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# Management Discussion and Analysis for the Period Ending 31st March 2026

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**Summary**


- Apex Investment PSC and its subsidiaries and Associates, collectively referred to as “Apex,” presents the following performance report for the three-month period ended 31 March 2026.
- Apex Core businesses entered 2026 with strong operating momentum. For the two months ended 28 February 2026, operating profit was tracking 20% ahead of the prior year, supported by healthy and sustained demand across our two principal business segments — “Services”, primarily to Oil & Gas sector and supply of cements to Construction industry. Profitability margins remained comfortably strong in the top quartile of the respective industries, +700 basis points ahead of our nearest competitors, reflecting the consistent operational quality and competitive strength.
- The escalation of geopolitical tensions in March 2026 directly impacted Q1 2026 results, with high-margin offshore Oil & Gas operations demobilized by approximately 60% in March to protect assets and personnel, further compounded by supply chain-driven input cost pressures in F&B and Coal. This eroded the strong momentum built through February 2026, with Apex Core businesses closing the quarter at a net profit of AED 37 million — a marginal 2% decline against the prior year but, still a creditable outcome given the speed and severity of the disruption.
- Concurrently, regional market volatility drove an unrealised IFRS mark-to-market loss of AED 115 million on the Group's equity portfolio. This reflects market price movements only and carries no impairment to underlying value of investment. With tensions easing, markets partially recovered in April 2026.
- Enercap continued to advance its commercialization program, with proof-of-concept deployments progressing on live grid infrastructure in both the UAE and Germany. Whilst the geopolitical environment caused some delay in anticipated Q1 2026 project awards, Enercap's cash burn reduced by approximately 34% year-on-year — a meaningful improvement in capital efficiency. The year-on-year deterioration in Enercap's contribution to Apex's reported results is attributable entirely to non-cash charges, principally IP amortization and plant depreciation, which reflect the recognition of prior capital investment rather than any deterioration in the underlying business.
- Overall Apex Group consolidated business, including FVPL impact, reported a net loss before tax of AED (94M) vs loss of (23M) LY same period.


**Revenue**

- For the three months period ended 31 March 2026, Apex Group reported revenues of AED 210.7 million vs AED 196.4 million in Q1 2025, reflecting a growth of approximately 7%. The increase was primarily driven by steady performance in its core segments: Catering & Facility Management (Services) and increased volumes in Cement +4% vs LY.

## Gross Profit

- For the three months ended 31 March 2026, Apex reported gross profit of AED 43.1 million, up from AED 41.6 million in Q1 2025, reflecting a solid underlying performance from core operations notwithstanding the fixed cost drag from Enercap's start-up phase. Catering, Facility Management, Cement and related businesses delivered strong results, maintaining market-leading profitability margins approximately 7 percentage points ahead of nearest competitors.

## Expenses & Other Income Analysis

- General and administrative (G&A) expenses increased to AED 27.2 million for the three-month period ended 31 March 2026, compared to AED 17.4 million in Q1 2025. This increase was driven by non-cash cost on IP and Depreciation (AED 10.9M) at Enercap's and development cost at Mawasiem.
- Other income declined to AED 4.2 million in Q1 2026 from AED 6.8 million in the prior year, reflecting a reduction in fixed deposit balances as capital was deployed into Enercap's strategic initiatives, further compounded by lower interest rates following the easing of USD-linked benchmark rates.

## Profit from Operations

- Apex reported an operating profit of AED 20.0 million for the three months ended 31 March 2026, compared to AED 31.0 million in Q1 2025. The year-on-year variance of AED 11.0 million is largely attributable to non-cash charges within Enercap, principally IP amortization and plant depreciation, amounting to AED 10.9 million. Excluding Enercap, Apex Core delivered an operating profit of AED 37 million, down just 2% against the prior year — a resilient outcome reflecting the underlying strength of the core business.

## Gain / (Loss) from Financial Assets

- For the three-month period ended 31 March 2026, Apex recorded an unrealized loss of AED 114.5 million on mark-to-market investments measured at FVTPL, compared to a loss of AED 53.3 million in 2024.

## Revenue, Profit and (Loss) Segment Wise for the period ended 31 March 2026

| AED Mn الدرهم بال مليون | Catering خدمات التموين | Facility Management Services خدمات إدارة المرافق | Manufacturing التصنيع | Contracting المقاولات | Investments الإستثمار | Others أخرى | Total المجموع |
|---|---|---|---|---|---|---|---|
| Revenue الايرادات | 115 | 24 | 54 | 17 | - | - | 210 |
| Net profit and (loss) صافي الربح | 25 | 0.4 | -6.5 | 2 | -115 | 0.3 | -94 |

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**Balance Sheet Analysis as of 31 March 2026:**

- Apex Group maintained a solid financial position, with total assets of AED 2.35 billion as at 31 March 2026, compared to AED 2.57 billion as at 31 December 2025. The decrease primarily reflects a reduction in investments measured at FVTPL.
- Apex's liquidity position remains strong with c. AED 500M. Free cashflow excluding Enercap funding was AED 21M in Q126 indicating strong management of receivables despite the current regional conflict.,