



RAK
CERAMICS

ANNUAL REPORT
2024



His Highness Sheikh Mohammed Bin Zayed Al Nahyan
President of the United Arab Emirates (UAE)



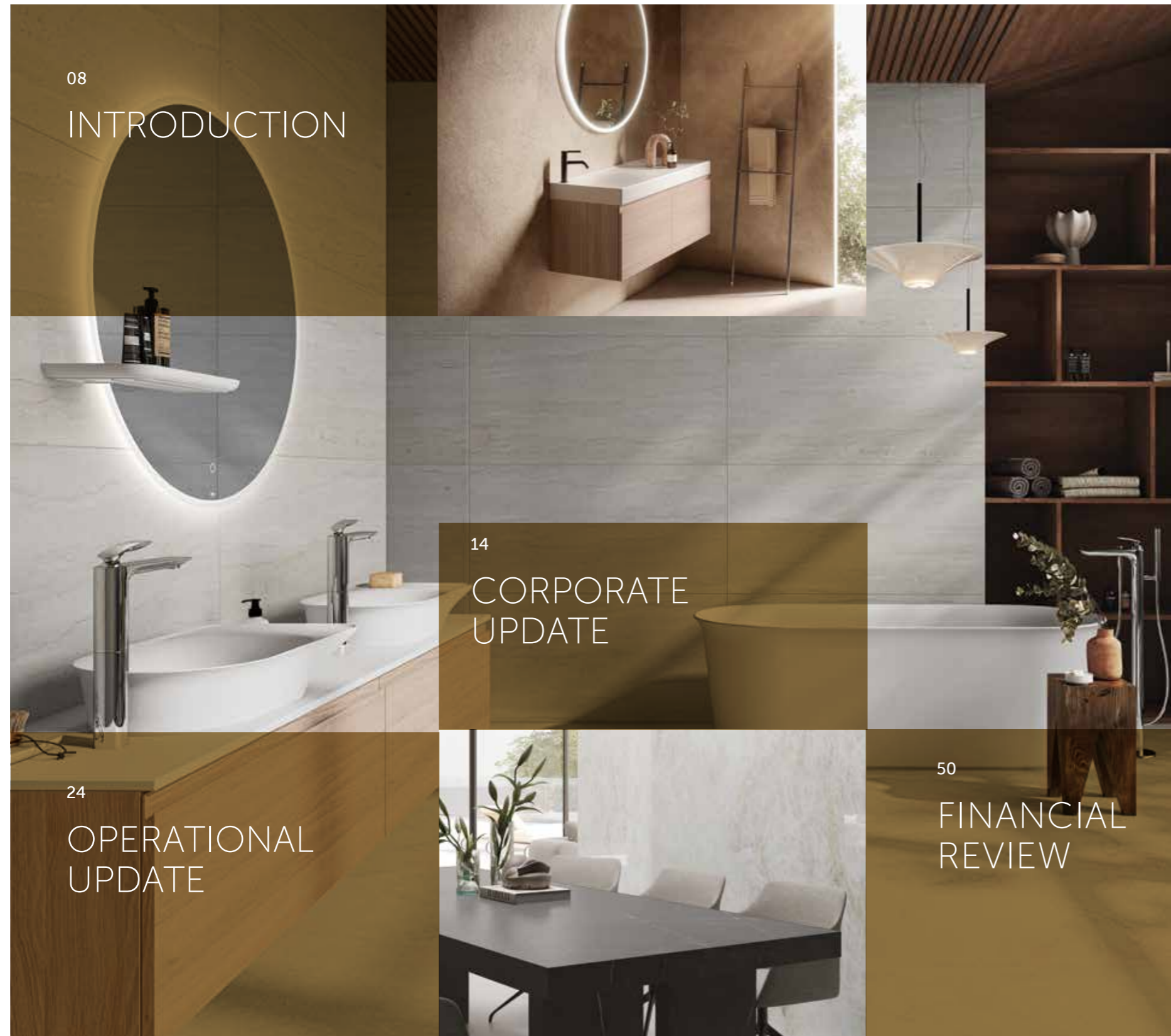
His Highness Sheikh Mohammed Bin Rashid Al Maktoum
Vice president and Prime Minister of the United Arab Emirates (UAE) and Ruler of Dubai



His Highness Sheikh Saud Bin Saqr Bin Mohammed Al Qasimi
Supreme Council Member and Ruler of Ras Al Khaimah



His Highness Sheikh Mohammed Bin Saud Al Qasimi
Crown Prince of Ras Al Khaimah



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INTRODUCTION

Chairman's Message

Dear Shareholders

I am pleased to present the performance of RAK Ceramics for fiscal year 2024 - a year marked by resilience, strategic adaptability, and continued investment in innovation and growth, despite global economic uncertainties and geopolitical challenges.

RAK Ceramics has successfully mitigated risks and optimized operational efficiencies enabling us to navigate disruptions while delivering sustainable performance. Our strategic agility allowed us to achieve strong growth in the UAE, Saudi Arabia, India and Bangladesh remain part of our primary group expansionary projects through the synergy integration of the KLUDI brand.

Innovation and sustainability remain at the core of our long-term strategy. We continue to invest in cutting-edge technologies, upgrading our production facilities, and expanding our Tiles and Sanitaryware capabilities to enhance efficiency, reduce energy consumption, and lower carbon emissions.

Our retail expansion is also progressing across key markets, including India, where we opened 5 new showrooms in India, 6 in Bangladesh and in Dubai, we added

one more RAK Ceramics lifestyle showroom, and launched a KLUDI showroom on Sheikh Zayed Road. We are also advancing digital transformation and R&D, with innovation hubs in Dubai and London shaping our product development.

Looking ahead to 2025, we remain committed to expanding our market presence, introducing differentiated products, and reinforcing RAK Ceramics' position as a global leader in lifestyle solutions.

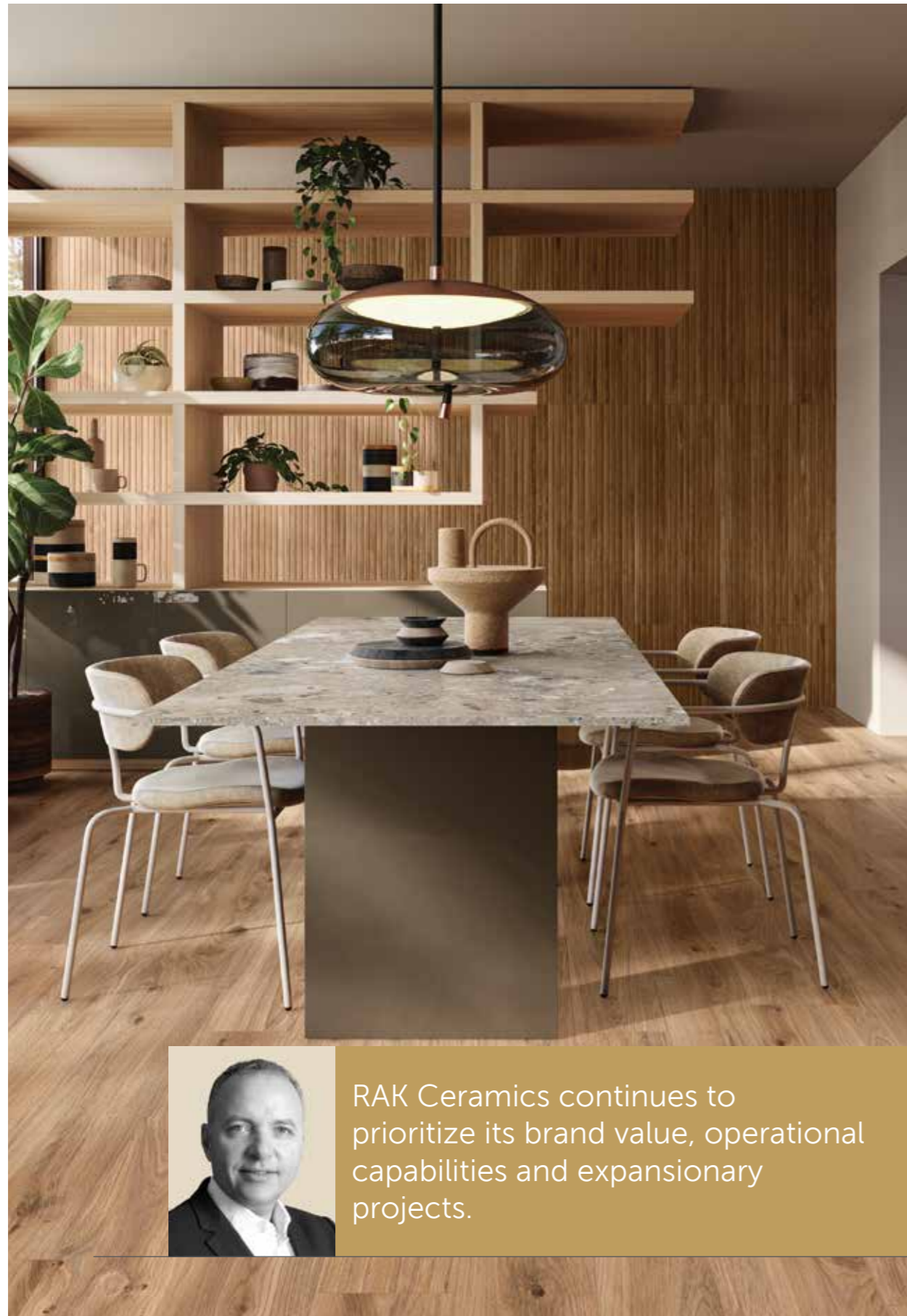
I sincerely thank our shareholders, employees, and partners for their continued trust and support. Together, we will seize new opportunities and drive sustainable success.

SHEIKH SAQR BIN SAUD AL QASIMI
Chairman of the Board



RAK Ceramics has demonstrated remarkable resilience and adaptability throughout the year and continue to be one of the leading global lifestyle solutions provider.





RAK Ceramics continues to prioritize its brand value, operational capabilities and expansionary projects.

Group CEO's Message

Dear Shareholders

It is my pleasure to present the results for fiscal year 2024, highlighting RAK Ceramics' achievements and the challenges we have successfully navigated over the past year.

Throughout 2024, we operated in a complex macroeconomic landscape marked by geopolitical uncertainties, inflationary pressures, currency fluctuations, and supply chain disruptions. Despite these challenges, RAK Ceramics demonstrated resilience, leveraging strategic agility and operational excellence to maintain revenue flow and margin stability.

Our commitment to innovation and technological advancement remains firm, and has kept us ahead of our competitors. We have upgraded our UAE Tiles production facilities, enabling us to manufacture differentiated and large-format tiles. Simultaneously, we have made investments in our UAE Sanitaryware production facilities to enhance efficiencies, reduce carbon emissions, and lower energy consumption - reinforcing our commitment to environmental responsibility.

In Tableware, we have launched our first Retail tableware showroom in

Dubai. We are also driving growth in the airline sector by leveraging premium dining trends in the travel industry.

Our expansion initiatives remain on track. In Saudi Arabia, we continue to work towards setting up a production facility, while in Bangladesh, we have successfully opened six extensive showrooms, with five more under construction, including a new display center in Chittagong.

As part of our broader growth strategy, we continue to strengthen our group position through the value creation plan for KLUDI, expanding market reach and enhancing product synergies. Our brand positioning has also been reinforced with key retail developments, including the launch of a RAK Ceramics showroom in Dubai, built around the lifestyle concept, and we also launched a KLUDI showroom on Sheikh Zayed Road.

As we look forward to 2025, we remain committed to investing in our brand, expanding our retail presence, and strengthening brand awareness through strategic events and engagements - in our key markets. Looking ahead, our strategic priorities

center on protecting our market share, optimizing operations, further diversifying our offering, accelerating digitalization, and expanding our production capabilities.

I extend my heartfelt gratitude to our Board of Directors for their invaluable guidance and to our management team and employees for their dedication and commitment. Your collective efforts have been instrumental in shaping our journey and driving our continued success.

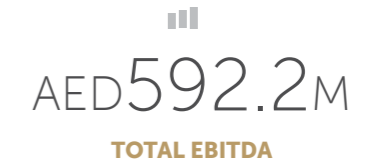
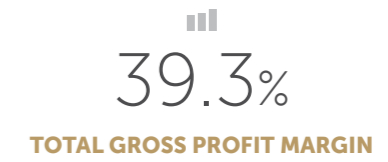
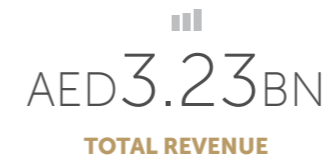
As we move forward, we remain committed to seizing new opportunities, ensuring sustainable growth, and creating long-term value for our shareholders.

ABDALLAH MASSAAD
Group CEO



Performance Overview

RAK Ceramics has consistently demonstrated resilience and agility in achieving sustainable results amid evolving global and geopolitical challenges. Despite economic uncertainties, the company has effectively navigated market dynamics to maintain stable performance, ensuring a steady revenue stream and optimizing margins. With a strong focus on brand value, operational excellence, and strategic expansion, RAK Ceramics remains committed to long-term growth and industry leadership.



CORPORATE UPDATE

RAK Ceramics faced a complex macroeconomic landscape in 2024, characterized by geopolitical uncertainties, inflationary pressures, and shifting consumer demand. The challenging period is evident in the company's annual financial performance, which saw a decline in revenue of 6.5% for 2024.

Despite this, RAK Ceramics demonstrated unwavering resilience and adaptability throughout the fiscal year 2024. Navigating market volatility and economic challenges, the company strategically positioned itself to mitigate adverse effects, as gross profit margin increased by 143bps year on year at 39.3% largely due to increase in margin in KSA, UAE and a recovery in Bangladesh market. EBITDA for 2024 decreased by 8.5% to AED 592.2m, while EBITDA margins for FY 2024 decreased 0.4% to 18.3%.

The Company continued to invest in the overall brand positioning and strategy which has enabled the business to maintain higher ASPs compared to competition in the market. The company also opened a new RAK Ceramics showroom in Dubai, Sheikh Zayed Road, which is built around the Lifestyle concept of display. Furthermore, the Company utilized its participation in international fairs, participating in the Cersaie fair in Italy, displaying the upcoming collection which received positive reception from the architects and design community.

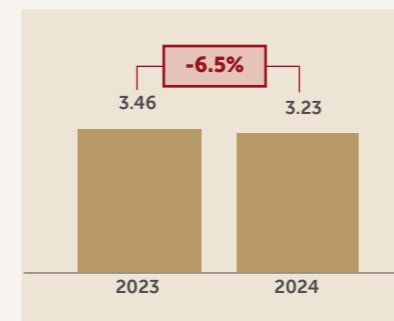
STRATEGIC INITIATIVES & OUTLOOK

RAK Ceramics remains at the forefront of innovation, establishing innovation hubs dedicated to research and development. The innovation hub serves as a centre for creative thinking, fostering cross-disciplinary collaboration, and exploring cutting-edge technologies. By continuously innovating in product design and materials, RAK Ceramics aims to enhance its offerings, ensuring they resonate with evolving consumer preferences.

RAK Ceramics is also actively engaged in upgrading its production facilities to enhance efficiency and meet growing demand.

Strategic plans for the UAE involve continuing to invest in upgrading our tiles production facilities to allow us to produce differentiated and large format tiles. Simultaneously, we are also investing in our UAE sanitaryware production facility to improve efficiencies and allow us to reduce our carbon emission and reduce the energy consumption. These initiatives underscore RAK Ceramics' commitment to maintaining a cutting-edge product portfolio and reinforcing its position in the UAE market. Separately in Saudi Arabia, We continue to work towards setting up a production facility in KSA.

