, 2022**

GROUP REPORTED FINANCIAL RESULTS		2022	2021
2021 numbers indicate Arkan PJSC published data only		AED '000	AED '000
1	Total Assets	11,262,364	12,063,650
2	Shareholders' Equity	7,718,764	7,179,109
3	Revenue	9,452,643	3,022,239
4	Operating Profit Before Movements in Impairment Provisions	590,255	75,403
5	Net Impairment Charge	-	(777,578)
6	Operating Profit/(Loss)	590,255	(702,175)
7	Net Profit/(Loss) for the Year	508,456	(744,632)
8	Earnings/(Loss) Per Share (AED)	0.074	(0.245)

Important Information: 2021 Fiscal year results in the table above don't include pre-acquisition Emirates Steel performance and therefore are incomparable to 2022 Fiscal year results. Please refer to the table and summary below for relevant comparison between 2022 Fiscal year results and pro-forma figures for Fiscal year 2021 that include pre-acquisition Emirates Steel performance.

GROUP PRO-FORMA FINANCIAL RESULTS		2022	2021
2021 numbers include pre-merger Emirates Steel performance		AED '000	AED '000
1	Total Assets	11,262,364	12,063,650
2	Shareholders' Equity	7,718,764	7,179,109
3	Revenue	9,452,643	8,630,959
4	Operating Profit Before Movements in Impairment Provisions	590,255	208,682
5	Net Impairment Charge	-	(777,578)
6	Operating Profit/(Loss)	590,255	(568,896)
7	Net Profit/(Loss) for the Year	508,456	(636,664)
8	Earnings/(Loss) Per Share (AED)	0.074	(0.093)

9	Summary of Company's Performance for the 2022 Fiscal Year
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KEY HIGHLIGHTS:

- Net profit increased to AED 508.5 million in 2022 from a pre-merger pro-forma loss of AED 636.7 million in 2021
- Revenue rose 10% year on year in 2022 to AED 9.5 billion, compared to a pro-forma AED 8.6 billion in 2021

PERFORMANCE REVIEW:

Emirates Steel Arkan (ADX: EMSTEEL) (the “Group”), the largest publicly traded steel and building materials company in the UAE, net profit rose to AED 508.5 million in 2022, boosted by strong demand from international customers and the steps taken by the Group to enhance operational efficiencies following the merger of Emirates Steel and Arkan in the fourth quarter of 2021.

The Group’s net profit for the full year 2022 was AED 508.5 million compared to a pre-merger pro-forma loss of AED 636.7 million in FY21, supported by the Group’s expansion of its international export footprint by 25% to 70 countries, from 56 in 2021. Revenue for FY22 rose to AED 9.5 billion, versus pro-forma AED 8.6 billion in FY21, and EBITDA increased to AED 1.16 billion, a 51% year-on-year advance from pro-forma AED 770 million in FY21.

In the fourth quarter of 2022, the Group’s net profit amounted to AED 125 million, compared to an impairment charge driven loss of AED 518 million in 4Q21. Revenue in 4Q22 was AED 2.3 billion, compared to AED 2.4 billion in 4Q21. The Group’s 4Q22 EBITDA was AED 300 million, showing a continuing growth on the AED 269 million achieved in 3Q22.

The Group’s “Namaa” cost reduction and transformation program, launched in 2021, continued to yield positive results, contributing some AED 400 million to the Group’s EBITDA. At the same time, due to increased profitability and strict working capital controls, the Group’s net bank borrowings decreased 52% to AED 1.1 billion as at 31 December 2022 compared to AED 2.3 billion as of 31 December 2021.



Saeed G. Al Remeithi
Director & Group Chief Executive Officer



Stephen J. Pope
Group Chief Financial Officer

