ARAM
GROUP

MANAGEMENT DISCUSSION & ANALYSIS REPORT (MD&A)

Q2, 2026

FOR THE SIX-MONTH PERIOD ENDED 30TH JUNE 2026

Overview:

During the second quarter and first half of 2026, the Company continued to advance its strategic diversification agenda, most notably through the equity subscription in Quantum AI Connect Cloud Services L.L.C. and the progression of the Prepaire Labs Holding Ltd transaction toward completion. While rental operations remained resilient and revenue grew steadily, profitability for the period was impacted by higher finance costs associated with the Company's expanded borrowing facilities and increased general and administrative expenses. Management continues to balance disciplined portfolio management with the pursuit of new, higher-growth investment opportunities in line with the Company's long-term value creation strategy.

The Company remains steadfast in upholding the highest standards of corporate governance, ensuring full compliance with the guidelines set forth by the Capital Markets Authority (CMA), the Abu Dhabi Stock Exchange (ADX), and the Federal Tax Authority (FTA). By adhering to these regulatory frameworks, the Company reinforces its dedication to transparency, accountability, and sustainable growth.

Financial Overview:

Key Financial Metrics (as at June 30, 2026):

Total Assets	AED 222,196,265
Total Equity	AED 155,054,331
Total Liabilities	AED 67,141,934
Capital	AED 78,901,086

By the end of the second quarter of 2026, the Company's total assets increased to AED 222.20 million, compared to AED 187.14 million as at December 31, 2025, representing an increase of AED 35.05 million (18.7%), mainly attributable to the Company's strategic investment activities during the period, including the AED 22.0 million loan advanced to Prepaire Labs Holding Ltd and the AED 11.02 million equity subscription in Quantum AI Connect Cloud Services L.L.C. Total liabilities increased significantly to AED 67.14 million, compared to AED 28.15 million at the end of 2025, an increase of AED 38.99 million (138.5%), driven primarily by the drawdown of term financing from Sharjah Islamic Bank to fund these strategic investments. Total equity decreased marginally to AED 155.05 million from AED 158.99 million, a decline of AED 3.94 million (2.5%), mainly reflecting the negative fair value movement on the Company's FVTOCI investment portfolio.

On 6 April 2026, the Company entered into an Equity Subscription Agreement with Quantum AI Connect Cloud Services L.L.C. ("Quantum AI"), an entity licensed to undertake information technology consultancy, information technology network services, and cloud computing services. Pursuant to the agreement, the Company subscribed for a 20% equity interest in Quantum AI's issued and outstanding share capital for a total consideration of AED 11,017,500, which is accounted for as an investment in associate.

As previously reported, on 22 January 2026, Aram Group entered into a loan agreement with Prepaire Labs Holding Ltd (the "Borrower"), pursuant to which the Company advanced a loan of USD 6.0 million (AED 22.0 million) to support the Borrower's business operations, carrying interest at 6% per annum. Subsequent to the reporting date, on 4 July 2026, the Company was registered as a shareholder of Prepaire Labs Holding Ltd, confirming that the Loan was converted into equity contemplated under the loan agreement has been effected, with the loan to be settled through the transfer of shares in Prepaire rather than cash repayment. As at 30 June 2026, the Company had not yet been registered as a shareholder, and the loan therefore continued to be recognised and measured as a receivable under 'Other assets' as at the reporting date.

Operational Highlights:

During the six-month period ended 30 June 2026, the Company delivered stable operating performance despite a more challenging financing and investment environment. Rental income increased by 15.4% to AED 6.20 million, compared to AED 5.38 million for the same period in 2025, reflecting sustained tenant demand and continued portfolio repositioning initiatives. However, profit before tax declined by 56.6% to AED 0.91 million (2025: AED 2.10 million), and profit after tax declined by 57.1% to AED 0.85 million (2025: AED 1.98 million), primarily due to a 95.1% increase in finance costs to AED 1.48 million (2025: AED 0.76 million) following the drawdown of additional bank borrowings, combined with a 49.4% increase in general and administrative expenses to AED 3.84 million (2025: AED 2.57 million), largely attributable to higher licensing and professional fees incurred in connection with the Company's investment and diversification activities.

Basic and diluted earnings per share for the period was AED 0.011, compared to AED 0.025 for the same period in 2025, consistent with the decline in profitability discussed above.

Main Performance Indicators

Occupancy Rate

The occupancy rate at the end of Q2 2026 stood at 96.54%, compared to 95.68% in Q2 2025.This improvement reflects the continued success of the Company's tenant retention strategies and its systematic portfolio repositioning initiatives, aimed at optimizing asset performance and enhancing long-term profitability.

Book Value per Share

Book value per share stood at AED 1.965 as at 30 June 2026, compared to AED 1.853 as at 30 June 2025, an increase of 6.1%. This continued growth highlights the strengthening of the Company's asset base and reflects Management's ongoing commitment to enhancing shareholder value and delivering sustainable long-term growth.

Budgeted Revenue

The budgeted revenue for Q2 2026 was estimated at AED 6.0 million. The Company achieved actual rental income of AED 6.20 million for the six-month period, exceeding budget by AED 0.20 million (3.4%), reflecting sustained tenant demand and stronger-than-anticipated occupancy levels.

Management further advanced its portfolio repositioning strategy, focusing on the gradual transition toward family-oriented accommodations through the systematic phase-out of bachelor units. This strategic transformation is expected to generate financial and operational benefits in future periods, including reduced maintenance costs, enhanced asset quality, and stronger, more sustainable rental yields.