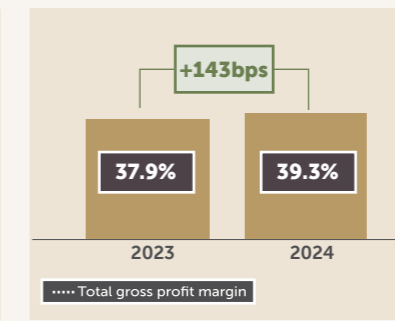
FINANCIAL HIGHLIGHTS



Shown in AED bn

Total Revenue

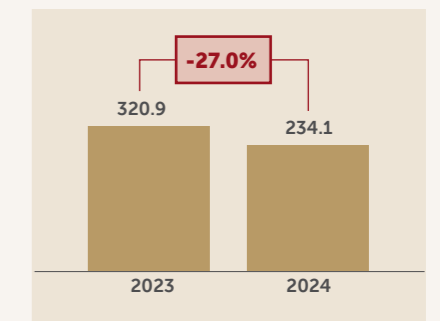
Total revenue decreased 6.5% year on year to AED 3.23bn in 2024, primarily attributable to global macro-economic volatility, geopolitical tensions, inflationary pressures and supply chain disruptions, which have significantly impacted export reliant sectors. Tiles revenue recorded a year on year decline of 6.4% at AED 1.86 billion, with declines across most markets apart from the UAE and India. Sanitaryware revenue experienced a year-on-year decline of 8.6% at AED 467.8 million owing to headwinds, notably in European markets due to disruption in Red Sea route - the UAE continued to perform well. Tableware revenue decreased by 5.8%, reaching AED 369.3 million, year-on-year, compared with 2023, due to severe logistical issues and recessionary pressure in Europe which have affected other major markets. In 2024, faucets generated a revenue of AED 444.6 million, down 2.5% which was driven by impact in the European and Asian markets on account of the ongoing geopolitical tensions.



Shown in %

Total Gross Profit Margin

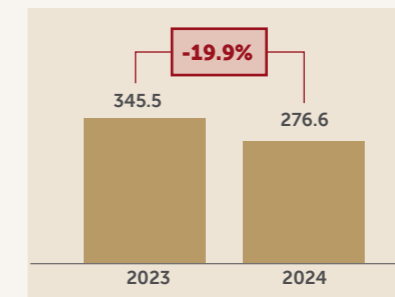
Total gross profit margin increased by 143bps year on year, reaching 39.3% for FY 2024, attributed to a favorable shift in product mix and production efficiencies.



Shown in AED million

Profit after tax

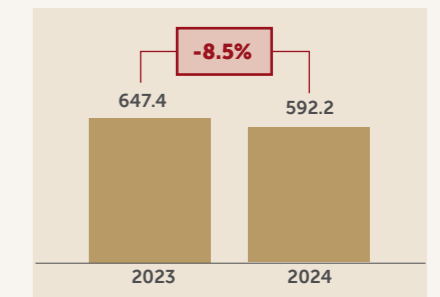
Profit after tax decreased by -27.0% year on year to AED 234.1 million. The impact UAE corporate tax is AED 33.9 million in full year of 2024. Net profit margin decreased to 7.2% compared to 9.3% in FY 2023.



Shown in AED million

Profit before tax

Profit before tax decreased by -19.9% year on year in FY 2024, reaching AED 276.6 million. This decrease was primarily driven by political instability in Bangladesh, Red Sea crisis which has led to higher logistics cost, challenges faced in transformation plans in Faucets division in Europe and lower other income by 34.4m YoY. Profit margin is 8.6% compared to 10.0% in last year.



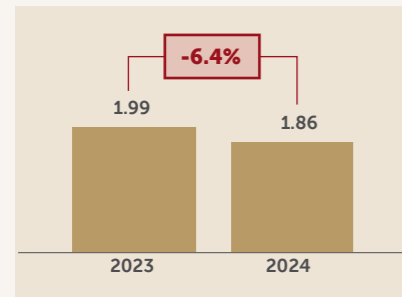
Shown in AED million

EBITDA

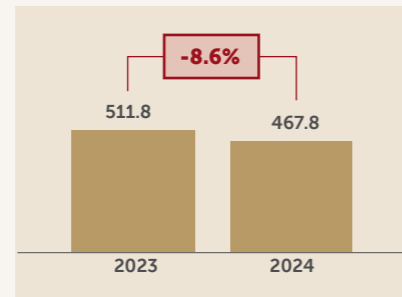
Total EBITDA has significantly decreased year on year by 8.5% in FY 2024, reaching AED 592.2 million, accompanied by slight margin reduction of +40bps at 18.3%.

Core Business Performance

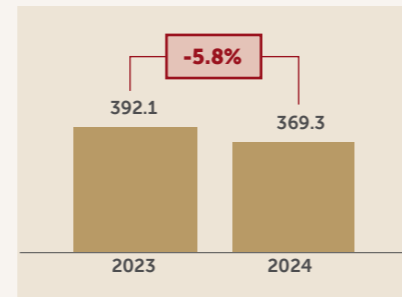
Resilient growth in Gross profit margins amid geopolitical uncertainty and inflationary pressures: Strong performance in UAE and India, while Tiles and Tableware drive margin improvements.



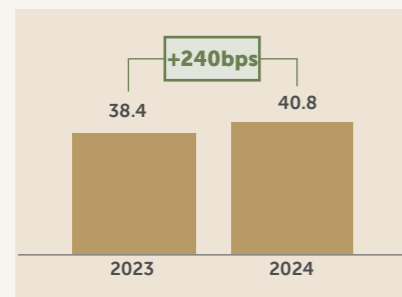
TILE REVENUE
Tiles revenue decreased by -6.4% year on year to AED 1.86 billion.



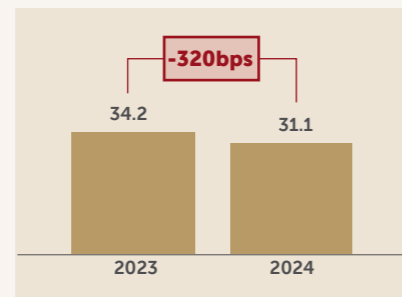
SANITARYWARE REVENUE
Sanitaryware revenue decreased by -8.6% year on year to AED 467.8 million.



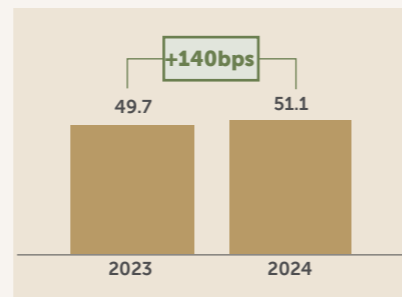
TABLEWARE REVENUE
Tableware revenue decreased by -5.8% year on year to AED 369.3 million.



TILES GP MARGIN
Tiles margin increased by +240bps year on year to 40.8% for 2024, however, full-year results showed decline in all markets except UAE and India.



SANITARYWARE GP MARGIN
Sanitaryware margin decreased by -320bps year on year to 31.1% for 2024 mainly due to lower demand and under utilisation of plants.



TABLEWARE GP MARGIN
Tableware margins increased by +140bps year on year to 51.1% in 2024 following change in product mix and higher ASP.

FAUCET BUSINESS PERFORMANCE

Faucets generated a revenue of AED 444.6 million, while gross profit margin increased by 200bps at 28.0% due to rationalisation of cost.

Regional Performance

Revenues saw a slight year-on-year decline across all core markets except the UAE and India, impacted by unfavorable market conditions, currency depreciation, inflationary pressures and supply chain disruptions. While the challenging environment pressured the bottom line, overall performance remained resilient.

United Arab Emirates

RAK Ceramics continues to witness a surge in revenue within the United Arab Emirates, strong performance driven by project and retail channels. The positive performance in the UAE is a testament to RAK Ceramics' strong market presence and effective strategies tailored to the unique characteristics of the region.

India

In the Indian market, our revenue grew by 0.8% year on year, supported by strong infrastructure development and growing disposable income. We acknowledge the challenges in the Indian market including lower demand due to increased interest rates, currency devaluation, however we have launched new large format products for this market and plans to strengthen our retail presence and experience to improve revenue and margins.

Saudi Arabia

Saudi Arabia experienced a challenging economic landscape, contributing to a notable dip in the revenue. Despite these hurdles, the company has started a recovery in Q4, with revenue grew by 20.1% YoY and 23.7% QoQ as customs duty relief on UAE exports helped us regain market share in the wholesale segment. Our flexible pricing strategy has helped us in sustaining growth in a competitive market and positioning us for continued success.

Bangladesh

Similarly, Bangladesh experienced a 20.6% year on year decline in revenue, attributed to political instability in the country, which had a significant impact on overall market and economic conditions. Separately, a severe gas crisis in the country continued to impact business in Q4

as well, leading to lower capacity utilization and a shutdown costs in 2024. Despite initial setbacks due to political instability, the market has rebounded impressively in Q4, driving growth of 61.4% QoQ.

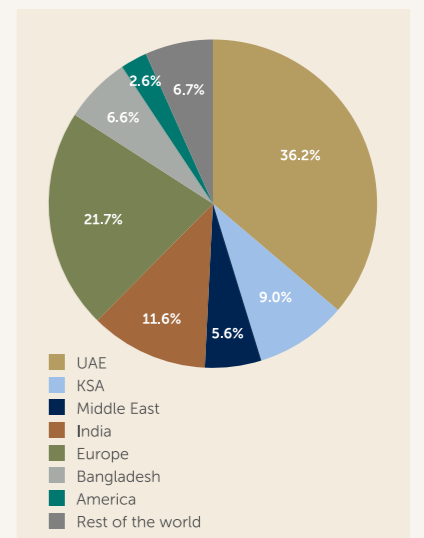
Europe

Europe has faced adverse market conditions which have led many companies to lower prices substantially. Furthermore, increased transportation costs and delays in delivery timelines remain critical issues. Planned initiatives include strengthening brand awareness and presence through events and engagements at the Design Hub with architects and designer community are key to addressing these challenges.

REVENUE (AED M)

	2023	2024	Growth
United Arab Emirates	786.7	842.5	7.1%
Kingdom of Saudi Arabia	350.3	282.0	-19.5%
Middle East (Ex. UAE & KSA)	153.6	120.9	-21.3%
India	362.0	364.7	0.8%
Europe	384.2	340.9	-11.3%
Bangladesh	264.4	209.9	-20.6%
Africa	113.6	102.9	-9.4%
Rest of the world	85.0	64.5	-24.1%
Total Tiles & Sanitaryware Revenue	2,499.8	2,328.4	-6.9%
Tableware revenue	392.2	369.3	-5.8%
Faucets revenue	456.1	444.6	-2.5%
Others revenue	109.7	89.8	-18.1%
Total Revenue	3,457.9	3,232.0	-6.5%

TILES AND SANITARYWARE REVENUE CONTRIBUTION



Board of Directors, Advisers and Leadership



**SHEIKH SAQR BIN SAUD
AL QASIMI**
Chairman

Board Member and Chairman since August 2021, reappointed in 26 March 2024 AGM for a three year term till 25 March 2027. Sheikh Saqr brings financial expertise to the Board of RAK Ceramics having worked in multiple relevant roles both in the public and private domains. Sheikh Saqr is part of the investment team at the Investment and Development Office, the sovereign investment arm of the Government of Ras Al Khaimah overseeing a portfolio of strategic assets. Sheikh Saqr holds a Bachelor of Science degree in Banking and International Finance from CASS Business School, City University of London.



**FAWAZ BIN SULIAMAN A
AL RAJHI**
Vice Chairman

Board member since April 2015, reappointed in 26 March 2024 AGM for a three year term till 25 March 2027. Mr. Fawaz is the Chairman of the Board, CEO and Head of Investment Committee of Al Rajhi United, a family-owned investment company with offices in Riyadh, Jeddah, New York and Dubai, focusing on public equity, private equity and real estate and he is also the Chairman of RAK Porcelain LLC. Mr. Fawaz holds Master in Business Administration from Stanford University, USA and Bachelors in MIS and Accounting from KFUPM, KSA.



**SHEIKH KHALID BIN SAUD
AL QASIMI**
Board Member

Board Member since July 2015, reappointed in 26 March 2024 AGM for a term of three years till 25 March 2027. Sheikh Khalid holds business management qualification from New York University, Abu Dhabi Campus. Sheikh Khalid Bin Saud Al Qasimi is also Chairman of Al Marjan Island, Ras Al Khaimah and Vice Chairman of the Investment and Development Office, Government of Ras Al Khaimah. Sheikh Khalid Bin Saud Al Qasimi has extensive experience in finance and investment management.



**SHEIKH SAQR BIN OMAR
AL QASIMI**
Board Member

Board Member since March 2021, reappointed in 26 March 2024 AGM for a term of three years till 25 March 2027. He Holds a Bachelor's degree in Law from the University of Sharjah, Master's in International Law, Public Relations and Diplomacy from the Paris-Sorbonne University Abu Dhabi, as well as a Master's degree in Business Administration from the American University of Sharjah. Currently, he is the General Manager of RAK Real Estate and a Board Member of RAK Porcelain LLC.



**FARAH ABDULLA
MOHAMED AL MAZRUI**
Board Member

Board Member since June 2021. Reappointed in 26 March 2024 AGM for a term of three years till 25 March 2027. Mrs. Farah Al Mazrui has more than 15 years of experience in financial advisory, strategy, investment as well as wealth management solutions to large Corporates, Families, Individuals and Governments. She holds BSc Hons -Economics from Queen Mary, University of London and MSc -Risk Management and Financial Engineering from Tanaka Business School, Imperial College. She was Associate Director – Global Advisory in Rothschild & Co., a Leading independent financial advisory group providing M&A, strategy, and financing advice, as well as investment and wealth management solutions to large Corporates, Families, Individuals, and Governments globally. She also serves as a Board Member of ARKAN Building Materials PJSC.



**ABDALLAH RASHED JASEM
AL ABDOULI**
Board Member

Board Member since March 2021, reappointed in 26 March 2024 AGM for a term of three years till 25 March 2027. Mr. Al Abdouli is the Chief Executive Officer of Marjan, a leading developer for freehold land in Ras Al Khaimah and a Board Member in RAK Properties PSC. Prior to this position, he had served as Director of Town Planning and Survey Administration and Director of Project Management Office at RAK Municipality. He also had held previously Board Member positions for several RAK-based governmental entities including RAK International Airport Authority and RAK Sewerage Authority. Mr. Al Abdouli holds a Masters in Regional & Urban Planning from Paris Sorbonne University in Abu Dhabi and certificate in Real Estate Investment Strategies from Harvard University.



**WASSIM ZUHAIR
MOUKAHHAL**
Board Member

Board member since February 2016. Re-appointed in 26 March 2024 AGM for a three year term till 25 March 2027. Mr Moukahhal has more than 15 years of experience in private equity investments and is currently serving as Board Member of RAK Porcelain, RAK Ceramics India and RAK Ceramics Bangladesh. Mr Moukahhal holds a MBA from the Wharton School at the University of Pennsylvania and a Bachelor's degree in Economics & Finance from McGill University.

Advisers and Leadership



PHILIP GORE-RANDALL
Expert Adviser to
Audit Committee

Mr Gore-Randall is Expert Adviser to the Audit Committee and is also a Director at Samena Capital. Mr Gore-Randall has extensive experience at a senior level in large private and publicly held international organisations. Previously Mr Gore-Randall was an Audit Partner at Andersen where he ran the firm's UK practice and subsequently became the Global COO. Mr Gore-Randall is a UK Chartered Accountant and holds an MA from University College, Oxford.



