

CHAIRMAN'S SPEECH

Dear Shareholders,

On behalf of the Board of Directors and myself, I welcome you to the 45th Annual General Meeting of your Company.

2022 continued to be a challenging year for all cement factories in the region due to multifold increase in energy prices following the Russia Ukraine war. While the construction activities and cement demand in the UAE have shown improvements, cement prices remained under pressure due to significant excess production capacity. Therefore, we were unable to pass on increased cost of production to the customers. As a result, company reported losses during 2022. All other cement companies in the country also faced similar challenges and recorded significant losses. The company however managed all other costs wisely and ensured that the company's EBIDTA remained positive during 2022.

The company had sales of 635 million dirhams showing an impressive growth of 29% year-on-year. The company recorded gross loss of 1.5 million dirhams from operations of the factories and net loss of 39.6 million dirhams compared to gross loss of 7.2 million dirhams and net loss of 34 million dirhams during 2021. Loss was due to high energy costs, high finance costs resulting from constantly increasing interest rates and low investment income. Investment operations resulted in a profit of AED 6 million as against profit of AED 11 million in 2021 due to lower fair value of investments in securities as offset by higher rental income and higher dividend income.

In view of losses for the year and financial commitments of the company for repayment of term loans for the capital projects already executed, the Board of Directors has recommended No dividend to the Shareholders for 2022.

Corporate Social and Environmental Responsibility

We recognize our responsibilities towards preservation of Environment and have worked actively to remain strategically aligned with the UAE Green Agenda and the Abu Dhabi Economic Vision 2030.

We contribute positively to these visions and directives by contributing to our local communities and embedding sustainability into everything we do. The

company's Sustainability Framework has been aligned with the United Nations Sustainable Development Goals, United Nations Global Compact, and the Global Reporting Standards.

UAE Environment Law requires all cement companies in the UAE to use at least 10% alternative fuel in place of coal from 2021. We are pleased to announce that we had already achieved that goal in 2019. With various agreements and other ongoing arrangements with private and public players, we plan to replace more than 30% of fossil fuel with alternative fuels during 2023. We are proud to be one of the greenest factories in the UAE.

The company continues to support many charitable organizations and social institutions to fulfill its corporate social responsibilities. For the development of Emirati youth, the company organizes visits to the cement plant and provides regular training in association with various schools and universities.

Our environmental, social and governance performance and contribution to national and global sustainability targets are highlighted in our Sustainability Report for 2022 which is available on our website as well as on ADX website.

Global Economic Outlook for 2023

Prior to the outbreak of the war, most key global macroeconomic variables were seen as returning to normality over 2022-23.

However, as expressed by IMF, world economic growth is projected to fall during 2023. The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activities around the world. Financial stability concerns particularly with banks in the United States and inflationary pressures not responding to increase in borrowing rates have raised serious concerns of sudden deflation and reduced business confidence. On the positive side, the sustained high oil prices will encourage our wise governments to increase infrastructure spendings, which will increase demand in our products.

We also envisage better 2023, based on continuous improvements we have seen during every Quarter of 2022 and signs of gradual reduction in energy costs will help us in reporting better results in 2023. We are also continuously investing in technology and actively partnering with Municipalities and other private players to enhance the use of alternative fuels further which helps us in

reducing our energy costs. You, Board of Directors, works relentlessly to introduce new high value products and identify new markets for our products to improve the profitability. During the first quarter of 2023, we have commissioned a dry mortar plant. We have also developed many new value-added products in all three factories. Our products are certified to export to USA, Europe and Far East markets in addition to our traditional export markets of GCC and Africa. These initiatives will boost our revenues and profitability during 2023.

Finally, it gives us the honour to express our sincere gratitude to H.H. Dr. Shaikh Sultan Bin Mohamed Al Qassimi, Ruler of Sharjah and Member of Supreme Council for his continuous guidance and support.

I would also like to thank the Fellow Board Members, Management and Employees of the company for their dedicated efforts and devotion in achieving the Company's objectives.

Othman Sharif
Chairman