

CHAIRMAN'S MEESAGE

Dear Shareholders,

May God's peace, mercy and blessings be upon you!

Brothers and sisters, shareholders of Sharjah Cement and Industrial Development Company PJSC, it is my pleasure to meet you today at the 47th Annual General Meeting of 'Sharjah Cement and Industrial Development Company PJSC.

On behalf of myself and the Board of Directors, I am pleased to present the Company's Annual Report for the year ended 2024. I am pleased to highlight the company's achievements, challenges and future prospects.

The Company's performance during 2024:

Dear Shareholders,

Thanks to the efforts of my colleagues on the Board of Directors and the Executive Management, wise decisions were made regarding the projects that were approved during the past two years, namely: 1/ Alternative Fuel Project 2/ Dry Mortar Project, which have been successfully implemented according to the set budget and will improve the company's revenues and profits in the coming years, making it more competitive, as well as achieving added value for the company's growth.

The global economy faced challenges in the form of rising inflation, which increased the cost of borrowing. Despite these challenges, the company was able to grow and implement several projects that we have mentioned.

In the cement industry, the company saw improvement during the second half of 2024 in terms of increased demand and lower energy costs. During the year, we also saw a reduction in domestic production capacity, which helped stabilize selling prices in the domestic market. Demand for cement/clinker in the international market remained weak.

Key financial highlights for 2024 include:

- 1) Turnover increased to AED 680 million from AED 634 million in 2023.
- 2) Gross profit of AED 69 million versus AED 36 million in 2023. '
- 3) Investment income of AED 19 million versus AED 10 million in 2023.
- 4) Profit before tax was AED 33.7 million versus AED 3.7 million in 2023
- 5) In view of the improved performance of the Company, the Board of Directors has recommended a cash dividend of 5% of the share capital equivalent to AED 30,412,687.

Corporate Social and Environmental Responsibilities:

Recognizing its responsibility to preserve and continuously improve the environment, the company firmly follows the Green Agenda and Vision 2030 adopted at the Carbon Neutral

Summit 'COP28' in Abu Dhabi. We are committed to implementing the directives of local environmental authorities and contributing to our local communities to achieve the common goal, and our sustainability policy has been aligned with international standards.

As part of the commitment to mainstreaming materials, the company has emphasized the increased use of alternative fuels in cement manufacturing processes. We used more than 104,000 metric tons of alternative fuels during 2024. Alternative fuels include industrial waste and municipal solid waste, to help minimize the burden of increasing waste to landfill. The company is working to increase the use of alternative fuels to more than 200,000 metric tons during 2025. The new equipment was commissioned in early January 2025 and you were informed of the decision to implement this project during the last AGM, which will help reduce CO2 emissions and reduce the cost of production for years to come, making us the only company in the GCC region to achieve 60% of alternative fuel use in the GCC against the Ministry of Environment's minimum requirement of 10%.

Our performance and other environmental, social and governance (ESG) contributions are highlighted in our Sustainability Report 2024, which is available on our website and the Abu Dhabi Securities Exchange website.

Global Economic Outlook:

Despite various challenges, global economies managed to grow by more than 3% in 2024, and we expect similar growth in 2025.

Although global inflation is under control, there are still unmitigated risks due to unresolved geopolitical conflicts and escalating trade barriers by advanced economies that are creating uncertainty and disrupting global supply chains.

For our region, we believe that oil prices will remain at current levels and are likely to improve, which will further improve economic activity in the UAE. Going forward, our drive to increase the use of alternative fuels to reduce costs, and the Board's continued support for investment in technology and new product introductions will help us improve revenue and profitability through 2025.

In conclusion, we would like to express our sincere gratitude to His Highness **Sheikh Dr Sultan bin Mohammed Al Qasimi, Supreme Council Member and Ruler of Sharjah**, for his guidance and support, and **His Highness Sheikh Sultan bin Mohammed bin Sultan Al Qasimi, Crown Prince**, as well as the company's shareholders and customers for their trust and support, and my fellow board members, executive management and employees for their sincere efforts in achieving the company's goals and growth.

Regards,

Othman Mohamed Sharif
Chairman of the Board