ABDALLAH MASSAAD
Group Chief Executive
Officer

Abdallah Massaad is Group CEO of RAK Ceramics. He has more than 25 years of experience in industrial manufacturing and ceramics and has a fond understanding of regional and international markets having successfully developed operations through his business leadership abilities across different geographies. Prior to RAK Ceramics, Abdallah Massaad was GM of ICC SARL, Lebanon. Abdallah Massaad holds post-graduate qualifications in Management' DEA in Business Administration' (1998) and an undergraduate degree "Maitrise in Business Administration – Marketing" from USEK (Université Saint-Esprit de Kaslik), Lebanon. He is fluent in Arabic, French and English and also speaks basic German.



PRAMOD KUMAR CHAND
Group Chief Financial
Officer



VIBHUTI BHUSHAN
Chief Audit, Risk and
Compliance Officer



SHAKTI ARORA
Chief Procurement Officer



BASAVARAJ PATIL
Chief Technical Officer
(Tiles)



DAVID KELLY
Chief Technical Officer
(Sanitaryware)



RENU OOMMEN
Chief Marketing Officer
(Tableware)



ANIL BEEJAWAT
Chief Executive Officer
(India)



**FRANK HOLTSMANN-
WIBBERICH**
Managing Director CFO,
KLUDI (Germany and MEA)



SAK EKRAMUZZAMAN
Managing Director
(Bangladesh)



HARALD HOTOP
Managing Director, KLUDI
(Germany and MEA)



Tiles

In 2024, the Tile division of RAK Ceramics unveiled new sizes and thicknesses for its countertop solutions under Maximus. In a move set to redefine modern design, Maximus introduced its expanded range of porcelain slabs, soon available in striking 162x324 cm and 120x280 cm sizes. The range will include slabs with thicknesses of 12 mm and 6 mm, aligning with the latest design trends and professional needs.

Moreover, thickness standardization for sizes 30x60 cm, 60x60 cm, 80x80 cm, and 60x120 cm Glazed Porcelain Tiles was implemented in October 2023 for all new projects and sales orders.

TECHNICAL PRODUCT ENHANCEMENTS

RAK Ceramics has made significant advancements in technical product production, including enhancements in thickness production with new options of 13 mm and 2 cm. The introduction of new technical porcelain products such as Flake Tech and Tech Marble further expands the product range. Additionally, multiple surface finishes, including R9, R10, R11, and Granila Polishing in slabs, provide diverse aesthetic and functional solutions. The Elegance Ceramics (Project Series) now features increased local content, reinforcing sustainability and regional integration. The Salt & Pepper Series and Chips Series

have been incorporated into major portfolios, available in 30x30 cm (9 mm & 13 mm) and 60x60 cm (13 mm), with an option for 2 cm thickness and slab production. New portfolio additions include sizes SL144x305 TH14 (Continua), SL120x180 TH20 (Continua), GP120x120 (Press), GP100x100 (Press), 50x150 RB, GP90x180 (Press), GP80x80 TH20, 40x40 TH13, GP60x90 TH20, and GP90x90, catering to a broad range of design and functional needs

PRODUCT INNOVATIONS

One of the most recent innovations from the RAK Ceramics Innotech Lab is FlakeSet. This technology has enabled the creation of collections like Flake Stone, which feature flakes embedded in the body of the slab. The process involves extracting flakes from atomized color body powder, blending them with raw clay, and firing the mixture at high temperatures.

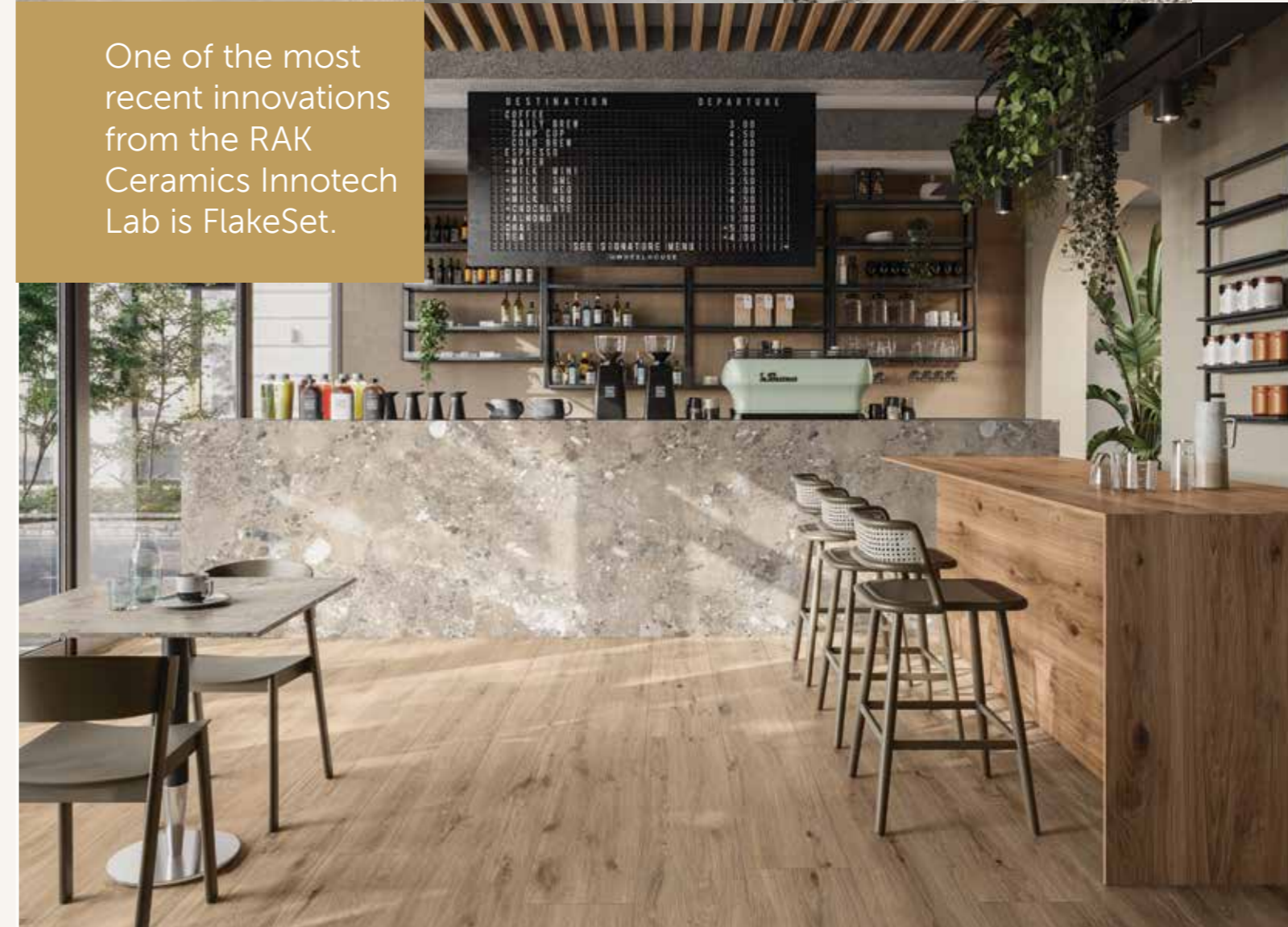
In 2024, the Innotech Lab also responded to a specific market demand: achieving high-definition structures using digital technology. The result is Sync Effect, a technology that creates highly defined tiles through embossed graphics and material structures on both smooth and textured surfaces. This innovation seamlessly integrates unique, realistic designs rich in detail and depth.

NEW COLLECTIONS

Mix and Match, creative sizes and colors, indoor-outdoor complete solutions. These are just some of the concepts that have characterized the development of the new collections launched in 2024. Creative Concrete P collection embodies the very spirit of creativity, Flake Stone features flakes in the body of the slab, thanks to the new Flaketch technology, while Sapien Wood is made with digital Sync Effect structure. Last but not least, RAK Ceramics has secured the prestigious Archiproducts Design Award 2024 in the "Finishes" category for the fourth consecutive year, with its innovative GREY ANTIQUE collection. This award-winning design embodies the Mix and Match concept, empowering designers to create personalized spaces by combining diverse surfaces, finishes, textures, and colors. GREY ANTIQUE redefines traditional ceramics, blending sophistication and natural beauty inspired by geological formations. Its versatility makes it ideal for cladding, countertops, flooring, and high-traffic areas, offering unique customization options from rustic to luxurious aesthetics. A standout feature of GREY ANTIQUE is its role as the foundation for three additional collections—MOON STONE, GREY STONE, and CRYSTAL WHITE—expanding the design possibilities through the deconstruction of agglomerate materials.



One of the most recent innovations from the RAK Ceramics Innotech Lab is FlakeSet.



Sanitaryware

NEW COLLECTIONS

In 2024, RAK Ceramics continued its commitment to innovation and excellence in the sanitaryware division. A breakthrough in engineering processes for WCs led to a 15-20% reduction in material and energy consumption while delivering one of the most aesthetically refined skirted WC and Bidet offerings available.

This innovation was applied across new developments in both Kludi and RAK Ceramics, with existing products being remodeled to align with the latest advancements. Many of our established Bathroom Solutions WCs were refreshed with the latest rimless flush technology and comfort height, ensuring superior functionality and user experience.

Expanding our design versatility, we introduced new colors for the Des collection, adding fresh aesthetic choices for modern interiors. Furthermore, to reinforce our long-term sustainability commitment, we invested in state-of-the-art 'touchless' high-pressure casting machines, setting new benchmarks in production efficiency and environmental responsibility.

To enhance traceability and streamline operations, we implemented barcoding for all products, ensuring complete visibility

throughout the entire process—from manufacturing to customer installation.

CERTIFICATIONS & GLOBAL EXPANSION

Strengthening our global footprint, we secured SNI Accreditation for our UAE site and key products, supporting our growing market presence in Indonesia. Additionally, our new Kludi WCs were certified by TUV and Kiwa, further validating our commitment to quality and compliance with international standards.

DISTINCT PORTFOLIO OFFERINGS

RAK Ceramics' sanitaryware portfolio featured two distinct offerings:

Bathroom Solutions, delivering RAK Ceramics' renowned quality and value.

Lifestyle Design, showcasing high-end collaborations with acclaimed designers such as Scutella and Norguet, bringing an elevated sense of style and sophistication to our product range.

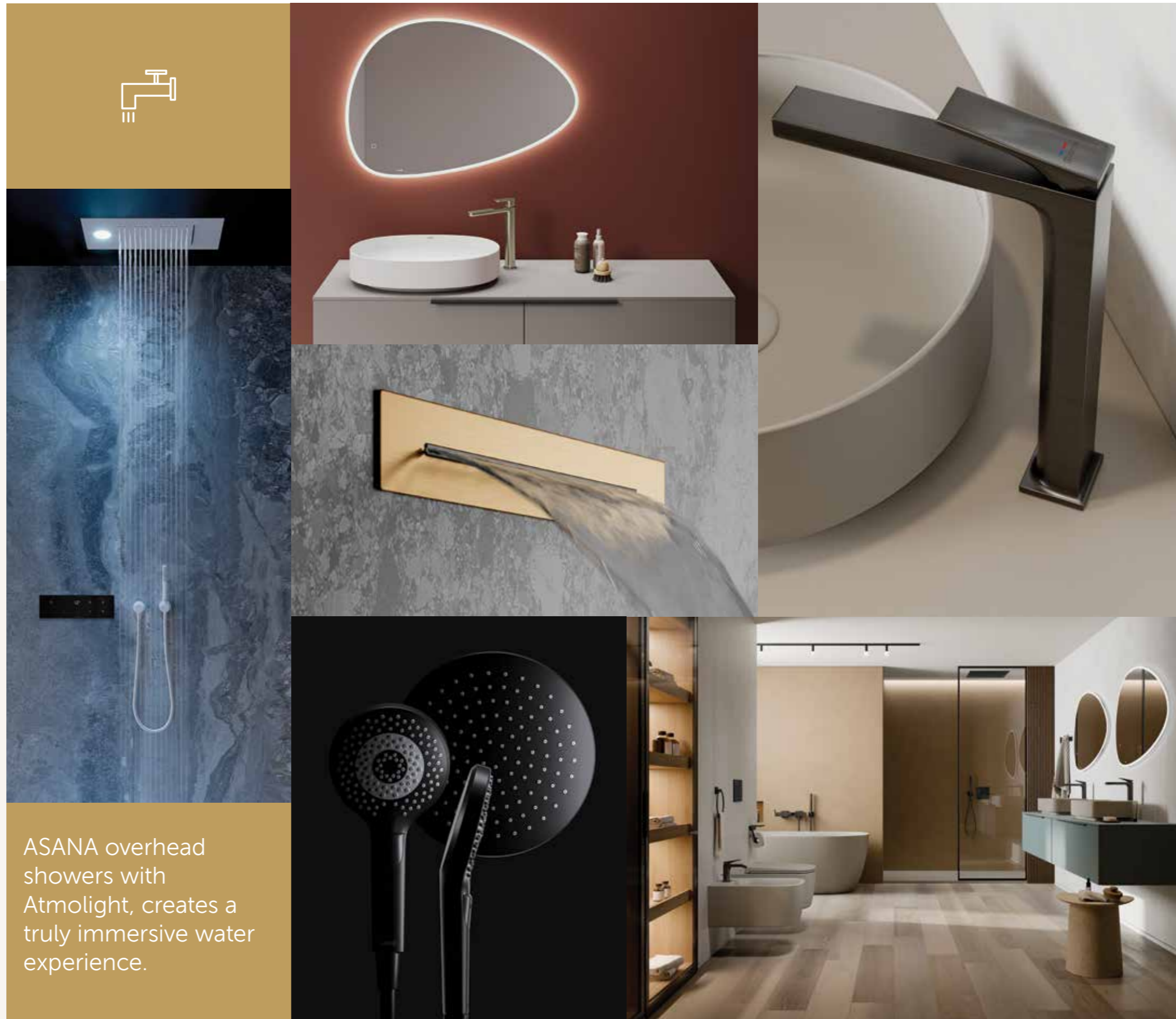
With a relentless focus on innovation, sustainability, and design excellence, 2024 marked another milestone in RAK Ceramics' journey to redefine the standards of modern bathrooms worldwide.



Faucets

In 2024, KLUDI took a decisive step toward becoming a full-range provider of holistic bathroom solutions. With a significantly expanded product portfolio, the company showed its innovations on the international stages at Salone del Mobile in Milan 2024 and BAU 2025 in Munich. At the forefront are the new KLUDI-DECUS and KLUDI-RENON faucet series, which seamlessly blend timeless design with cutting-edge functionality, as well as the KLUDI-ASANA overhead showers with Atmolight, creating a truly immersive water experience.

A key milestone in KLUDI's evolution was the introduction of a completely new sanitary ware collection, first unveiled in Milan and now fully integrated into the project portfolio. With this expansion, KLUDI is transforming into a complete bathroom solutions provider, offering perfectly coordinated designs from a single source—from premium faucets and innovative showers to elegant sanitary ceramics.



ASANA overhead showers with Atmolight, creates a truly immersive water experience.

Tableware

RAK PORCELAIN - PIONEERING PROGRESS, ONE TABLE AT A TIME

In the dynamic world of fine tableware, RAK Porcelain has consistently set benchmarks and redefined industry standards. From dazzling international tradeshows to ambitious expansion projects, the tableware division has once again proven why it remains a dominant force in this competitive landscape. With innovative strategies and a commitment to excellence, the division has not only strengthened its global footprint but also enhanced its reputation as a visionary brand.

INNOVATION AND EXCELLENCE

2024 has been a year of opportunities and innovation for the brand, marked by successful launches of new collections: Pose, Ease Selva, Cliché, and the Digi Series. Each collection reflects the brand's commitment to innovation and artistry, redefining dining experiences through thoughtful design.

POSE - Crafted with meticulous precision and deep passion by Anna Roquero, this pristine collection boasts organic contours that radiate tranquility and elegance.

