Discussion and Analysis Report of Abu Dhabi National Company for Building Materials, Bildco (PJSC)

Date	12/05/2026
Listed Company Name	Abu Dhabi National Company for Building Materials, Bildco (PJSC)
Period Covered by the Financial Report	Special Purpose Consolidated Financial Statements for the three months ended 31 March 2026 (Q1 2026)
Overview of Key Results During the Financial Period:	The Group achieved revenues of AED 16.7 Mn for the three months ended 31 March 2026, compared to AED 13.9 Mn for the corresponding period of 2025, an increase of 20.2%. Cost of revenue amounted to AED (10.9) Mn compared to AED (10.9) Mn in Q1 2025 (an increase of only 0.8%). The Group achieved a gross profit of AED 5.8 Mn for the three months ended 31 March 2026, compared to AED 3.1 Mn in Q1 2025 — an increase of 89%. Gross margin improved from 22 % to 34.6%, a 12.6 percentage-point uplift. The Group recorded a net loss of AED (103.5) Mn for the three months ended 31 March 2026, compared to a net loss of AED (12.6) Mn for the same period last year. The increase is driven primarily by non-cash items (revaluation, impairment, depreciation) and a one-time catch-up of finance costs, as explained below. Basic and diluted loss per share was AED (0.072) for the period, compared to AED (0.042) in Q1 2025.

	Total shareholders' equity reached AED 2,099.2 Mn as at 31 March 2026, compared to AED 77.7 Mn as at 31 December 2025, following the AED 2,131 Mn in-kind capital injection.
Issued Securities During the Financial Period:	During the period, the Company increased its issued share capital by AED 1,200 Mn through the issuance of 1,200,000,000 new ordinary shares of AED 1 each. The new shares were fully subscribed by the Strategic Partner through an in-kind contribution of land independently valued at AED 2,131 Mn. The excess of AED 931 Mn over the nominal value was recorded as a general reserve. The Company did not issue any bonds or notes during the period.
Summary of Key Non-Financial Events and Developments During the Financial Period:	Q1 2026 marked the first reporting period following the strategic repositioning completed in 2025 and represents the start of a new operational phase for the Group. Key developments include: • Completion of the capital increase: the Capital Markets Authority (CMA) approved the AED 1,200 Mn share capital increase in January 2026, with the Strategic Partner assuming an 80% ownership interest. • Acquisition of Arabian Nights Village Tourist Camp – Sole Proprietorship LLC on 6 January 2026 (100% ownership), diversifying the Group beyond building materials into tourism and hospitality assets. • Continued ramp-up of the aerated block product line, including new product extensions (such as door lintels), and growing export demand from Kuwait and Oman supporting H1 2026 order book. • Engagement of a specialist consultancy firm to support governance, strategic development and the operating model.

	• Initiation of negotiations with commercial banks to reach a settlement on outstanding borrowings and bank overdraft (AED 200.1 Mn in aggregate). • Subject to shareholder and regulatory approvals, the Board has resolved that the accumulated losses of AED 464.1 Mn be offset against the general reserve of AED 931 Mn, producing a clean equity structure going forward.
Summary of Operational Performance During the Financial Period	Core operations delivered a tangible improvement during Q1 2026: • Revenue rose to AED 16.7 Mn from AED 13.9 Mn (+20.2%), driven by a 98% increase in block sales (AED 13.2 Mn vs AED 6.7 Mn) and the introduction of service income (AED 1.2 Mn) from the newly consolidated tourism subsidiary. • Cost of revenue was contained at AED 10.9 Mn (+0.8% only), reflecting operational discipline. • Gross profit nearly doubled to AED 5.8 Mn from AED 3.1 Mn. • Gross margin expanded by 12.6 percentage points to 34.6% (Q1 2025: 22.0%), demonstrating the early benefits of the 2025 restructuring. • All revenue continues to be generated within the United Arab Emirates, with export channels (Kuwait, Oman) supporting the forward order book.
Summary of Profit and Loss During the Financial Period:	The Group recorded a net loss of AED 103.5 Mn for Q1 2026. The Board, in agreement with management, made a deliberate decision to recognise in full during this period all impairments, revaluations, finance costs and depreciation charges — a number of which relate, in whole or in part, to prior reporting periods — in order to fairly present the assets and liabilities of the Group prior to completion of the restructuring process. The principal components of the loss are:

	• Revaluation losses on property, plant and equipment of AED 47.6 Mn and on investment properties of AED 27.7 Mn (non-cash) — total revaluation impact of approximately AED 75.3 Mn reflecting independent professional valuations to current market values. • Finance cost on borrowings of AED 12.6 Mn (Q1 2025: nil) and finance cost on lease liabilities of AED 0.5 Mn — reflecting the recognition of accrued interest on outstanding borrowings of AED 174 Mn on a current and systematic basis. A portion of these charges relates to prior periods. • Depreciation expense of AED 2.5 Mn (Q1 2025: AED 0.2 Mn) on property, plant and equipment, plus AED 0.7 Mn on right-of-use assets, reflecting the revaluation of PP&E and additional right-of-use assets. • Provision for slow-moving and obsolete inventories of AED 6.4 Mn (non-cash). • Allowance for expected credit losses on trade and claim receivables of AED 2.2 Mn, plus impairment on a bank term deposit of AED 0.6 Mn (non-cash). • Unrealised loss of AED 4.4 Mn on revaluation of investments at fair value through profit or loss (Q1 2025: AED 0.4 Mn). Excluding all non-monetary charges (revaluation, impairment, fair-value adjustments and depreciation), the Group would have generated a net income of approximately AED 1.6 Mn for the period — confirming that the underlying operating business is at break-even and improving.
Summary of Financial Position and Comprehensive Income:	The Group's balance sheet was fundamentally transformed during Q1 2026: • Total assets rose to AED 2,408.2 Mn (31 December 2025: AED 360.2 Mn), driven primarily by the addition of AED 2,131 Mn in land contributed through the acquisition of Arabian Nights Village Tourist Camp.

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	• Total equity reached AED 2,099.2 Mn (31 December 2025: AED 77.7 Mn), comprising share capital of AED 1,500 Mn, a general reserve of AED 931 Mn, statutory reserve of AED 43.4 Mn, capital reserve of AED 15.4 Mn, revaluation reserve of AED 59.5 Mn and accumulated losses of AED (464.1) Mn. • The equity ratio improved to 87.2% (from 21.6%) and debt-to-equity dropped to 0.10x (from 3.63x), reflecting material deleveraging on a relative basis. • Other comprehensive loss for the period was AED (6.0) Mn, relating to the revaluation reserve adjustment on property, plant and equipment, bringing total comprehensive loss to AED (109.6) Mn. • Current liabilities of AED 273.6 Mn exceeded current assets of AED 66.6 Mn by AED 207 Mn — a working-capital position that the Group is addressing through the bank-settlement negotiations and ongoing capital actions described in note 2.6 of the financial statements (going concern).
Summary of Cash Flows During the Financial Period	• Cash flows used in operations before working capital: AED 1.7 Mn generated (Q1 2025: AED 5.3 Mn generated). • Net cash flows used in operating activities: AED (2.8) Mn (Q1 2025: AED 5.8 Mn generated). The shift reflects the absence of one-off rental and asset-disposal cash receipts that benefited Q1 2025. • Net cash flows used in investing activities: AED (0.6) Mn (Q1 2025: AED 16.9 Mn generated, which included proceeds of AED 22 Mn from the prior-year disposal of property, plant and equipment). • Net cash flows from financing activities: nil. • Net change in cash and cash equivalents: AED (3.3) Mn. • Cash and cash equivalents at the end of the period: AED 10 Mn (31 December 2025: AED 13.3 Mn).

