Management Discussion and Analysis Report — Abu Dhabi National Company for Building Materials – BILDCO (PJSC)

Interim financial statements for the second quarter of 2026 (six months ended 30 June 2026)

Date	12 August 2026
Name of the listed company	Abu Dhabi National Company for Building Materials – BILDCO (PJSC)
Financial period covered by the report	Interim consolidated financial statements for the six months ended 30 June 2026 (second quarter and first half of 2026).
Overview of key results for the financial period	The Group generated revenue of AED 34.1 million during the six months ended 30 June 2026, compared with AED 24.9 million for the corresponding period of 2025, an increase of 37.4%. Cost of revenue amounted to AED (22.2) million compared with AED (19.3) million for the corresponding period of 2025 (an increase of 15.1%). The Group achieved a gross profit of AED 11.9 million compared with AED 5.6 million for the corresponding period of 2025, an increase of 114.5%. The gross profit margin improved from 22.4% to 35%, a gain of 12.6 percentage points. At the level of the second quarter alone, revenue reached AED 17.4 million compared with AED 10.9 million for the corresponding quarter of 2025 (an increase of 59.3%), and the Group recorded a profit before tax of AED 7.9 million compared with a loss before tax of AED (103.5) million in the first quarter of 2026. The Group recorded a net loss of AED (95.7) million during the six months ended 30 June 2026, compared with a net loss of AED (12.5) million for the corresponding period of the previous year, while the total comprehensive loss amounted to AED (101.7) million. The increase is principally attributable to non-cash items (revaluation, impairment and depreciation), the greater part of which was recognised during the first quarter. Basic and diluted loss per share was AED (0.065) for the period, compared with AED (0.042) for the corresponding period of 2025. Total shareholders' equity amounted to AED 2,107 million as at 30 June 2026, compared with AED 77.7 million as at 31 December 2025,

	following the in-kind capital injection of AED 2,131 million and the completion of the extinguishment of accumulated losses against the general reserve.
Securities issued during the financial period	During the period, the Company increased its issued share capital by AED 1,200 million through the issuance of 1,200,000,000 new ordinary shares with a nominal value of AED 1 per share on 6 January 2026. The strategic partner subscribed for all of the new shares by way of an in-kind contribution of land independently valued at AED 2,131 million. The excess of AED 931 million over the nominal value was recorded as a general reserve. The Company did not issue any bonds, sukuk or notes during the period.
Summary of the most significant non-financial events and developments during the financial period	The first six months of 2026 saw the completion of the principal phase of the restructuring of the Group's financial position. The most significant developments are as follows: • Completion of the capital increase of AED 1,200 million following the approval of the Securities and Commodities Authority, with the shares issued on 6 January 2026 and the strategic partner holding 80%. • Acquisition of 100% of Arabian Nights Village Tourist Camp – Sole Proprietorship L.L.C, with control passing to the Group on 6 January 2026, extending the Group's activities to tourism and hospitality alongside building materials. • Approval by the General Assembly held on 6 June 2026, following receipt of the necessary regulatory approvals, of the extinguishment of accumulated losses of AED 464.1 million against the general reserve of AED 931 million. • Continuing negotiations with the commercial banks towards a settlement of the outstanding loans and overdrafts (totalling AED 200.1 million, in addition to accrued interest of AED 39.3 million). • Judgment of the Abu Dhabi Commercial Court on 22 July 2026 (subsequent event) in case no. 425/2026 dismissing the original claim of AED 33 million filed against the Group and holding the counterclaim of AED 20 million to be inadmissible. • Continued engagement of a specialised advisory firm to support governance and the development of strategy and the operating model.