CLICHÉ - In collaboration with Pop Artist and Chef Rudi Sodamin, this series has struck a chord and garnered admiration among guests, seamlessly blending artistic flair

with culinary excellence.

DIGI SERIES – A symphony of design that adapts seamlessly across diverse dining landscapes. This collection is a canvas for culinary artists, offering them the freedom to showcase their individual flair.

EASE SELVA - Inspired by nature, the Ease Selva Series weaves organic textures and motifs into a serene dining experience, perfect for nature lovers and those seeking a tranquil touch of the outdoors.

EXPANDING CAPACITY AND EXCELLENCE

One of the most significant achievements this year was expanding the manufacturing capacity to an impressive 36 million pieces annually. This milestone underscores a commitment to meet the evolving demands of tableware industry while maintaining the highest standards of craftsmanship and quality. More than just a numeric achievement, this expansion reflects brand's dedication to serving the HORECA industry as the premier "One-Stop Tabletop Solution Provider." This visionary project has transformed operations, driving evolution beyond a traditional brand. Some key advancements include:

Cutting-Edge Technology: The ISO Static Press PHO 700 has enabled precision shaping of large plates and buffet models, while the Roller Head Cup Machine NCR-2C has added

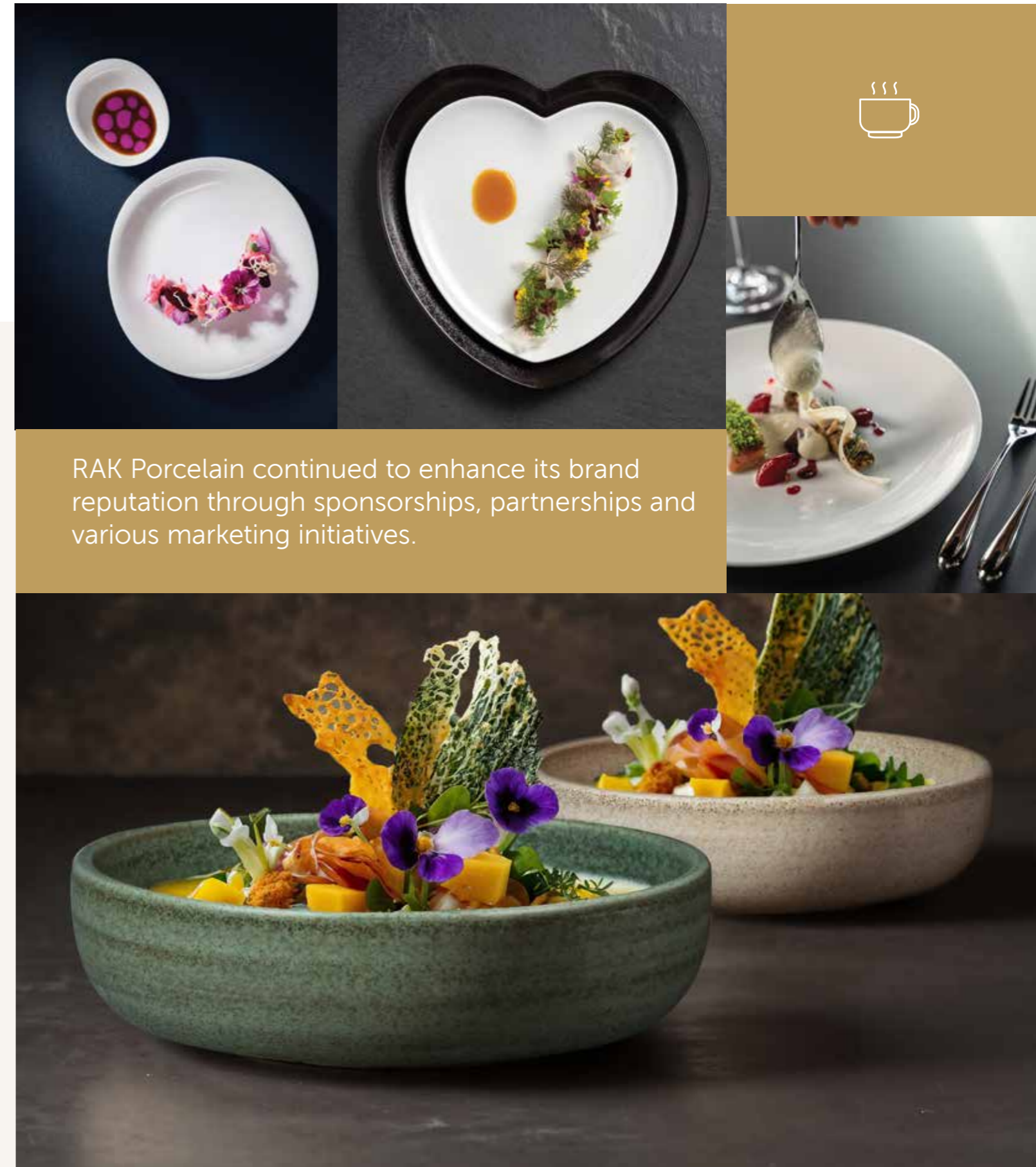
3 million cups, mugs, and bowls to total capacity. These innovations empower RAK Porcelain to broaden offerings and meet diverse market demands. Sustainability and

Efficiency: With the addition of energy-efficient kilns, including the Glost Fast Firing Kiln and Tunnel Kiln, the production capabilities have reached new heights. The Glost Kiln now supports the creation of 6–8 million porcelain and Rakstone pieces annually, while the Tunnel Kiln has revolutionized bonechina production for airlines, reducing lead times and enhancing operational flexibility.

Customization at Scale: Cylinder Screen Press for Decal Printing has doubled the capacity for delivering intricate, bespoke designs, aligning with the growing demand for personalized dining experiences.

LOOKING AHEAD: OPPORTUNITIES IN 2025

As 2025 unfolds, RAK Porcelain remains steadfast in its mission to push boundaries, embrace bold innovation, and craft timeless beauty for every table. While presenting its share of challenges in 2024, the brand has only strengthened its resolve, transforming obstacles into opportunities and paving the way for a brighter future.



RAK Porcelain continued to enhance its brand reputation through sponsorships, partnerships and various marketing initiatives.



RAK Porcelain opened its first showroom in Dubai Hills Mall, dedicated to end users, and launched its e-shop channel.

Sales and Marketing



BRAND ENHANCEMENT

In 2024, RAK Ceramics strengthened its brand presence in key markets, with a heightened focus on projects and retail. Numerous initiatives were launched to integrate developer and trader support with compelling, detailed product communication aimed at end users and key influencers, including architects, designers, and contractors.

Notable activities supporting sales efforts included participation in major international trade shows such as Salone del Mobile and Cersaie (Italy). Additionally, Dubai Design Week marked the official launch of the Kludi by RAK Ceramics Design Hub in D3.

RAK Ceramics also expanded its retail footprint with showroom renovations in Fujairah, Ras Al Khaimah, Abu Dhabi, Dubai Deira, and Saudi Arabia (Tahlia), alongside the opening of its first factory outlet in Ras Al Khaimah and a new Dubai showroom on Sheikh Zayed Road.

In the porcelain sector, RAK Porcelain introduced its retail channel, opening its first showroom in Dubai Hills Mall, dedicated to end users, and launching its e-shop channel.

At a corporate level, the new Corporate Website was successfully

launched in January 2024, featuring the latest digital enhancements. RAK Ceramics received 14 prestigious awards throughout the year, collaborated with key governmental and non-governmental entities, and hosted over 19 international delegations.

DIGITAL PERFORMANCE

In 2024, we significantly enhanced our digital marketing strategy across our brands, expanding reach, engagement, and online presence. For Kludi, we streamlined and consolidated all social media accounts, securing verification and transitioning Facebook pages to a global structure to ensure a more cohesive brand identity. Additionally, we launched podcast, new social media channels on TikTok and Snapchat, broadening audience engagement. As a result, Kludi's regional Instagram accounts saw a nearly 100% increase in followers, reflecting stronger brand visibility in key markets. The Kludi website was also further developed to improve user experience and accessibility.

For RAK Ceramics, we introduced an advanced room visualizer on the website, enabling customers to preview products in realistic settings before making purchase decisions. These efforts contributed to a 63% increase in active users and an 18%

increase in engagement time on the brand's website. Additionally, by optimizing our paid strategy, we successfully increased e-commerce revenue by 30%, strengthening our digital sales performance.

Meanwhile, for RAK Porcelain, we expanded digital efforts by launching new social media channels, focusing on lifestyle and video content to reinforce brand presence. Since launch, the brand's new accounts have amassed 7,500 followers, reflecting strong initial engagement.

A major part of our strategy across all three brands included influencer marketing activities, helping to enhance visibility and audience interaction. These initiatives, particularly in the KSA market, have reinforced our brands' positioning and laid the foundation for long-term digital growth.

Environmental, Social and Governance (ESG)



Abdallah Massaad
Group CEO
RAK Ceramics

RAK Ceramics is committed to embed the principles of sustainability.

OUR ESG COMMITMENT: ADVANCING SUSTAINABILITY IN 2024

In 2024, we remained steadfast in our commitment to sustainability, further strengthening our position as a pioneer in ceramic manufacturing. Our journey toward a more sustainable future was guided by a clear strategy, ensuring that we integrated ethical, responsible, and community-focused initiatives into every aspect of our operations.

Throughout the year, we placed a strong emphasis on enhancing our internal ESG practices while launching key initiatives to drive continuous improvement. We worked closely with industry experts to refine and implement a robust sustainability strategy, ensuring greater transparency

and engagement with our stakeholders. By leveraging advanced technologies and digital tools, we optimized our production processes to uphold the highest quality standards while minimizing our environmental footprint.

Our sustainability efforts in 2024 encompassed several critical areas, including energy conservation, expanded recycling programs, improved waste management, sustainable logistics, and eco-friendly packaging. Additionally, we invested in upskilling our technical teams by providing access to global best practices, further strengthening our capabilities in sustainable manufacturing. These initiatives not

only reinforced our resilience in the face of market challenges but also reinforced our identity as a purpose-driven brand.

A key milestone of the year was the continued development of our ESG Strategy for 2024-2030, which was designed to align with international agreements and industry sustainability initiatives. This strategy focused on decarbonization, circularity, and workforce development—ensuring that our commitment to sustainability remained deeply embedded across all operations. Our leadership team, in collaboration with sustainability experts, meticulously assessed 18 key sustainability imperatives, evaluating



their impact on our business and the broader industry.

RAK CERAMICS: DRIVING SUSTAINABILITY THROUGH KEY INDUSTRY EVENTS

RAK Ceramics proudly served as a Strategic Partner at the RAK Energy Summit 2024, where our Group CEO, Mr. Abdallah Massaad, led a fireside chat on upcycling waste for circular, low-carbon materials. Strengthening our commitment to green building, we partnered with Emirates Green Building Council, supplying our 100% recycled ReUse Series tiles for the Sustainability Lounge, supporting its WELL Certification goal.

At the RAK Investment & Business Summit 2024, Mr. Massaad discussed manufacturing challenges and sustainable growth, while at the Emirates Green Building Council's 13th Annual Congress 2024, he explored circular economy solutions for a more sustainable supply chain.

RAK Ceramics remains dedicated to innovation and sustainability, shaping the future of responsible manufacturing.

Beyond our internal initiatives, we deepened our commitment to social responsibility through impactful Corporate Social Responsibility (CSR) programs. Our employees actively participated in the Joy of Giving

campaign with the Red Crescent, contributed to the UAE Stands with Lebanon campaign, and engaged in sustainability-focused Earth Day activities. These efforts reflected our dedication to making a positive impact beyond our workplace, fostering meaningful change in the communities we serve.

For more details on our sustainability initiatives and progress, we encourage stakeholders to read our complete ESG Report 2024, available at www.corporate.rakceramics.com

Events, Awards and Sponsorship



RAK Ceramics took part in numerous exhibitions, awards, and fairs on a national and international level.

AWARDS & RECOGNITION – A YEAR OF EXCELLENCE AND INNOVATION

In 2024, RAK Ceramics continued to set new benchmarks in the industry, further cementing its leadership position with a series of prestigious awards across diverse categories. Group CEO, Mr. Abdallah Massaad, earned the coveted Thought Leader of the Year Gold Stevie Award, while the company secured two Silver Stevie Awards for Achievement in Product Innovation (CookingRAK) and Excellence in Innovation in Manufacturing Industries, along with a Bronze for Innovative Achievement in Sustainability.

One of the standout achievements

of the year was CookingRAK, the invisible induction cooktop, which received the esteemed “Red Dot: Best of the Best” award in the Product Design category – the highest accolade in the competition, reserved for products that demonstrate unparalleled design and quality.

RAK Ceramics was also honored at the ACIMAC TecAward 2024 for Innovation and Sustainability, highlighting the company’s commitment to forward-thinking solutions. Additionally, the Ministry of Industry & Advanced Technology recognized RAK Ceramics as the UAE Industry 4.0 Leader, further

solidifying its reputation in cutting-edge manufacturing practices.

At the 2024 BKUMagazine Awards, RAK Ceramics was named Best Tiling Brand, while GREY ANTIQUE triumphed at the Archiproducts Design Award 2024 in the “Finishes” category, marking the fourth consecutive year the company has won this prestigious award.

In a moment of personal recognition, Mr. Abdallah Massaad proudly accepted the Gulf Industrial Excellence Award on behalf of RAK Ceramics. The company was also honored in the Enterprise category at the ICT Awards for its exceptional

implementation of Intelligent Manufacturing and Best Fitting Brand by Design ME Awards.

Finally, RAK Ceramics’ commitment to sustainability was recognized with the 2024 MENA Green Building Award for ‘Sustainable Building Product of the Year – Indoor Air Quality,’ further affirming the company’s dedication to innovation, quality, and environmental responsibility.

These awards exemplify RAK Ceramics’ unwavering dedication to excellence, innovation, and sustainability across all facets of its operations.



Events, Awards and Sponsorship (contd.)



OFFICIAL VISITS AND EDUCATIONAL TOURS RAK

In 2024, RAK Ceramics continued to solidify its position as a global leader in the ceramics industry, welcoming distinguished guests from various countries and industries. The year has seen a series of significant visits, highlighting the company's international stature and its ability to foster cross-border collaborations. These visits include delegations from countries such as India, Japan, Rwanda, Italy, China, Tanzania, and France, among others. The company's strategic efforts to build connections are exemplified by the diverse range of high-ranking

officials, diplomats, and business leaders who have toured the facilities, engaging in discussions on mutual growth and innovative opportunities.

In addition to the diplomatic and business delegations, RAK Ceramics was also honored to host educational visits from esteemed institutions. Georgetown University students, along with EMBA candidates, had the opportunity to tour the company's facilities, engaging in insightful presentations from top executives. Similarly, students from Westford University also visited RAK Ceramics,

gaining first-hand knowledge of the company's operations and its contribution to the ceramics industry. These interactions with future leaders underscore RAK Ceramics' commitment to fostering education and knowledge exchange, while continuing to strengthen its collaborations with both governmental bodies and industry leaders. As RAK Ceramics continues to grow and expand its global footprint in 2024, the company remains focused on strengthening its partnerships and ensuring sustained growth and success on the world stage.



EVENTS AND SPONSORSHIPS

In 2024, RAK Ceramics reaffirmed its commitment to innovation, community engagement, and leadership in the ceramics and building materials industry through a diverse range of events and sponsorships. The company kicked off the year by participating in prestigious international exhibitions and forums, including the Make it in the Emirates 2025 Preview Exhibition, where it showcased its sustainable and innovative products. The collaboration with the Emirates Green Building Sustainability Lounge demonstrated RAK Ceramics' dedication to promoting sustainable building practices, aligning with global environmental goals.