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Key Performance Indicators for Q1 2026	• Revenue growth (YoY): +20.2% • Gross Profit / Revenue (Gross Margin): 34.6% (Q1 2025: 22.0%) • Gross Profit / Equity (annualised): 1.1% • Revenue / Equity (annualised): 3.2% • General & Administrative Expenses / Revenue: 43.4% • Equity Ratio (Equity / Total Assets): 87.2% (31 December 2025: 21.6%) • Debt-to-Equity (Borrowings + Overdraft / Equity): 0.10x (31 December 2025: 3.63x) • Loss per share (basic and diluted): AED (0.072)
Future Outlook and Profitability Enhancement	The Board views the Q1 2026 results as a transitional set of numbers — strong on the operating line, but absorbing the full one-time recognition of items required to clean the balance sheet ahead of the next phase of growth. Looking forward: • The underlying operating business is at break-even ex non-cash items, with margin expansion already visible; the priority is to convert top-line growth into sustainable bottom-line profitability through the remainder of 2026. • The Board expects continued double-digit revenue growth supported by domestic block demand • Active negotiations with commercial banks are targeted at restructuring or settling AED 174 Mn of borrowings and AED 26.1 Mn of bank overdraft (plus AED 48 Mn of accrued interest), which would materially reduce finance-cost drag in subsequent periods. • The proposed offset of accumulated losses of AED 464.1 Mn against the general reserve of AED 931 Mn, subject to shareholder and regulatory approval, would deliver a clean equity structure for the next reporting cycle. • The Group is finalising memoranda of understanding (MOUs) with multiple counterparties to drive a

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	coordinated revenue, cost, and asset-value transformation. • The Group continues to work with a specialised consultancy firm to support governance, the operating model, and strategic development.
Developments and Capital Structure	During Q1 2026 the Company completed the capital actions approved by the Extraordinary General Assembly on 6 December 2025: • Capital increase of AED 1,200 Mn through the issuance of 1,200,000,000 new ordinary shares of AED 1 each, fully subscribed by the Strategic Partner through an in-kind contribution of land valued at AED 2,131 Mn. • Creation of a general reserve of AED 931 Mn representing the excess of the fair value of the contributed assets over the nominal value of the new shares issued. • Acquisition of 100% of Arabian Nights Village Tourist Camp – Sole Proprietorship LLC, broadening the Group's portfolio into tourism and hospitality. • CMA (Capital Markets Authority, formerly the SCA) approval of the capital increase in January 2026. Post-increase ownership structure: • Strategic Partner: 80% • Other Shareholders: 20% Total issued share capital now stands at AED 1,500 Mn, divided into 1,500,000,000 shares of AED 1 each. These actions have materially strengthened the capital base, reduced relative leverage, and positioned the Group to pursue future projects without near-term financing pressure.
Material Uncertainty Related to Going Concern	As disclosed in note 2.6 of the Special Purpose Consolidated Financial Statements, the Group incurred a total comprehensive loss of AED 109.6 Mn for the three months ended 31 March 2026, has accumulated losses of AED 464.1

	Mn, a negative operating cash flow of AED 2.8 Mn, and current liabilities that exceed current assets by AED 207 Mn. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The Board has put in place a comprehensive mitigation plan — including the completed AED 2,131 Mn equity injection, the expected offset of accumulated losses against the general reserve, active bank-settlement negotiations, and the MOUs under finalisation — on the basis of which the financial statements have been prepared under the going concern assumption.
Auditor's Report – Key Highlights	The independent auditor (Forvis Mazars) issued an adverse opinion on the Special Purpose Consolidated Financial Statements for the three months ended 31 March 2026, primarily on the grounds of the auditor's inability to obtain sufficient appropriate audit evidence relating to: the revaluation of property, plant and equipment; supporting documentation for the prior-period disposal of certain assets; physical inventory count and cost of conversion at 31 March 2026; direct bank confirmations and loan-facility documentation; the allocation of finance costs between 2025 and Q1 2026 (overstating Q1 2026 finance costs and understating opening accumulated losses by AED 10.5 Mn); legal confirmations on litigation; and the signed comparative financial statements for the year ended 31 December 2025. The auditor also draws attention to a material uncertainty related to going concern, as described above. The Board is actively working with management and the auditor to resolve these matters in the next reporting cycle.

H.E. Rasheed Ali Rasheed Al Omaira
Chairman of the Board of Directors
Date: 12/05/2026