

Management Discussion and Analysis

Net profit before tax for the period ended 31 March 2026 of AED 7 million was higher compared to the net profit before tax of AED 1 million in the same period last year due to reversal of IFRS 9 provisions on the receipt of accumulated receivables from a major contract.

Following the signature of the AED 7 billion contract in February 2026 with EDGE for supply of eight missiles boats to the Kuwait Navy, our order book now stands at more than AED 11 billion. In addition to this order book, the Company has a significant pipeline of potential new business both for its key customers, the UAE Navy and National Guard, and for export.

The Kuwait program is projected to make a significant contribution to profitability, and this order book will sustain the profitability of the Company for the next several years. However, the Kuwait contract will result in an accounting adjustment which will defer some profits from the current year of the contract to year two onwards.

We are projecting a return to the recent profit trend in the current year, prior to the impact on operations of the regional situation, and strong profit growth in subsequent years. Revenues in the next few years are expected to more than double to that of last year as we start to deliver on the Kuwait program.

It is too early to predict the impact on revenues and profitability in the current year from the regional conflict but if supply chain disruption and non-availability of onsite support from OEM suppliers continues for an extended period, the impact on revenue recognition and profits could be material. ADSB is giving all possible support to its customers the UAE Navy and National Guard and to EDGE on other urgent projects.

Revenues in the first 3 months of 2026 of AED 426 million which was almost double that of the AED 253 million in the same period last year, again reflect the progress contribution from the contract to build three BR71 MKII 71-meter corvettes along with ADSB-designed patrol boats and logistical support for the Angolan Navy, where ADSB has now successfully completed twenty-one major milestones including the launched of the First of Class in March 2026, the remaining two corvettes in production and six interceptor boats were delivered.

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On the prestigious Falaj3 contract to build four new Offshore Patrol Vessels for the UAE Navy, ADSB has now successfully completed fourteen milestones. Following the commissioning of the First of Class by the UAE Navy at a ceremony held at the NAVDEX exhibition in February 2025, ADSB launched the Second of Class of these vessels in February 2026.

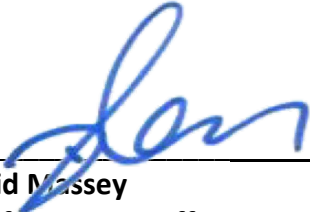
During the period, the Small Boat business segment continued with the build of the remaining nineteen Search and Rescue boats after it delivered five boats in 2025, while the MRO and Mission Systems business segments completed a total of 16 dockings, berthing and boat launchings.

ADSB continued to strengthen its research and development on autonomous and semi-autonomous systems, in partnership with other EDGE and related companies.

After payments made to major Angola and Falaj3 suppliers in the first quarter of 2026, the net cash position as of 31 March 2026 remained strong at AED 261 million and is expected to improve in the second quarter of 2026 due to subsequent receipt of the customer advance on the Kuwait program net of expected supplier payments.

Post the end of the quarter ADSB received EUR 75 million (approximately AED 325 million) in respect of the Angola program and advance payment including VAT of AED 1.45 billion in respect of the Kuwait program.

We would like to gratefully acknowledge the invaluable support of the UAE Navy and EDGE in awarding the Kuwait program and hope that the increased scale and capability of ADSB's operations will bring benefits to our customers.



David Massey
Chief Executive Officer

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