Throughout the year, RAK Ceramics hosted and participated in various key industry events such as the RAK Energy Summit, which focused

on the future of energy and sustainability in the region, and INNOPROM Ekaterinburg in Russia organized by MOIAT, where the company showcased its cutting-edge technologies. The company also participated in Salone del Mobile, Milano, further solidifying its presence in the international design community.

On the educational front, RAK Ceramics hosted the Georgetown EMBA - CEO Presentation, offering top executives insights into the company's business strategies and innovations. Additionally, RAK Ceramics participated in industry event- Cersaie in Bologna, Italy.

RAK Ceramics also supported the CID Design Awards 2024 as a sponsor, demonstrating its strong support for design excellence and innovation in the region's interior

design industry. The company's involvement highlighted its ongoing commitment to advancing design standards and celebrating outstanding talent.

Furthermore, RAK Ceramics was an active participant in the EmiratesGBC Annual Congress 2024, where the company took part in a panel discussion titled The Supply Chain through the Lens of Circularity. This involvement underscores the company's dedication to shaping the future of sustainable building materials and fostering a circular economy in the industry.

Through its participation in these events and sponsorships, RAK Ceramics continues to lead the way in design innovation, sustainability, and community engagement, further enhancing its role as a global leader in the ceramics sector.

Human Resources

The company prioritized employee engagement and motivation.



EMPLOYEE ENGAGEMENT

Engagement and Celebrations

We celebrated diversity, unity, and traditions throughout 2024 with various events and activities. These included UAE National Day, Christmas Celebration, International Women's Day, Haq al Lailah (marking the arrival of Ramadan), and the Terry Fox Run. Sporting events like Chess and Table Tennis tournaments encouraged teamwork and healthy competition. This year's Christmas celebration was particularly impactful, with a sustainability-focused theme of "Reuse of Waste Products," promoting environmental consciousness among employees.

Health and Well-being Initiatives

Promoting a healthy and supportive environment, we organized:

Terry Fox Run: Participating in this global initiative to support cancer research and raise awareness.

Awareness Campaigns: RAK Ceramics prioritized employee awareness through key initiatives, which focused on fraud prevention, welfare, and health education. Factory workforce were also educated on identifying scam messages and calls and critical health topics like cardiology, heart disease, and HIV prevention in collaboration with the Ministry of Health (MOH)

and Preventive Medicine – RAK

Sustainability and Corporate Social Responsibility (CSR)

We reinforced our commitment to social and environmental causes through impactful initiatives:

Joy of Giving (in partnership with Red Crescent): Employees came together wholeheartedly to contribute to this CSR initiative, helping those in need through donations.

UAE Stands with Lebanon Campaign: A heartfelt campaign where employees showed their solidarity by contributing food and money to support affected communities.

Earth Day Celebration: Encouraging environmental responsibility through activities promoting sustainability.

Employee Benefits and Discounts

Khusoosi: In 2024, we reintroduced and enhanced Khusoosi, our exclusive Employee Discount Program, to provide access to top-tier brands and services at reasonable and affordable rates. Currently, the program boasts partnerships with 38 well-known brands, offering discounts across diverse categories including:

Gym and Fitness: Helping employees prioritize their health and wellness.

Pharmacies: Ensuring access to essential health and wellness products.

Hotels, Restaurants, and Resorts: Encouraging recreation and quality time with loved ones.

Adventure Parks: Promoting fun and adventure for employees and their families.

The objective of Khusoosi is to ensure employees receive the best services and experiences, aligning with our commitment to their well-being and happiness.



Human Resources (contd.)



REWARD AND RECOGNITION

2024 was marked by significant recognition at the GCC GOV HR and Youth Awards, a platform that honors excellence and innovation in human resources and organizational success across the region in both Public and Private Sector. The awards celebrate exceptional achievements in fostering employee well-being, nationalization efforts, and leadership.

CEO of the Year (Private Sector): Our CEO, Mr. Abdallah Massad, was honored with this prestigious award for his visionary leadership and remarkable contributions to the organization.

Nationalization Initiative Award (Private Sector):

We proudly secured the First Runner-Up, reflecting our commitment to fostering local talent and driving Emiratization efforts. **Employer of the Year (Private Sector):** We achieved the Second Runner-Up, recognizing our ongoing efforts to provide a nurturing and rewarding workplace for our employees.

These accolades underscore our dedication to setting benchmarks in leadership, employee engagement, and nationalization, solidifying our position as a leader in the private sector.

CAMPUS PLACEMENT INITIATIVE

At RAK Ceramics, we are committed to nurturing new talent and paving the way for meaningful careers. In line with this vision, the team has conducted various Campus Placement Drive in India & UAE in 2024, aimed at creating career opportunities for final-year students.

With strong support from management, our HR team led this initiative, visiting more than 15 ITIs, Polytechnics, Management and Engineering colleges. Through these placement drives, the team has engaged with aspiring graduates



and postgraduates, offering valuable insights into industry expectations and career prospects. By facilitating their transition from academia to the professional world, we continue to strengthen our talent pipeline and empower the workforce of the future.

PEOPLE FIRST INITIATIVES

At RAK Ceramics, we believe that an engaged workforce thrives when employees have a voice in shaping their work environment. Actively capturing employee feedback fosters continuous improvement, strengthens communication, and supports both individual and organizational growth.

Suggestion Box: Capturing Voice of Employees

To empower our factory employees

and encourage open dialogue, we introduced a Suggestion Box initiative. This platform enables employees to:

- Share ideas and feedback to improve workplace processes and culture.
- Voice grievances and concerns, ensuring every employee feels heard. Propose innovative solutions that contribute to efficiency and collaboration.

By fostering a culture of listening and responsiveness, we are committed to creating a dynamic and inclusive workplace where employees actively contribute to progress.

New Hire Engagement

To ensure a smooth transition into the organization, we have established a Growth Review Session

for employees completing their probation period. This initiative provides:

- A platform for new employees to present their learnings, share their experiences, challenges, and suggest improvements for the onboarding process and their journey till date.
- An interactive Q&A session with senior managers to offer guidance and constructive feedback.

By engaging with employees at every stage of their journey, we reinforce our commitment to professional growth, empowerment, and a high-performing work culture.

Corporate Governance



RAK Ceramics developed highest standards of governance resulting in transparency and integrity.

In the sphere of corporate governance, the year 2024 has been characterized by a steadfast commitment to elevating our standards and practices. Our paramount focus has been on ensuring continuous compliance with the laws of the United Arab Emirates, regulations governed by the Securities and Commodities Authority (SCA), the Abu Dhabi Securities Exchange (ADX), and our Company's Articles of Association (AoA).

Throughout 2024, RAK Ceramics has undertaken comprehensive

initiatives to refine and fortify our governance framework. Noteworthy developments include the continuous enhancement of policies crucial to our ethical conduct, such as the Code of Conduct, Conflict of Interest, Whistleblower Policies, and Dividend Policy.

Our dedication to governance excellence remains unwavering, and we aspire to foster a culture of transparency and integrity in all our interactions. As part of our ongoing commitment, we encourage you to stay informed by exploring the detailed RAK Ceramics

2024 Governance Report, which is available at www.corporate.rakceramics.com.

The report will encapsulate our endeavors, achievements, and continuous strides towards governance excellence during the dynamic landscape of 2024.

Information Technology & Digital Transformation



In 2024, we continued to drive digital transformation across RAK Ceramics, enhancing operational efficiency, security, and customer engagement. Our Warehouse GPS Pallet Tracking system was upgraded with virtual gridding and automatic stock counting, improving inventory management. We also introduced a Proof of Delivery (POD) system, enabling real-time confirmation of deliveries through a dedicated web portal, seamlessly integrating with SAP for streamlined revenue recognition. Additionally, key ERP enhancements were implemented to optimize production planning, procurement, and finance functions, strengthening overall business operations.

To improve product traceability, we introduced a Sanitary Ware Barcoding system, allowing seamless tracking of products throughout the production cycle. A new Sanitary Ware Forecasting & Demand Management process in SAP was also deployed, ensuring better alignment between production and sales. Furthermore, we initiated

the development of a Product Information Management (PIM) system for Kludi and RAK Porcelain, centralizing product data to improve consistency and accessibility.

Automation remained a key focus, with the expansion of Robotic Process Automation (RPA) for Kludi, automating supplier order handling. We also launched the Helpme Portal, a global IT service request platform that has significantly improved user satisfaction. In Bangladesh, we introduced RAKCARE, a digital warranty program, along with RAKSCAN, a QR code-based product information system, and an Invoice Tracking System to enhance transparency in supplier payments.

On the security front, we standardized the network infrastructure, email systems, and Active Directory for Kludi Europe, integrating them with RAK Ceramics. We also enhanced website standardization across our e-commerce platforms and implemented Single Sign-On (SSO) and Multi-Factor

Authentication (MFA) for improved security. Sustainability remained a priority, with initiatives like printer optimization, reducing print volume by 25%, and upgraded email and web security to mitigate external threats.

These advancements reflect our commitment to leveraging technology for operational excellence, customer satisfaction, and long-term sustainability.



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Report of the Board of Directors

On financial performance during the year ended 31 December 2024
12 February 2025

Dear Members,

It is our pleasure to present the business & operations report for the year ended 31 December 2024, along with the audited consolidated financial statements of RAK Ceramics PJSC, UAE (the "Group" or the "Company") as on 31 December 2024.

Snapshots for fourth quarter and year 2024

- **Group Revenue:** Experienced an increase of 0.5% year- on- year (YoY) to AED 870.9 million in Q4 2024, while the FY 2024 period reported a decline of 6.5% to AED 3.23 billion largely driven by global macro-economic volatility, geopolitical tensions, inflationary pressures and supply chain disruptions, which have significantly impacted export reliant sectors.
- **Gross Profit Margin:** Continued improvement by 163bps YoY to 37.2% in Q4 2024, while in FY 2024 improved by 143bps YoY to 39.3%.
- **Profit Before Tax:** Profit before tax decreased by 7.1% YoY to AED 82.0 million, compared to AED 88.4 million in Q4 2023. In FY 2024 it decreased by 19.9% YoY to AED 276.6 million, primarily attributable to political instability in Bangladesh, Red Sea crisis which has led to higher logistics cost, and challenges faced in ongoing Kludi's (faucet division) transformation plan in Europe.
- **EBITDA Performance:** EBITDA decreased by 4.7% YoY in Q4 2024 to AED 158.0 million, while in FY 2024 EBITDA decreased 8.5% YoY to AED 592.2 million.
- **Financial Health:** Net debt position stood at AED 1.39 billion in Q4 2024, down 11.1% compared to Q3 2024. The net debt to EBITDA ratio decreased from 2.61x in Q3 2024 to 2.35x in Q4 2024.
- **Dividend:** The Board of Directors proposed a dividend distribution of 10 fils per share (AED 99.4million) for H2 2024

Financial Highlights

- **Total revenue** increased by 0.5% YoY to AED 870.9 million in Q4 2024 and in FY 2024 it fell by -6.5% YoY to AED 3.23 billion, due to a range of global macro-economic factors including ongoing geopolitical tensions, inflationary pressures and supply chain disruptions, which particularly impacted export reliant divisions. The tiles division recorded strong Q4 growth in both volumes and value, led by robust performance across a number of core markets, including the UAE, KSA, India, and Europe.
- In Q4 2024, on a YoY basis the **gross profit margin** increased by 163bps to 37.2% and for FY 2024 it increased by 143bps YoY to 39.3%, driven by improved efficiency and robust performance across all core markets.
- **EBITDA** decreased to AED 158.0 million in Q4 2024, compared to AED 165.9 million over the same period last year, similarly in FY24, EBITDA decreased 8.5% to 592.2 million. EBITDA margins for Q4 2024 have decreased slightly to 18.1%, compared to 19.2% in Q4 2023. In FY 2024, EBITDA margins decreased 0.4% YoY to 18.3%.
- **Profit before tax** decreased by 7.2% YoY to AED 82.0 million, compared to AED 88.4 million in Q4 2023. This decrease was primarily driven by a lower other income of AED 20.9 million and an increase in logistics cost. In FY 2024, net profit before tax decreased by 19.9% to AED 276.6million from AED 345.5 million. This decrease was primarily driven by political instability in Bangladesh, Red Sea crisis which has led to higher logistics cost, challenges faced in ongoing Kludi's (faucet division) transformation plans in Europe and lower other income by 34.4m YoY.
- **Net profit after tax** decreased 21.5% YoY to AED 64.2 million, compared to AED 81.8 million in Q4 2023, while in FY24, net profit after tax decreased 27.0% to AED 234.1 million from AED 320.9 million. The impact of the 9% UAE Corporate Tax was AED 11.6 million for Q4 2024, while for FY24 it was AED 33.9 million. Net debt position stood at AED 1.39 billion, down 1.8% YoY. The net debt to EBITDA ratio also decreased from 2.61x in Q3 2024 to 2.35x in Q4 2024.

Segmental performance highlights

- **Tiles** revenue recorded strong Q4 growth, up 4.8% year-on-year to AED 518.1 million, led by strong performance in the UAE, KSA, India, and Europe, while full year results saw a YoY decline of 6.4% at AED 1.86 billion, with declines across most markets apart from the UAE and India.

- **Sanitaryware** experienced a moderate revenue decline in Q4 2024 of 4.7% at AED 120.4 million, while FY 2024 saw a decline of 8.6% YoY at AED 467.8 million primarily attributable to weaker demand across all major markets except KSA market.
- **Tableware** revenue declined in both for Q4 and FY 2024 7.5% and 5.8% respectively, due to demand being impacted by severe logistical issues and currency depreciation in Europe, USA which have affected other major markets.
- **Faucets** revenue declined by 3.3% YoY to AED 109.5 million in Q4 2024, while in FY 2024 it declined by 2.5% to AED 444.6m YoY largely impacted by geopolitical tensions affecting the European and Asian markets. Also, transformation of Kludi Europe has been considerably affected by inflation, recessionary pressures and higher logistics cost. These challenges have strained our ability to sustain healthy margins.
- **UAE:** Registered a YoY revenue growth of 9.6% in Q4 2024, while revenue increased 7.1% to 842.5 million on an annual basis, in FY 2024 primarily due to growth in the real estate sector and favorable market dynamics.
- **Saudi Arabia:** KSA market began its recovery in Q4, with revenue growing 20.1% YoY and 23.7% Quarter on Quarter, driven by customs duty relief on UAE exports, which supported a regain in market share in the wholesale segment.
- **Europe:** Weakened demand in Europe persisted, driven by inflation, recessionary pressures, and ongoing geopolitical tensions. Increased logistics cost further challenged our ability to sustain healthy margins
- **India:** Revenue increased by 13.7% in Q4 2024, while revenue grew 0.8% in FY 2024 as the Indian market continues to witness growth, driven by robust infrastructure development and rising disposable income.
- **Bangladesh:** Revenue declined by 11.1% YoY in Q4 and 20.6% YoY for FY 2024, primarily due to political instability, which significantly affected market and economic conditions. Additionally, a severe gas crisis in the country continued to impact business operations, resulting in lower capacity utilization.

Strategic Initiatives

Expansions

- In the UAE, the continued investment in the overall brand positioning and strategy has also allowed the Company to maintain higher ASPs compared to competition in the market.
- The Company continues to invest in upgrading the Tiles production facilities to enable to produce differentiated and large format Tiles.
- We are also investing in our UAE Sanitaryware production facility to improve efficiencies and allow us to reduce our carbon emission and reduce the energy consumption.

Greenfield Projects

- In Saudi Arabia, we continue to work towards setting up a production facility in KSA.