Summary of operating performance during the financial period	The core operating activities continued to improve during the six months ended 30 June 2026: • Revenue rose to AED 34.1 million compared with AED 24.9 million (+37.4%), driven by growth in block sales of 31.2% (AED 28.4 million against AED 21.7 million), interlock sales of 83.8% (AED 4.5 million against AED 2.5 million) and service income of 65.8% (AED 1.2 million against AED 0.7 million). • Cost of revenue increased by only 15.1% to AED 22.2 million, at a rate well below the growth in revenue, reflecting operating discipline. • Gross profit more than doubled to AED 11.9 million compared with AED 5.6 million. • The gross profit margin widened by 12.6 percentage points to 35% (corresponding period of 2025: 22.4%). • The second quarter sustained the growth momentum, with revenue of AED 17.4 million (+59.3% year on year and +4.2% against the first quarter). • All revenue continued to be generated in the local market within the United Arab Emirates.
Summary of profit and loss during the financial period	The Group recorded a net loss of AED 95.7 million during the six months ended 30 June 2026, the greater part of which was recognised during the first quarter in implementation of the Board's decision to recognise in full all impairment, revaluation, finance cost and depreciation items — some of which relate wholly or partly to prior reporting periods — in order to present fairly the assets and liabilities of the Group. The principal components of the loss are as follows: • Revaluation losses on property, plant and equipment of AED 47.6 million within profit or loss and AED 6.0 million within other comprehensive income, and revaluation losses on investment properties of AED 27.7 million (all non-cash). • Provision for slow-moving and obsolete inventories of AED 5.9 million (non-cash). • Allowance for expected credit losses on trade and claim receivables of AED 2.2 million, in addition to the impairment of a bank term deposit of AED 0.6 million (non-cash).

	• Unrealised losses of AED 4.7 million on the revaluation of investments at fair value through profit or loss. • Depreciation of AED 2.0 million on property, plant and equipment and AED 2.6 million on right-of-use assets. • Finance costs on borrowings of AED 4.0 million and on lease liabilities of AED 0.9 million, in addition to a loss on remeasurement of lease liabilities of AED 0.7 million. • By contrast, the results included dividend income of AED 2.4 million and other income of AED 0.4 million. Excluding all non-cash items (revaluation, impairment, fair value adjustments and depreciation) together with finance costs, the Group would have recorded a positive adjusted result of approximately AED 3.1 million for the period. Excluding the non-cash items alone, while bearing finance costs, the result would have been a loss of approximately AED (2.4) million — reflecting that the financing burden, rather than the operating activity, is the principal determinant of the result.
Summary of financial position and comprehensive income	The Group's balance sheet underwent a fundamental transformation during the six months ended 30 June 2026: • Total assets rose to AED 2,430.2 million (31 December 2025: AED 360.2 million), driven principally by the addition of land of AED 2,131 million contributed through the acquisition of Arabian Nights Village Tourist Camp. • Total equity amounted to AED 2,107 million (31 December 2025: AED 77.7 million), comprising issued share capital of AED 1,500 million, a general reserve of AED 466.9 million (after the extinguishment of accumulated losses of AED 464.1 million), a statutory reserve of AED 43.4 million, a capital reserve of AED 15.4 million, a revaluation reserve of AED 59.5 million, positive retained earnings of AED 7.2 million, and non-controlling interests of AED 14.6 million. • The equity ratio improved to 86.7% (against 21.6%), and the debt to equity ratio declined to 0.10 times (against 3.63 times). • Other comprehensive losses for the period amounted to AED (6.0) million, relating to the adjustment of the revaluation reserve on property, plant and equipment, bringing the total comprehensive loss to AED (101.7) million.

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	• Current liabilities of AED 269.9 million exceeded current assets of AED 67.4 million by AED 202.5 million — a working capital position the Group is addressing through the bank settlement negotiations and the monetisation of its asset base.
Summary of cash flows during the financial period	• Cash flows from operations before working capital changes: AED 3.3 million generated (corresponding period of 2025: AED 9.8 million generated). • Net cash used in operating activities: AED (0.9) million (corresponding period of 2025: AED (1.3) million used). • Net cash used in investing activities: AED (1.5) million (corresponding period of 2025: AED 16.2 million generated, including proceeds of AED 22 million from the disposal of property, plant and equipment). • Net cash used in financing activities: AED (6.1) million, comprising finance costs paid of AED 4.0 million and lease liability payments of AED 2.1 million. • Net change in cash and cash equivalents: AED (8.4) million. • Cash and cash equivalents at the end of the period: AED 4.9 million (31 December 2025: AED 13.3 million).
Key performance indicators for the first half of 2026	• Revenue growth (year on year): +37.4% • Gross profit / revenue (gross profit margin): 35% (corresponding period of 2025: 22.4%) • Gross profit / equity (annualised): 1.1% • Revenue / equity (annualised): 3.2% • General and administrative expenses / revenue: 47.7% • Equity ratio (equity / total assets): 86.7% (31 December 2025: 21.6%) • Debt to equity ratio (borrowings + overdraft / equity): 0.10 times (31 December 2025: 3.63 times) • Loss per share (basic and diluted): AED (0.065)
Outlook and enhancement of profitability	The Board of Directors considers that the results of the first half of 2026 reflect the completion of the balance sheet clean-up and the beginning of a phase focused on sustainable profitability. As regards the outlook:

	• The business returned to a profit before tax of AED 7.9 million during the second quarter, and the priority is to consolidate this turnaround at the net result level over the remainder of 2026. • The Board expects revenue growth to continue at double-digit rates, supported by local demand for blocks and interlocks, in addition to the contribution of the tourism and hospitality segment. • The ongoing negotiations with the commercial banks target the restructuring or settlement of loans of AED 174 million and overdrafts of AED 26.1 million (in addition to accrued interest of AED 39.3 million). • Following the completion of the extinguishment of accumulated losses, the Group has a clean equity structure that permits future dividends to be considered once distributable profits are realised. • The Group is focused on converting its asset base — particularly the contributed land — into liquidity and operating returns, alongside improving working capital. • The Group continues to work with a specialised advisory firm to support governance and the development of the operating model and strategy.
Capital structure and material developments	During the first half of 2026, the Company completed the capital measures approved by the Extraordinary General Assembly held on 6 December 2025 and the General Assembly held on 6 June 2026: • An increase in share capital of AED 1,200 million through the issuance of 1,200,000,000 new ordinary shares with a nominal value of AED 1 per share, subscribed in full by the strategic partner through an in-kind contribution of land valued at AED 2,131 million. • The creation of a general reserve of AED 931 million representing the excess of the fair value of the contributed assets over the nominal value of the new shares issued. • The extinguishment of accumulated losses of AED 464.1 million against the general reserve, leaving a general reserve of AED 466.9 million and positive retained earnings of AED 7.2 million. • The acquisition of 100% of Arabian Nights Village Tourist Camp – Sole Proprietorship L.L.C.

	Ownership structure following the increase: strategic partner 80% and other shareholders 20%. Total issued share capital currently amounts to AED 1,500 million, divided into 1,500,000,000 shares with a nominal value of AED 1 per share.
Material risks and working capital position	Notwithstanding the substantial strengthening of the equity base and the absorption of accumulated losses, the Group continues to face the following factors: • Current liabilities exceeded current assets by AED 202.5 million as at 30 June 2026. • Negative operating cash flows of AED (0.9) million during the period, and a cash balance of AED 4.9 million. • Outstanding loans and overdrafts of AED 200.1 million in respect of which court judgments have been issued in favour of the banks, in addition to accrued interest of AED 39.3 million. • As the capital injection of AED 2,131 million was effected in kind rather than in cash, it had no direct effect on liquidity. The Board of Directors has put in place a comprehensive mitigation plan comprising the completed extinguishment of accumulated losses, active negotiations with the banks, the monetisation of part of the asset base, and the improvement of working capital.
Summary of the auditor's report	The independent auditor (Forvis Mazars) issued a qualified conclusion on the interim consolidated financial statements for the six months ended 30 June 2026 — a material improvement on the adverse opinion issued on the financial statements for the year ended 31 December 2025 on 22 February 2026, and the adverse conclusion issued on the interim financial statements for the six months ended 30 June 2025 on 14 August 2025. The grounds for the qualification are as follows: • The absence of historical cost information and asset-specific revaluation adjustments for the revalued property, plant and equipment, as required by IAS 16. • The inability to substantiate the documentation supporting the disposal of property, plant and equipment with a net book value of AED 38.9 million against proceeds of AED 22 million during the year ended 31 December 2025. • The inability to verify the cost of conversion of inventories and the cost of production, the reasonableness of the provision for slow-

moving and obsolete inventories of AED 5.9 million, and the completeness and accuracy of cost of revenue of AED 22.2 million.

- The non-receipt of bank confirmations, statements and reconciliations in respect of borrowings of AED 174 million and the overdraft of AED 26.1 million.
- The non-recognition of interest relating to prior years and the related accrued interest of AED 10.7 million; had it been recognised, retained earnings would have decreased and accrued liabilities would have increased by the same amount.
- The non-receipt of the signed financial statements of the subsidiaries and the signed standalone financial statements of the Parent Company as at 31 December 2025.

The Board of Directors is working with the executive management and the auditor to address these matters under a defined plan supervised by the Audit Committee, with the objective of achieving an unqualified opinion for the year ending 31 December 2026.

H.E. Rasheed Ali Rasheed Nasser Al Omaira
Chairman of the Board
Date: 12 August 2026

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