

Detailed Analysis of Accumulated Losses

Date	May 12, 2026
Listed Company Name	Abu Dhabi National Company for Building Materials – BILDCO (PJSC)
Financial Data Period	Financial Statements - Q1 of Fiscal Year 2026 (Three Months Ended 31 March 2026)
Amount of Accumulated Losses	464,078,167 AED
Accumulated Losses as a Percentage of Paid-Up Capital (%)	30.94%
Main Reasons for Accumulated Losses and Their Timeline (Indicating the Period When These Losses Began Appearing in the Company's Financial Statements)	<ul style="list-style-type: none">- 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 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 during the period from 2022 to Q1 2026, 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.

- Continued operational and financing pressures during 2024, where the company continued to face difficulty in obtaining bank facilities due to ongoing legal disputes with creditor banks, alongside the seizure of bank accounts and the company's traffic code, which

negatively affected sales movement, collection, and the company's ability to execute its production and expansion plans.

- During 2025, the company underwent a fundamental transformation through the entry of a strategic partner and a capital increase of AED 2,131 million (AED 1,200 million in issued share capital and AED 931 million in general reserve), in consideration for the acquisition of Arabian Nights Village Tourist Camp. This was accompanied by the initiation of operating model restructuring, divestment of non-strategic assets, and progress in negotiations with creditor banks, which enabled the company to lift the seizure on its bank accounts and cancel the prior judicial orders.

- During Q1 2026, management, with the Board's endorsement, resolved to recognise in full 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 non-cash items recognised include: revaluation loss on property, plant and equipment of AED 53.66 million; fair value decrease of investment properties of AED 27.7 million; unrealised loss on revaluation of investments at fair value of AED 4.35 million; provision for slow-moving and obsolete inventories of AED 6.42 million; allowance for expected credit losses on trade and claim receivables of AED 2.19 million; and finance costs on borrowings and lease liabilities of AED 13.14 million. Excluding all non-cash items, the Group would have achieved a net income of approximately AED 1.6 million for the period.

- Despite recording a total comprehensive loss of AED 109.56 million during Q1 2026, the core operating performance showed a clear improvement, with revenue rising by 20.2% to AED 16.72 million compared to AED 13.91 million in Q1 2025, and gross profit margin improving from 22.0% to 34.6% (a 12.6 percentage-point increase). In addition, the equity ratio rose to 87.2% (up from 21.6%) and the debt-to-equity ratio decreased to 0.10x (down from 3.63x), reflecting the strengthened capital structure of the company following the capital increase.

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

	<p>way that contributes to consolidating the foundations of sustainable growth and maximizing value for shareholders.</p> <p>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.</p> <p>6- The company reached a preliminary settlement agreement with First Abu Dhabi Bank to reschedule the outstanding amounts.</p> <p>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.</p>
--	--

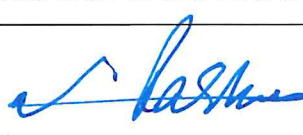

Details of Actions to Be Taken to Address Accumulated Losses and the Approved Plant				
Actions:	Timeline for Implementing the Action According to the Approved Plan	Actions Implemented and Completion Percentage According to the Approved Plan	Implementation or Reasons for Non-Delays in Execution According 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	the agreement has been reached with		



شركة أبوظبي الوطنية للمواد البناء

ABU DHABI NATIONAL CO. FOR BUILDING MATERIALS

	plan for the BILDCO factory for reinforced steel services has been approved.	(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 16.72 million during the first quarter ended 31 March 2026, compared to AED 13.91 million for the same period of the previous year.	None

Authorized Signatory	H.E. / Rasheed Ali Rasheed Al Omaira
Job Title	Chairman of the Board of Directors
Signature and Date	 12/05/2026
Company Seal	

شركة مساهمة وطنية عامة تأسست بالمرسوم الأميري رقم ٥ لسنة ١٩٧٤



ص.ب: ٢٤٤٣، أبوظبي - الامارات العربية المتحدة | تليفون: ٦٤٥٥٥٠٠، فاكس: ٦٤٥٥٥٤٤، تليكس: ٢٢٢٩٩ بلدكو - س.ت: ١٥٩٠٤

P.O. Box : 2443, ABU DHABI - United Arab Emirates | Tel.: 6455500, Fax: 6455544, Telex: 22299 BILDCO EM - T.R : 15904

F-mail : hildco@emirates.net.ae