Income Statement Highlights

Particulars	Year 2024	Year 2023	YoY Growth
Revenue	3,232.0	3,457.8	-6.5%
Gross margin (%)	39.3%	37.9%	143bps
EBITDA	592.2	647.4	-8.5%
Profit/(loss) before tax	276.6	345.5	-19.9%
Net profit/(loss) after tax	234.1	320.9	-27.0%
Net Profit/(loss) after minority	221.1	290.9	-24.0%
Capital expenditure	183.3	273.4	-33.0%
Net debt	1,394.2	1,420.4	-1.8%
Net debt/EBITDA	2.35x	2.20x	-
Cost of Debt	6.17%	6.15%	2bps

Report of the Board of Directors (contd.)

On financial performance during the year ended 31 December 2024
12 February 2025

CSR activities, exhibitions, sponsorships and awards

Exhibitions participated

- Make it in the Emirates 2025 Preview Exhibition

Visits of delegates

- Visit of HE Ambassador of Finland to the UAE
- Visit of HE Ambassador of Singapore to the UAE
- Visit of HE Ambassador of France to the UAE

Awards received

- Intelligent ICT Awards, Dubai
- Arch products Design Awards 2024
- Emirates Green Building Awards 2024 – Indoor Air Quality
- UAE Digital Leader 4.0 by MOIAT
- ACIMAC TecnAward 2024 for Innovation and Sustainability

Future Outlook

In Q4 and FY2024, the Company faced a complex macroeconomic landscape, characterized by geopolitical uncertainties, inflationary pressures, and shifting consumer demand. This was compounded by currency fluctuations and supply chain constraints, which knocked the top-line performance and profitability.

The Company remains committed to investing in its brand, expanding retail presence, and strengthening brand awareness through strategic events and engagements – in the key markets. Looking ahead, the strategic priorities center on protecting the market share, optimizing operations, further diversifying the offering, accelerating digitalization, and expanding production capabilities. The Company wants to continue to deliver a best-in-class product to customers that sets itself apart from the competition. By leveraging technology and targeted investments, the Company aims to enhance resilience and create long-term value for the investors and customers.

Financial Reporting

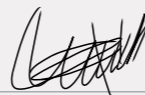
The condensed consolidated financial information of the Group, prepared in accordance with International Financial Reporting Standards (IFRSs), fairly presents its financial position, the result of its operations, cash flows and changes in equity. Appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgments. There are no matters which call into question the Company's ability to continue as a going concern.

Vote of Thanks

The Board of Directors would like to take this opportunity to thank Government bodies, the shareholders, investors, bankers & employees for their continuous commitment, co-operation, confidence & support in achieving the Company's objectives.



Chairman



Chief Executive Officer

Independent auditors' report

The Shareholders of
R.A.K. Ceramics P.J.S.C.
Ras Al Khaimah
United Arab Emirates

Report on the audit of the consolidated
financial statements.

Opinion

We have audited the consolidated financial statements of R.A.K Ceramics P.J.S.C. ("the Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter (contd)

Valuation of investment properties

Investment properties represented 15% of total assets as at 31 December 2024. Investment properties are measured in accordance with the cost model described in International Accounting Standard 40 Investment Properties. Management obtained valuations from independent external valuers for the purposes of identifying impairment indicators and compiling fair value disclosures.

The valuation of investment properties, as detailed in Note 18, requires significant judgements and estimates to be made by both management and the independent external valuers. Consequently, we considered this to be a key audit matter.

How our audit addressed the key audit matters

We obtained an understanding of management's process of valuing investment properties. Further, we performed the following:

- We evaluated the design and determined the implementation of relevant controls over the determination of the fair value of investment property to determine if they had been appropriately designed and implemented;
- We assessed the competence, skills, qualifications and objectivity of the independent external valuer;
- We reviewed the scope of the engagement between the external valuer and the Group to determine if this was sufficient for audit purposes;
- We verified the accuracy, completeness and relevance of the input data used for deriving fair values;
- We utilized our internal valuation specialists to evaluate on a sample basis the methodology used and the appropriateness of the model and key assumptions used in the investment property valuations;
- We tested the mathematical accuracy of the valuations on a sample basis;
- We agreed the results of the valuations to the amounts disclosed in the consolidated financial statements; and
- We assessed the adequacy of disclosures included in the consolidated financial statements against the requirements of IFRSs.

Other information

The Board of Directors and management is responsible for the other information. The other information comprises the annual report of the Group. We obtained the Directors' report prior to the date of this auditor's report and the remaining information of the annual report is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained up to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining information of the annual report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent auditors' report (contd.)

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and their preparation in compliance with the applicable provisions of the Articles of Association of the Company and UAE Federal Decree Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2024:

- I. we have obtained all the information we considered necessary for the purposes of our audit;
- II. the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- III. the Group has maintained proper books of account;
- IV. the financial information included in the report of the Directors is consistent with the books of account of the Group;
- V. as disclosed in Note 32 to consolidated financial statements, the Group has purchased or invested in shares during the year ended 31 December 2024;
- VI. Note 21 to the consolidated financial statements discloses material related party transactions and balances and the terms under which they were conducted;
- VII. based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024; and
- VIII. Note 7 to the consolidated financial statements discloses the social contributions made during the financial year ended 31 December 2024.

Deloitte & Touche (M.E.)

Signed by:

Mohammad Jallad
Registration No. 1164

12 February 2025
Dubai, United Arab Emirates

Consolidated statement of profit or loss

for the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Revenue	5	3,232,019	3,457,758
Cost of sales	6	(1,962,271)	(2,148,862)
Gross profit		1,269,748	1,308,896
Administrative and general expenses	7	(233,785)	(244,560)
Selling and distribution expenses	8	(686,735)	(685,518)
Other operating income	9	84,422	118,804
Finance costs	10	(126,247)	(119,169)
Finance income	10	9,107	6,685
Loss on net monetary position	35	(7,038)	(4,210)
Share of (loss)/profit in equity accounted investees	11	(197)	1,266
Impairment loss	7(i)	(32,638)	(36,728)
Profit before tax		276,637	345,466
Tax Expenses	12	(42,555)	(24,611)
Profit for the year		234,082	320,855
Profit attributable to:			
Owners of the Company		221,094	290,947
Non-controlling interests		12,988	29,908
Profit for the year		234,082	320,855
Earnings per share - basic and diluted (AED)	13	0.22	0.29

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2024

	2024 AED'000	2023 AED'000
Profit for the year	234,082	320,855
Other comprehensive income		
Items that may be reclassified subsequently to (loss) or profit:		
Foreign exchange differences on translation of foreign operations	(29,152)	(27,932)
Cash flow hedges – effective portion of changes in fair value loss on hedging instruments	(6,139)	(8,844)
Effects of application of hyperinflation accounting (refer Note 35)	24,587	12,276
Total comprehensive income for the year	223,378	296,355
Total comprehensive income attributable to:		
Owners of the Company	217,257	271,871
Non-controlling interests	6,121	24,484
Total comprehensive income for the year	223,378	296,355

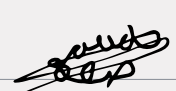
The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of financial position

as at 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Assets			
Non-current assets			
Property, plant and equipment	14	1,328,102	1,354,744
Goodwill	15	120,122	120,135
Right-of-use assets	16	111,064	87,632
Intangible assets	17	12,545	14,932
Investment properties	18	897,479	900,742
Investments in equity accounted investees	11	10,282	11,332
Long-term receivables	19	18,859	21,556
Derivative financial assets	22	1,938	4,277
Deferred tax assets	12	5,638	6,041
Total non-current assets		2,506,029	2,521,391
Current assets			
Inventories	20	1,355,912	1,301,903
Trade and other receivables	19	1,128,367	1,185,292
Due from related parties	21	54,200	60,417
Derivative financial assets	22	4,799	7,462
Bank deposits with an original maturity of more than three months	23	2,061	41,381
Cash and cash equivalents	23	200,548	239,245
Total current assets		2,745,887	2,835,700
Total assets		5,251,916	5,357,091
Equity and liabilities			
Capital and reserves			
Share capital	24	993,703	993,703
Reserves	24	1,242,004	1,240,552
Equity attributable to owners of the Company		2,235,707	2,234,255
Non-controlling interests	25	95,335	134,495
Total equity		2,331,042	2,368,750
Non-current liabilities			
Islamic bank financing	26a(ii)	248,225	296,674
Interest bearing bank financing	26b(ii)	636,689	620,998
Due to related parties	21	3,186	2,163
Provision for employees' end of service benefits	29	113,702	118,453
Government grants	30	4,086	-
Lease liabilities	27	89,157	67,804
Deferred tax liabilities	12	20,742	29,973
Total non-current liabilities		1,115,787	1,136,065
Current liabilities			
Islamic bank financing	26a(i)	218,631	317,399
Interest bearing bank financing	26b(i)	490,068	463,765
Trade and other payables	28	837,068	817,704
Government grants	30	426	-
Due to related parties	21	36,963	44,939
Derivative financial liabilities	22	390	4,296
Lease liabilities	27	37,117	32,846
Provision for taxation	12	184,424	171,327
Total current liabilities		1,805,087	1,852,276
Total liabilities		2,920,874	2,988,341
Total equity and liabilities		5,251,916	5,357,091

To the best of our knowledge the consolidated financial statements present fairly in all respects, the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group as of, and periods presented therein.


Chairman


Chief Executive Officer

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2024

	2024 AED'000	2023 AED'000
Operating activities		
Profit for the year before tax	276,637	345,466
Adjustments for:		
Share of loss/(profit) in equity accounted investees	197	(1,266)
Interest expense	73,483	67,092
Profit expense on Islamic financing	33,114	38,671
Interest income	(3,922)	(5,535)
Profit on wakala deposits	(141)	(897)
Interest expense on lease liabilities	8,294	7,488
Net change in fair value of derivative financial instruments	(5,044)	(253)
Loss on disposal of property, plant and equipment	621	62
(Gain) on disposal of investment properties	(3,627)	-
Depreciation on property, plant and equipment	152,292	143,074
Depreciation on investment properties	12,403	10,789
Amortization of intangible assets	5,413	5,833
Depreciation of right-of-use assets	37,677	35,317
Provision for employees' end-of-service benefits	20,817	26,923
Loss on net monetary position	7,038	4,210
Allowance for slow moving inventories	32,584	46,432
Write-(back)/down of net realizable value of finished goods	(14,476)	(12,947)
Allowance for impairment loss on trade receivables	18,638	36,728
Initial recognition of investment property (refer note 18)	-	(2,500)
Allowance for impairment loss on other receivables	14,000	-
	665,998	744,687
Changes in:		
- inventories	(72,117)	(26,096)
- trade and other receivables (including long-term portion)	29,313	(42,245)
- due from related parties	1,534	(17,526)
- trade and other payables	19,363	(85,915)
- Government grants	4,512	-
- due to related parties	(7,976)	4,362
Income tax paid	(35,932)	(16,540)
Employees' end-of-service benefits paid	(25,367)	(41,757)
Currency translation adjustments	5,382	(12,447)
Net cash generated from operating activities	584,710	506,523
The accompanying notes form an integral part of these consolidated financial statements.		

Consolidated statement of cash flows (contd.)

for the year ended 31 December 2024

	2024 AED'000	2023 AED'000
Investing activities		
Additions to property, plant and equipment	(183,299)	(273,406)
Proceeds from disposal of property, plant and equipment	37,471	11,479
Proceeds from disposal of investment properties	6,315	-
Additions to intangible assets	(1,202)	(2,078)
Additions to investment property	(10,069)	(2,133)
Dividend received from equity accounted investees	604	533
Interest received	3,922	5,535
Profit received on Wakala deposits	141	897
Cash paid for acquisition of further shares in a subsidiary	(44,000)	-
Proceeds on maturity of bank deposits with an original maturity of more than three months	39,320	75,940
Net cash used in investing activities	(150,797)	(183,233)
Financing activities		
Long-term bank financing availed	318,605	238,683
Long-term bank financing repaid	(327,672)	(241,239)
Long-term Islamic bank financing availed	70,000	45,000
Long-term Islamic bank financing repaid	(126,063)	(105,330)
Short-term bank financing availed	1,011,700	615,187
Short-term bank financing repaid	(917,721)	(636,626)
Short-term Islamic bank financing availed	433,656	506,977
Short-term Islamic bank financing repaid	(524,810)	(489,969)
Due to Related Parties Long Term Loans	1,023	(1,101)
Due to Related Parties Long Term Loans-Current portion	-	1,082
Interest paid	(73,483)	(67,092)
Profit paid on Islamic bank financing	(33,114)	(38,671)
Repayment of lease liabilities	(44,729)	(36,310)
Remuneration paid to Board of Directors	-	(3,444)
Dividend paid	(198,741)	(198,741)
Dividend paid to non-controlling interests	(18,345)	(23,429)
Net cash used in financing activities	(429,694)	(435,023)
Net decrease in cash and cash equivalents	4,219	(111,733)
Cash and cash equivalents at the beginning of the year	130,895	242,628
Net cash and cash equivalents at the end of the year	135,114	130,895
Represented by:		
Cash and cash equivalents (refer Note 23)	200,548	239,245
Bank overdraft	(65,434)	(108,350)
	135,114	130,895
The accompanying notes form an integral part of these consolidated financial statements.		

Consolidated statement of changes in equity

for the year ended 31 December 2024

	Attributable to owners of the Company					Attributable to owners of the Company					Non-controlling interests (NCI) AED'000	Total equity AED'000	
	Reserves					Reserves							
	Share Capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Hyper-inflation reserve AED'000	Hedging reserve AED'000	General reserve AED'000	Capital reserve AED'000	Retained earnings AED'000	Total reserves AED'000			Total AED'000
Balance at 31 December 2023	993,703	221,667	579,112	(196,569)	(162,835)	11,738	82,805	75,040	629,594	1,240,552	2,234,255	134,495	2,368,750
Total comprehensive income/(loss) for the year													
Profit for the year	-	-	-	-	-	-	-	-	221,094	221,094	221,094	12,988	234,082
Other comprehensive income/(loss)													
Foreign exchange differences on translation of foreign operations	-	-	-	(7,114)	(15,171)	-	-	-	-	(22,285)	(22,285)	(6,867)	(29,152)
Changes in cash flow hedges	-	-	-	-	-	(6,139)	-	-	-	(6,139)	(6,139)	-	(6,139)
Effects of application of IAS 29 (refer note 35)	-	-	-	-	24,587	-	-	-	-	24,587	24,587	-	24,587
Total comprehensive income/(loss) for the year	-	-	-	(7,114)	9,416	(6,139)	-	-	221,094	217,257	217,257	6,121	223,378
Other equity movements													
Transfer to retained earnings (refer note 24(iii) & (vii))	-	-	(82,260)	-	-	-	(82,805)	-	165,065	-	-	-	-
Transaction with owners													
Dividend paid (refer Note 24 (ix))	-	-	-	-	-	-	-	-	(198,741)	(198,741)	(198,741)	-	(198,741)
Dividend paid to NCI	-	-	-	-	-	-	-	-	-	-	-	(18,345)	(18,345)
Acquisition of NCI	-	-	-	-	-	-	-	-	(17,064)	(17,064)	(17,064)	(26,936)	(44,000)
Balance at 31 December 2024	993,703	221,667	496,852	(203,683)	(153,419)	5,599	-	75,040	799,948	1,242,004	2,235,707	95,335	2,331,042

The hyperinflation reserve comprises of foreign currency differences arising from the translation of the financial statements of RAK Ceramics (PJSC) Limited, Iran and the effect of translating the financial statements at the corresponding inflation index in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies.