Financial Position:

By the end of the second quarter of 2026, the Company's total assets increased to AED 222.20 million, compared to AED 187.14 million as at 31 December 2025, an increase of AED 35.05 million (18.7%), primarily driven by the Company's strategic investment activities during the period, namely the loan to Prepaire Labs Holding Ltd (AED 22.0 million) and the equity investment in Quantum AI (AED 11.02 million). Total liabilities increased to AED 67.14 million, compared to AED 28.15 million at the end of 2025, mainly reflecting an additional AED 38.16 million drawn under the Group's Sharjah Islamic Bank financing facilities, structured in compliance with Sharia principles under a general finance arrangement. Total bank borrowings increased to AED 58.42 million as at 30 June 2026, compared to AED 20.26 million as at 31 December 2025.

Total equity decreased marginally to AED 155.05 million, compared to AED 158.99 million at the end of 2025, mainly due to a negative fair value movement of AED 4.79 million on the Company's investments carried at fair value through other comprehensive income (FVTOCI), which decreased to AED 15.90 million from AED 20.68 million, reflecting market price movements on the Group's quoted equity holdings in Kuwait due to the geo-political environment.

The Group's investment properties, valued at AED 163.46 million, remained unchanged from 31 December 2025, as fair valuations are performed on an annual basis. Properties with a carrying value of AED 109.12 million (31 December 2025: AED 84.47 million) remain subject to a first-degree mortgage in favour of Sharjah Islamic Bank as security for the Group's banking facilities, following the designation of an additional property in Industrial Area 10 as security under the restructured financing arrangement.

Cash Flows:

During the six-month period ended 30 June 2026, the Company generated AED 2.28 million from operating activities, a decrease of 8.6% compared to AED 2.49 million recorded in the corresponding period of 2025, mainly reflecting the increase in trade and other receivables and higher finance costs incurred during the period.

Cash outflows from investing activities amounted to AED 33.03 million, compared to AED 0.03 million in the prior period, primarily attributable to the Company's loan advanced to Prepaire Labs Holding Ltd (AED 22.0 million) and the equity subscription in Quantum AI (AED 11.02 million). Cash inflows from financing activities amounted to AED 36.62 million, compared to net outflows of AED 2.62 million in the prior period, reflecting net bank borrowings of AED 38.16 million drawn to support these strategic investments.

As a result, the closing cash balance as at 30 June 2026 stood at AED 6,312,784, compared to AED 452,016 recorded at the end of the first half of 2025, and AED 448,996 as at 31 December 2025.

Business Diversification:

As a listed entity on the Abu Dhabi Securities Exchange (ADX), ARAM continues to actively pursue a diversification strategy focused on acquiring and developing high-growth businesses with strong long-term value creation potential. During the period, this strategy progressed materially through two key transactions: the equity subscription in Quantum AI Connect Cloud Services L.L.C., providing the Company with a 20% interest in a technology consultancy and cloud computing business, and the advancement equity in Prepaire Labs Holding Ltd, which was effected subsequent to the reporting date on 4 July 2026 and is intended to establish a UAE-listed healthcare technology platform focused on bio-digital twin innovation and AI-enabled health solutions.

The Company's approach remains centred on allocating capital toward scalable, higher-yield opportunities while reducing exposure to lower-return segments, with the objective of strengthening profitability, enhancing shareholder value, and positioning ARAM for sustainable long-term growth within the UAE market.

Capital Expenditure:

During the period, ARAM's principal capital deployment related to its diversification initiatives rather than its real estate portfolio: the AED 11.02 million equity subscription in Quantum AI and the AED 22.0 million loan to Prepaire Labs Holding Ltd, which was settled via the conversion of loan to equity and subsequent share issuance shortly after period end.

Portfolio Optimization:

The Prepaire Labs reverse takeover, which completed subsequent to the reporting date, positions ARAM to participate in the anticipated uplift in enterprise value upon completion of the listing process. The transaction is expected to revalue ARAM's existing economic interest at a materially higher implied valuation, generating a significant fair value gain in accordance with IFRS requirements in future periods. The Quantum AI investment further extends ARAM's MultiTrack diversification strategy into the technology and cloud services sector, complementing the Company's existing real estate and healthcare technology exposures.

Subsequent Events:

Subsequent to the reporting date, on 4 July 2026, the Company was registered as a shareholder of Prepaire Labs Holding Ltd, whereby the loan was settled through the issuance of shares in Prepaire rather than cash repayment. As at 30 June 2026, the loan continued to be recognised, classified and measured as an other asset on the same basis as at the reporting date.

Management continues to monitor the Group's operating environment in light of ongoing regional geopolitical developments. Based on its assessment, no material impact on the Group's operations, financial position or liquidity has been identified as a result of these developments as at the reporting date.

Conclusion:

The operating environment during the first half of 2026 presented certain challenges, particularly in respect of financing costs, in light of current regional and economic conditions. Within this context, Aram Group maintained positive operating cash generation and continued rental income growth, while profitability was impacted by the cost of funding the Company's expanded strategic investment programme.

The increase in liabilities and financing activity reflects the Company's continued investment in its diversification strategy, most notably the Quantum AI equity subscription and the now-completed Prepaire Labs shareholding. Management remains focused on maintaining operational efficiency, managing costs, and deploying capital in a disciplined manner to support long-term value creation.

Looking ahead, while near-term profitability may remain pressured by financing costs associated with these investments, the Company's stable rental operations, growing asset base, and clear strategic direction provide a solid foundation to navigate the current environment. Management will continue to adopt a measured approach, balancing growth opportunities with prudent financial management to ensure sustainable performance over the long term.

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