Detailed Analysis of Accumulated Losses

Date	**February 19, 2026**
Listed Company Name	**Abu Dhabi National Co. for Building Materials - BILDCO**
Financial Data Period	**Financial Statements - Fiscal Year 2025**
Amount of Accumulated Losses	**364,109,013 AED**
Accumulated Losses as a Percentage of Paid-Up Capital (%)	**120.37%**
Main Reasons for Accumulated Losses and Their Timeline (Indicating the Period When These Losses	- The company's losses began in 2012. - The losses resulted from the company's ambitious expansion plan in 2008, which included establishing BILDCO's lightweight block factory at a cost of approximately AED 200 million and BILDCO's steel industries factory at a cost of approximately AED 150 million. This coincided with the global financial crisis of 2008, which led to a worldwide economic collapse, the

Began Appearing in the Company's Financial Statements)	bankruptcy of numerous companies locally and internationally, the near-total halt of construction projects for several years, and a sharp decline in raw iron prices. These factors delayed the completion of the lightweight block factory until 2015 and prevented the completion of the steel industries factory due to a lack of financing. - The company obtained bank loans and credit facilities to complete the expansion plan and fund ongoing projects but faced difficulties in repaying these loans, leading to the rescheduling of loan payments over extended periods. - In 2019, banks initiated legal proceedings, which directly and significantly affected the company's operations. **Events in 2022 and 2023, including the following**: The slowdown in the construction and real estate sectors had a significant impact on the company's performance, causing a substantial decrease in demand for building materials. This forced the company to reduce product prices without a corresponding decrease in the cost of raw materials required for production. - The financial impact of legal claims filed by one of the banks against the company and the resulting difficulty in obtaining any form of bank credit or supplier credit limited the company's ability to compete and execute future plans. - The economic consequences of the COVID-19 pandemic, which caused prolonged commercial activity disruptions. - Delays in the company's profit-generating plans due to slow progress from implementing parties, which was exacerbated by the spread of COVID-19. - A sharp increase in energy costs, particularly diesel, starting from the third quarter of 2022. Diesel is a key component in the production process and significantly

	affects the transportation costs of raw materials to the factory and finished products to customers. This increase severely impacted the profitability of contracts with clients.
Summary of Actions Taken or Planned by the Company to Address Accumulated Losses	A preliminary plan has been prepared to address the accumulated losses through 1- The year 2025 witnessed the implementation of strategic steps aimed at increasing the return on invested capital and improving the quality of profits, most notably: • Divesting non-strategic or low economic feasibility assets, and redirecting capital towards higher-return activities and enhancing resource allocation efficiency. • Restructuring the operating model to reduce the cost base and enhance efficiency. • Enhancing financial and regulatory discipline. • Entry of a strategic partner and increasing capital in a way that enhances the robustness of the capital base. These measures contributed to: • Improving the asset structure. • Enhancing balance sheet flexibility. • Establishing a more growth-capable base and achieving sustainable returns. 2- During 2025, and after fulfilling regulatory approvals and the approval of the General Assembly: a. Entry of a strategic partner to support growth and expansion plans. b. Increasing capital through the issuance of 1.2 billion new shares. c. Amending the Articles of Association to expand the scope of investment and operational activities. The ownership structure after the increase became: • Strategic partner: 80% • Other shareholders: 20% These steps contributed to enhancing the company's ability to finance its future projects without financial pressures. 3- The development plan for the BILDCO factory for steel services was also approved in agreement with (C.I.E.C) to

	include increasing the production capacity to 700 tons per day. 4- The company is currently working on completing the contract with a specialized consulting office to support the development of the strategy and improve the operating and governance model, in a way that contributes to consolidating the foundations of sustainable growth and maximizing value for shareholders. 5- The executive management intensified all its efforts to reach a settlement with the creditor banks and lift the seizure on the company's bank accounts so that it can issue bonds. Negotiations with the creditor banks have progressed well and reached excellent results. 6- The company reached a preliminary settlement agreement with First Abu Dhabi Bank to reschedule the outstanding amounts. 7- The company was able to cancel all judicial orders related to the lawsuits filed by the creditor banks and the previous seizure of the company's bank accounts, and the seizure of the traffic code, and was able to release the seized amounts, and return the cars owned by the company to work, which will show its positive effects during the coming periods and as a result of all the above, the completion of the stalled legal obstacles and to implement the plan to restart the activity and restructuring.

Details of Actions to Be Taken to Address Accumulated Losses and the Approved Plant

Actions:	Timeline for Implementing the Action According to the Approved Plan	Actions Implemented and Completion Percentage According to the Approved Plan	Implementation or Reasons for Non-Delays in Execution According to the Approved Plan	Any Amendments or Changes to the Action
First Action	Capital increase through the issuance of 1.2 billion new shares to support growth and expansion plans.	Capital increase has been implemented through the entry of a strategic partner	None	None

Second Action	The development of the production plan for the BILDCO factory for reinforced steel services has been approved.	The agreement has been reached with (C.I.E.C AZT) to increase the production capacity to 700 tons per day.	None	None
Third Action	Negotiating with creditor banks and reaching a settlement and lifting bank seizures	Waiting for the signing of the settlement	None	None
Fourth Action	Opening external markets for the company's products by exporting to neighboring countries.	Export has already been made to the Sultanate of Oman and the State of Kuwait, and efforts are underway to increase volumes.	The company achieved revenues of AED 46.1 million during the financial year ending December 31, 2025, compared to AED 52.5 million for the same period of the previous year.	None

Authorized Signatory	H.E. / Rashid Ali Rashid Nasser Al Omaira
Job Title	Chairman of the Board of Directors
Signature and Date	19/02/2026
Company Seal	