The accompanying notes form an integral part of these consolidated financial statements.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (contd.)

for the year ended 31 December 2024

	Attributable to owners of the Company					Attributable to owners of the Company					Non-controlling interests (NCI) AED'000	Total equity AED'000	
	Reserves					Reserves							
	Share Capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Hyper-inflation reserve AED'000	Hedging reserve AED'000	General reserve AED'000	Capital reserve AED'000	Retained earnings AED'000	Total reserves AED'000	Total AED'000		
Balance at 31 December 2022	993,703	221,667	578,603	(182,291)	(166,881)	20,582	82,805	75,040	541,341	1,170,866	2,164,569	133,440	2,298,009
Total comprehensive income/(loss) for the year													
Profit for the year	-	-	-	-	-	-	-	-	290,947	290,947	290,947	29,908	320,855
Other comprehensive income/(loss)													
Foreign exchange differences on translation of foreign operations	-	-	-	(14,278)	(8,230)	-	-	-	-	(22,508)	(22,508)	(5,424)	(27,932)
Changes in cash flow hedges	-	-	-	-	-	(8,844)	-	-	-	(8,844)	(8,844)	-	(8,844)
Effects of application of IAS 29 (refer note 35)	-	-	-	-	12,276	-	-	-	-	12,276	12,276	-	12,276
Total comprehensive income/(loss) for the year	-	-	-	(14,278)	4,046	(8,844)	-	-	290,947	271,871	271,871	24,484	296,355
Other equity movements													
Transfer to legal reserve	-	-	509	-	-	-	-	-	(509)	-	-	-	-
Directors' remuneration (refer note 24 (x))	-	-	-	-	-	-	-	-	(3,444)	(3,444)	(3,444)	-	(3,444)
Transaction with owners													
Dividend paid (refer Note 24 (ix))	-	-	-	-	-	-	-	-	(198,741)	(198,741)	(198,741)	-	(198,741)
Dividend paid to NCI	-	-	-	-	-	-	-	-	-	-	-	(23,429)	(23,429)
Balance at 31 December 2023	993,703	221,667	579,112	(196,569)	(162,835)	11,738	82,805	75,040	629,594	1,240,552	2,234,255	134,495	2,368,750

* The hyperinflation reserve comprises of foreign currency differences arising from the translation of the financial statements of RAK Ceramics (PJSC) Limited, Iran and the effect of translating the financial statements at the corresponding inflation index in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies.

The accompanying notes form an integral part of these consolidated financial statements.

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2024

1. GENERAL INFORMATION

R.A.K. Ceramics P.J.S.C. (the "Company" or the "Holding Company") was incorporated under Emiri Decree No. 6/89 dated 26 March 1989 as a limited liability company in the Emirate of Ras Al Khaimah, UAE. Subsequently, under Emiri Decree No. 9/91 dated 6 July 1991, the legal status of the Company was changed to Public Shareholding Company. The registered address of the Company is P.O. Box 4714, Al Jazeerah Al Hamra City, Ras Al Khaimah, United Arab Emirates. The Company undertakes business and operations under the Industrial License number 20 issued by the Ras Al Khaimah Economic Zone (RAKEZ) under the Government of Ras Al Khaimah, UAE. The Company is listed on Abu Dhabi Securities Exchange, UAE.

These consolidated financial statements as at and for the year ended 31 December 2024 comprise the financial statements of the Company and its subsidiaries (collectively referred to as "the Group" and individually as "the Group entities") and the Group's interest in equity accounted investees. The Group's subsidiaries and equity accounted investees, their principal activities and the Group's interest have been disclosed in Note 36 to these consolidated financial statements.

The principal activities of the Group are manufacturing and sale of a variety of ceramic products including tiles, bathroom sets, sanitary wares, table wares and faucets. The Company and certain entities in the Group are also engaged in investing in other entities, in the UAE or globally, that undertake similar or ancillary activities. Accordingly, the Company also acts as a Holding Company of the Group entities. The Group is also engaged in contracting and other industrial manufacturing activities.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS")

2.1 New and revised IFRS Accounting Standards applied by the Group

In the previous financial year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2024. The application of these amendments to IFRS Accounting Standards has not had any material impact on the amounts reported for the current period but may affect the accounting for the Group's future transactions or arrangements.

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) - The amendment clarifies how a seller- lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
- Non-current Liabilities with covenants (Amendments to IAS 1) - The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (Effective date deferred indefinitely, available for early adoption).
- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) related disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.
- IAS 1 'Presentation of Financial Statements' – Amendments on classifications of liabilities.
- Disclosure requirements (under IFRS 19) an eligible subsidiary is permitted to apply, instead of the disclosure requirements required in other IFRSs.

Other than the above, there are no significant IFRS Accounting Standards and amendments that were effective for the first time for the financial year beginning on or after 1 January 2024.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS") (CONTINUED)

2.2 New and revised IFRS and interpretations but not yet effective

The Group has not early adopted the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- Amendment to IFRS 17 - comparative information at first time adoption of IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments.
- Amendments to IAS 21: (Lack of Exchangeability) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- IFRS 18 Presentation and disclosures in financial statements - The new standard contains requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. (effective 1 January 2027).
- IFRS 19 subsidiaries without Public Accountability: Disclosures – the new standard specifies reduced disclosure requirements to eligible entities instead of full disclosure requirements in other standards. (effective 1 January 2027).
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture (effective date deferred indefinitely, early adoption permitted).
- The International Sustainability Standards Board (ISSB) has issued amendments to the Sustainability Accounting Standards Board (SASB) standards to enhance their international applicability. The amendments remove and replace jurisdiction-specific references and definitions, without substantially altering industries, topics or metrics (effective from 1 January 2025).

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards and amendments will have no material impact on the consolidated financial statement of the Group in the period of initial application.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

3. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") and comply with the Articles of Association of the Company as well as the UAE Federal Law No. (32) of 2021 (as amended) and Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("UAE CT Law"). Details of the Group's accounting policies are included in Note 4.

(b) Basis of measurement

These consolidated financial statements have been prepared using the historical cost convention except for certain financial instruments which are carried at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

(c) Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the functional currency of the Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

(d) Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors which are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in Note 37.

(e) Measurement of fair values

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

3. BASIS OF PREPARATION (CONTD.)

(e) Measurement of fair values (Continued)

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(f) Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and the Group entities controlled by the Company (its Subsidiaries) made up to 31 December each year.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

3. BASIS OF PREPARATION

(f) Basis of consolidation (Continued)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests are the present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS Accounting Standards.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if those interests were disposed of.

(b) Goodwill

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. A deferred tax liability is recognized where applicable on the carrying value of goodwill recognized in a period prior to the inception of a tax regime.

(c) Interests in equity accounted investees

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(c) Interests in equity accounted investees (continued)

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(d) Hyperinflation

The financial statements of subsidiary companies whose functional currency is the currency of a hyperinflationary economy are adjusted for inflation in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies, prior to their translation to AED for its consolidation into the consolidated financial statements. Amounts shown for prior years for comparative purposes are not restated at consolidation level as the presentation currency of the Group is not that of a hyperinflationary economy. On consolidation, the effect of price changes in the prior periods on the financial statements of the subsidiary is recognized in other comprehensive income and presented in the hyperinflation reserve in equity.

The financial statements of subsidiaries whose functional currency is the currency of a hyperinflationary economy are adjusted to reflect the changes in purchasing power of the local currency, such that all items in the statement of financial position not expressed in current terms (non-monetary items) are restated by applying a general price index at the reporting date and all income and expenses are restated quarterly by applying appropriate conversion factors. The difference from initial adjusted amounts is taken to profit or loss.

When a functional currency of a subsidiary ceases to be hyperinflationary, the Group discontinues hyperinflation accounting in accordance with IAS 29 for annual periods ending on or after the date that the economy is identified as being non-hyperinflationary. The amounts expressed in the measuring unit current at the end of the last period in which IAS 29 was applied are used as the basis for the carrying amounts in subsequent financial statements.

To determine the existence or cessation of hyperinflation, the Group assesses the qualitative characteristics of the economic environment of the country, such as the trends in inflation rates over the preceding 36 months to the reporting date.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(e) Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve. Foreign currency translation differences pertaining to hyperinflationary economies are recorded in the hyperinflation reserve in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. Exchange differences arising at the time of translation are recognized in other comprehensive income.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments

Financial assets and financial liabilities are recognized in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method resulting in any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

Amortized cost and effective interest method (continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses'.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECL) on other receivables, due from related parties and trade receivables as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group estimates impairment allowances using the general or simplified approach. Under the general approach, the Group applies a three-stage approach to estimate allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for the financial assets that are not measured at FVTPL or FVTOCI. Financial assets migrate through three stages based on the change in credit risk since initial recognition.

The three stage ECL model is based on the change in credit quality of financial assets since initial recognition:

- Under Stage 1, where there has not been a significant increase in credit risk since initial recognition, an amount equal to 12 months ECL will be recorded.
- Under Stage 2, where there has been a significant increase in credit risk since initial recognition but the financial instruments are not considered as credit impaired, an amount equal to the default probability-weighted lifetime ECL will be recorded.
- Under the Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments are classified as credit impaired and an amount equal to the lifetime ECL will be recorded for the financial assets.

ECLs under the general approach, are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Under the simplified approach, the Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Impairment allowances are always measured at an amount equal to lifetime ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group always recognizes lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

De-recognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, hedges of certain interest rate and commodity derivatives as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) and interest rate swap contracts as the hedging instrument for all of its hedging relationships involving forward/interest rate swap contracts.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognized in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the Group applies straight-line amortization. Those reclassified amounts are recognized in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognized non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Fair value hedges

The fair value change on qualifying hedging instruments is recognized in profit or loss.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss.

Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other gains and losses'.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and commodity price risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortized cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realized or settled within 12 months.

Financial liabilities and equity

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

De-recognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(g) Property, plant and equipment

Recognition and measurement

Items of property plant and equipment (except land and capital work in progress) are measured at cost less accumulated depreciation and identified impairment losses (see accounting policy on impairment), if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- capitalized borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in the profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying value at the time of reclassification considering that the accounting policy for investment property is the 'Cost Model' in accordance with IAS 40.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment (except land and capital work in progress) less their estimated residual values using the straight-line method over their estimated useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	life (years)
Buildings	20-35
Plant and equipment	4-15
Vehicles	3-10
Furniture and fixtures	3-10
Office equipment	2-10
Roads and asphaltting	5-10

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Capital work in progress

Capital work in progress is stated at cost less impairment, if any, until the construction is completed. Upon completion of construction, the cost of such assets together with the cost directly attributable to construction, including capitalized borrowing costs are transferred to the respective class of asset. No depreciation is charged on capital work in progress.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(i) Intangible assets

Recognition and measurement

Other intangible asset, which are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and identified impairment losses, if any. Trademarks are initially measured at the purchase cost and are amortized on a straight-line basis over their estimated lives.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives of 5 to 15 years from the date that they are available for use, and is generally recognized in profit or loss. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or rendering services or for administrative purposes.

Investment properties are accounted for using the "Cost Model" under IAS 40 "Investment Property" and is stated at cost less accumulated depreciation and impairment losses, if any. Depreciation of buildings is charged over its estimated useful life of 20 to 35 years. Investment properties are individually tested for impairment, at least annually, based on their prevailing fair market values. Any impairment of the carrying value is charged to profit or loss.

Cost includes expenditure which is directly attributable to the acquisition of the investment property. The cost of self-constructed investment properties includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use, and capitalized borrowing costs.

The cost of investment properties acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets, comprises the fair value of the asset received or asset given up. If the fair value of the asset received and asset given up can be measured reliably, the fair value of the asset given up is used to measure cost, unless the fair value of the asset received is more clearly evident. Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

When the use of properties changes such that it is reclassified as property, plant and equipment or inventory, the transfer is effected at the carrying value of such property at the date of reclassification.

(k) Leases

At inception of the contract, the Group assesses whether a contract is or contains a lease. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate. If the change in lease payments is due to a change in a floating interest rate, then the discount rate is also revised.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Leases (continued)

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Leased assets

Leases of assets that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Group's consolidated statement of financial position

(l) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment or more frequently if there are indicators that goodwill might be impaired. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually or whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(m) Impairment of non-financial assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognized for the asset in prior years.

(n) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

UAE national employees of the Group in the UAE are members of the Government-managed retirement pension and social security benefit scheme pursuant to U.A.E. labour law no. 7 of 1999. The Group is required to contribute 12.5% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to profit or loss.

Annual leave and leave passage

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year. Employees may apply for leave in advance. The amount payable to employees at the commencement of their approved leave is recognized as a current liability.

Terminal benefits

The provision for staff terminal benefits is based on the liability which would arise if the employment of all staff was terminated at the reporting date and is calculated in accordance with the provisions of UAE Federal Labour Law and the relevant local laws applicable to overseas subsidiaries. Management considers these as long-term obligations and accordingly they are classified as long-term liabilities.

(o) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, if it is virtually certain that such reimbursement will be received and the amount of the receivable can be measured reliably, a receivable is recognized as an asset.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(p) Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

(q) Assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

(r) Revenue

The Group recognizes revenue mainly from the sale of goods consisting of tiles, sanitary wares, tableware, faucets and related items. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

For sales of goods to the wholesale market, revenue is recognized when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on-selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sales of goods to retail customers, revenue is recognized when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

The Group has a right to recover the product when customers exercise their right of return. Consequently, the Group recognizes a right to return goods asset and a corresponding adjustment to cost of sales. The Group uses its past experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognized will not occur given the consistent level of returns over previous years.

Rendering of services

Revenue is recognized as services are provided. Invoices for services are issued when the Group provides services and are payable in accordance with the credit terms or agreements.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(r) Revenue (Continued)

Dividend income

Dividend income is recognized in profit or loss on the date that the Group's right to receive the payment is established.

(s) Finance income and finance costs

Finance income comprises interest income on bank deposits, profit on wakala deposits and amount due from related parties. Finance income is recognized in profit or loss as it accrues, using the effective interest rate method.

Finance cost comprises interest expense on bank borrowings, profit expense on Islamic financing and bank charges. All finance costs are recognized in profit or loss using the effective interest rate method. However, borrowing costs which are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset.

A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign currency movements are in a net gain or net loss position.

(t) Tax

The income tax expense represents the sum of the tax on current year income and current year deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(t) Tax (Continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Zakat

In respect of operations in certain subsidiaries, zakat is provided in accordance with relevant fiscal regulations. Zakat is recognized in profit or loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in equity.

The provision for zakat is charged to profit or loss. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which the assessment is finalized.

(u) Basic and diluted earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(v) Segment reporting

An operating segment is a component of the Group which engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Segment results which are reported to the Company's CEO (chief operating decision maker) include items directly attributable to a segment as well as those which can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

(w) Government grants

Government grants are accounted for when there is reasonable assurance that the Group can comply with the conditions attached to the grant and the grant will be received. Government grants are recognized as deferred income and are systematically amortized to the income statement over the useful life of the underlying asset.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

5. REVENUE

	2024 AED'000	2023 AED'000
Sale of goods	3,228,135	3,442,507
Others	3,884	15,251
	3,232,019	3,457,758

The Group derives its revenue from contracts with customers for transfer of goods at a point in time.

(a) Disaggregation of revenue by geographical markets

31 December 2024	Ceramic Products AED'000	Faucets AED'000	Other Industrial AED'000	Others AED'000	Total AED'000
Middle East (ME)	1,456,599	117,407	29,907	1,653	1,605,566
Europe	462,282	284,273	-	-	746,555
Asian countries	616,190	8,706	38,618	2,231	665,745
Other regions	199,377	7,115	7,661	-	214,153
	2,734,448	417,501	76,186	3,884	3,232,019

31 December 2023	Ceramic Products AED'000	Faucets AED'000	Other Industrial AED'000	Others AED'000	Total AED'000
Middle East (ME)	1,493,771	116,541	20,455	13,536	1,644,303
Europe	508,589	294,671	-	-	803,260
Asian countries	675,820	13,657	68,019	1,715	759,211
Other regions	238,749	6,250	5,985	-	250,984
	2,916,929	431,119	94,459	15,251	3,457,758

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

6. COST OF SALES

	2024 AED'000	2023 AED'000
Raw materials consumed	1,006,216	1,157,999
Direct labor	276,315	289,132
Power and fuel	132,365	148,871
Depreciation on property, plant and equipment (refer Note 14)	120,971	114,660
LPG and natural gas	120,569	215,670
Repairs and maintenance	111,456	116,206
Packing material	95,322	105,712
Allowance for slow moving inventories – net (refer Note 20)	32,584	46,432
Insurance	6,593	7,198
Clearing charges on trading goods	4,535	3,688
Depreciation of right-of-use assets (refer Note 16)	1,648	2,796
Hire charges on machinery & equipment	2,187	2,631
Amortization of intangible assets (refer Note 17)	1,083	1,163
Increase/(decrease) in inventory of finished goods	(6,708)	(104,110)
Other Costs	57,135	40,814
	1,962,271	2,148,862

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

7. ADMINISTRATIVE AND GENERAL EXPENSES	2024	2023
	AED'000	AED'000
Staff salaries and other associated costs	111,498	108,397
Depreciation on property, plant and equipment (refer Note 14)	14,256	12,434
Legal and professional fees	14,225	18,611
Depreciation on investment properties (refer Note 18)	12,403	10,789
Information technology licenses and consultancy expenses	12,332	16,320
Repairs and maintenance	8,152	8,605
Expenses on investment properties (refer Note 18(iii))	6,743	10,232
Telephone, postal and office supplies	6,126	10,460
Utility expenses	5,362	5,816
Amortization of intangible assets (refer Note 17)	4,330	4,670
Directors' remuneration	3,700	3,700
Rental	2,394	2,112
Insurance	2,781	2,672
Travelling	2,180	3,069
Security charges	1,645	1,391
Vehicles and equipment hire charges	868	3,697
Depreciation of right-of-use assets (refer Note 16)	686	688
Social contribution expenses	682	2,045
Loss on disposal of property, plant and equipment	621	62
Other Administrative expenses	22,801	18,790
	233,785	244,560

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

7(i). IMPAIRMENT LOSS/(REVERSAL)

	2024	2023
	AED'000	AED'000
Impairment loss on trade receivables (refer Note 19)	22,638	36,728
Reversal on trade receivables (Refer note 19)	(4,000)	-
Impairment loss on other receivables (refer Note 19)	14,000	-
	32,638	36,728

8. SELLING AND DISTRIBUTION EXPENSES

	2024	2023
	AED'000	AED'000
Freight, duty and transportation	246,086	260,207
Staff salaries and other associated costs	232,909	222,697
Advertisement and promotion	71,629	77,203
Depreciation of right-of-use assets (refer Note 16)	35,343	31,833
Agents' commission	25,846	24,380
Depreciation on property, plant and equipment (refer Note 14)	17,065	15,980
Travel and entertainment	7,166	11,757
Rental expenses	5,300	3,588
Repairs, maintenance and consumables	3,314	3,612
Consultancy and outsourcing Charges	3,266	4,880
Postal, courier charge and stationary	3,124	3,120
Vehicle maintenance	2,816	2,577
Royalty	2,029	735
Product Development and Innovation	808	2,094
Testing and certification charges	849	645
Other selling expenses	29,185	20,210
	686,735	685,518

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

9. OTHER OPERATING INCOME

	2024 AED'000	2023 AED'000
Rental income from investment properties (refer Note 18(iii))	47,400	42,058
Sale of scrap and miscellaneous items	7,736	7,455
Discounts earned on purchases and freight	7,323	12,293
Gain on disposal of investment properties	3,627	-
Insurance claims	1,416	3,232
Lease rental for property plant & equipment	1,238	1,532
Freight income	1,234	3,582
Duty draw back and subsidy received	618	1,950
Provisions write back	27	17,985
Old customer credit balances written back/supplier balances written off	-	15,760
Other miscellaneous income	13,803	12,957
	84,422	118,804

10. FINANCE COSTS AND INCOME

	2024 AED'000	2023 AED'000
Finance costs		
Interest on bank financing	73,181	66,786
Profit expense on Islamic financing	33,114	38,671
Interest expense on lease liabilities	8,294	7,488
Net foreign exchange loss	7,318	1,640
Bank charges	4,038	4,278
Interest on amount due to related parties (refer Note 21 (B))	302	306
Total (A)	126,247	119,169
Finance Income		
Net change in the fair value of derivatives	5,044	253
Interest on bank deposits	3,922	5,535
Profit on wakala deposits	141	897
Total (B)	9,107	6,685
Net finance costs (A-B)	117,140	112,484

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

11. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

Movement in investments in equity accounted investees is set out below:

	2024 AED'000	2023 AED'000
Balance at 1 January	11,332	10,587
Share of (loss)/profit net	(197)	1,266
Dividend income during the year	(604)	(533)
Effect of movement in exchange rates	(249)	12
Balance at 31 December	10,282	11,332

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

11. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (CONTD.)

The following summarizes the information relating to the Group's investments in equity accounted investees:

	2024 AED'000	2023 AED'000
Non-current assets	9,884	11,727
Current assets	31,670	33,229
Non-current liabilities	(9,420)	(9,491)
Current liabilities	(9,240)	(10,478)
Net assets	22,894	24,987
Group's share of net assets	10,282	11,332
Revenue	44,522	43,587
Net Profit	2,407	3,582
Group's share of (loss)/profit	(197)	1,266
Dividend received by the Group	604	533

Details of interest in equity accounted investees are disclosed in Note 37. Equity accounted investees include Massa Imports, Australia (50%) and Naranjeee Hirjee Hotel Supplies, Oman (25%)

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

12. CORPORATE INCOME TAX

Operations of the Group are liable to corporate taxes in the respective jurisdictions at prevailing tax rates. The corporate taxes are payable on the total income of the operations after making adjustments for certain disallowable expenses, exempt income and investment and other allowances.

	2024 AED'000	2023 AED'000
Current tax		
In respect of current year	51,513	20,668
Deferred tax		
(Origination) and reversal of temporary tax differences during the year	(8,958)	3,943
Tax expense for the year	42,555	24,611
Tax assets/liabilities		
Provision for tax	184,424	171,327
Deferred tax liabilities	20,742	29,973
Deferred tax assets	5,638	6,041

The Group's consolidated effective tax rate is 15.38% (2023: 7.12%). The increase is mainly due to the 9% UAE Corporate Tax which became effective from 1 January 2024.

The International Tax Reforms under Pillar Two Model Rules apply in certain jurisdictions where the Group operates. Recently, the authorities in the UAE have notified applicability of Domestic Top-up Tax of 15% on qualifying multi-national companies in the UAE effective from 1 January 2025. The Group is evaluating the impact of the introduction of the Domestic Top-up Tax on its future financial results.

The Group had recognized a deferred tax expense of AED 4.53 million during the year 2023 being the initial recognition of a deferred tax liability on the purchase price allocation adjustments on a corporate transaction completed in a prior accounting period, as required by IFRS Accounting Standards. Considering the applicability of Global Minimum Tax of 15% in the UAE, the Group has recognized the differential deferred tax liability of 6%, amounting to AED 3.02 million, on the purchase price allocation adjustments.

13. EARNING PER SHARE

	2024	2023
Profit attributable to the owners of the Company (AED'000)	221,094	290,947
Weighted average number of ordinary shares ('000s)	993,703	993,703
Basic and diluted earnings per share (AED)	0.22	0.29

There was no dilution effect on the basic earnings per share as the Company does not have any outstanding share commitments as at the reporting date.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings AED'000	Plant and equipment AED'000	Vehicles AED'000	Furniture and fixtures AED'000	Office equipment AED'000	Road and asphaltting AED'000	Capital work in progress AED'000	Total AED'000
Cost								
Balance at 1 January 2023	813,673	2,776,845	52,558	155,745	78,325	28,035	92,804	3,997,985
Hyperinflation impact (refer Note 35)	-	73,826	1,332	304	273	742	(17)	76,460
Additions during the year	11,969	15,704	5,014	7,324	5,237	1,965	226,193	273,406
Transfer from capital work in progress	17,838	124,962	(283)	2,297	315	1,541	(146,670)	-
Transfer to intangible/investment properties	(11,787)	-	-	-	-	-	-	(11,787)
Disposals/write offs	(3,108)	(195,454)	(2,833)	(3,311)	(1,335)	-	(1)	(206,042)
Effect of movements in exchange rates	1,365	(66,580)	(913)	3,100	437	(554)	(1,130)	(64,275)
Balance at 31 December 2023	829,950	2,729,303	54,875	165,459	83,252	31,729	171,179	4,065,747
Balance at 1 January 2024	829,950	2,729,303	54,875	165,459	83,252	31,729	171,179	4,065,747
Hyperinflation impact (refer Note 35)	-	168,486	3,070	565	579	1,695	-	174,395
Additions during the year	5,948	24,754	2,198	10,741	5,610	1,955	132,093	183,299
Transfer from capital work in progress	24,594	185,600	386	4,370	1,586	33	(216,569)	-
Transfer to investment properties	-	-	-	-	-	-	(1,830)	(1,830)
Disposals/write offs	(31,484)	(47,418)	(2,367)	(5,500)	(2,376)	-	(14,716)	(103,861)
Effect of movements in exchange rates	(15,838)	(153,086)	(2,195)	(5,686)	(2,038)	(1,280)	(3,238)	(183,361)
Balance at 31 December 2024	813,170	2,907,639	55,967	169,949	86,613	34,132	66,919	4,134,389
Accumulated depreciation and impairment								
Balance at 1 January 2023	374,251	2,110,784	43,829	134,891	70,591	20,239	-	2,754,585
Hyperinflation impact (refer Note 35)	-	70,730	1,329	259	215	688	-	73,221
Charge for the year	26,141	100,678	2,699	7,619	4,904	1,033	-	143,074
Disposals/write offs	(5,741)	(181,806)	(3,170)	(2,568)	(1,214)	-	-	(194,499)
Transfer to investment properties	(9,026)	-	-	-	-	-	-	(9,026)
Effect of movements in exchange rates	(1,009)	(57,012)	(970)	2,700	422	(483)	-	(56,352)
Balance at 31 December 2023	384,616	2,043,374	43,717	142,901	74,918	21,477	-	2,711,003
Balance at 1 January 2024	384,616	2,043,374	43,717	142,901	74,918	21,477	-	2,711,003
Hyperinflation impact (refer Note 35)	-	160,691	3,070	498	477	1,591	-	166,327
Charge for the year	28,704	105,770	3,058	8,295	5,350	1,115	-	152,292
Disposals/write offs	(19,911)	(36,637)	(2,113)	(4,818)	(2,290)	-	-	(65,769)
Effect of movements in exchange rates	(6,121)	(141,083)	(2,895)	(4,814)	(1,563)	(1,090)	-	(157,566)
Balance at 31 December 2024	387,288	2,132,115	44,837	142,062	76,892	23,093	-	2,806,287
Carrying amount								
31 December 2024	425,882	775,524	11,130	27,887	9,721	11,039	66,919	1,328,102
31 December 2023	445,334	685,929	11,158	22,558	8,334	10,252	171,179	1,354,744

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

The depreciation charge has been allocated as follows:

	2024 AED'000	2023 AED'000
Cost of sales (refer Note 6)	120,971	114,660
Administrative and general expenses (refer Note 7)	14,256	12,434
Selling and distribution expenses (refer Note 8)	17,065	15,980
	152,292	143,074

(i) Land and buildings

Certain of the Group's factory buildings are constructed on plots of land measuring 46,634,931 sq.ft. which were received without cost from the Government of Ras Al Khaimah under an Emiri Decree.

(ii) Capital work-in-progress

Capital work in progress mainly comprises building structures under construction and heavy equipment, machinery and software under installation.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

15. GOODWILL

	2024 AED'000	2023 AED'000
Balance as at 1 January	120,135	119,855
Add: effect of movements in exchange rate	(13)	280
Balance as at 31 December	120,122	120,135

As at 31 December 2024, Goodwill comprises AED 50.4 million, AED 5.6 million, AED 5.6 million, AED 58.5 million recognized on acquisition of Ceramin FZ LLC, UAE and distribution entities in UK, Italy and Saudi Arabia respectively.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

During the current year, management carried out impairment tests based on the "value in use" method of goodwill recognized on the acquisition of subsidiaries. These calculations were based on cash flow projections using forecasted operating results of the respective cash generating units. The key assumptions used to determine the values were as follows:

	2024	2023
Discount rate	12%-14%	13%-15.5%
Average annual growth rate	3%	3%
Terminal value growth rate	1%	1%
Years of forecast	5 years	5 years

The discount rate is a weighted average cost of capital that includes pre-tax equity rates measured based on the rate of 20-year US treasury bond, adjusted for country, market, size, company specific risks, etc. to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU and post tax rate to debt.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the cash generating units to which goodwill is allocated. Management believes that a reasonably possible change in key assumptions would not cause the carrying amount to exceed the recoverable amount.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

16. RIGHTS-OF-USE-ASSETS

	Properties AED'000	Vehicles AED'000	Total AED'000
Cost			
Balance at 1 January 2023	172,143	26,370	198,513
Additions during the year	30,862	1,486	32,348
Deletions	(10,752)	-	(10,752)
Effects of movements in exchange rate	(4,524)	(656)	(5,180)
Balance at 31 December 2023	187,729	27,200	214,929
Balance at 1 January 2024	187,729	27,200	214,929
Additions during the year	63,598	2,420	66,018
Deletions	(14,622)	(73)	(14,695)
Effects of movements in exchange rate	(3,706)	(463)	(4,169)
Balance at 31 December 2024	232,999	29,084	262,083
Accumulated depreciation			
Balance at 1 January 2023	83,318	19,498	102,816
Charge for the year	34,136	1,181	35,317
Deletions	(7,518)	-	(7,518)
Effects of movements in exchange rate	(2,794)	(524)	(3,318)
Balance at 31 December 2023	107,142	20,155	127,297
Balance at 1 January 2024	107,142	20,155	127,297
Charge for the year	35,296	2,381	37,677
Deletions	(10,675)	(59)	(10,734)
Effects of movements in exchange rate	(2,719)	(502)	(3,221)
Balance at 31 December 2024	129,044	21,975	151,019
Carrying amount			
31 December 2024	103,955	7,109	111,064
31 December 2023	80,587	7,045	87,632

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

16. RIGHTS-OF-USE-ASSETS (CONTD.)

The depreciation charge has been allocated as follows:

	2024 AED'000	2023 AED'000
Cost of sales (refer Note 6)	1,648	2,796
Administrative and general expenses (refer Note 7)	686	688
Selling and distribution expenses (refer Note 8)	35,343	31,833
	37,677	35,317

The Group leases several assets including showrooms and vehicles. The average lease term is 5 years. The maturity analysis of lease liabilities is disclosed in Note 27.

Amounts recognized in the consolidated statement of profit or loss:

	2024 AED'000	2023 AED'000
Depreciation of right-of-use assets	37,677	35,317
Expenses relating to short-term leases / low value assets (Refer Note 7 & 8)	7,694	5,700
Interest expense on lease liabilities	8,294	7,488

17. INTANGIBLE ASSETS

	2024 AED'000	2023 AED'000
Balance at 1 January	14,932	18,545
Additions during the year	1,202	2,078
Transfers	1,830	-
Amortization for the year (refer Note 6 & 7)	(5,413)	(5,833)
Effect of movement in exchange rates	(6)	142
Balance at 31 December	12,545	14,932

Intangible assets mainly comprise ERP software and trademarks.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

18. INVESTMENT PROPERTIES

	2024 AED'000	2023 AED'000
Cost		
Balance at 1 January	1,290,485	1,270,157
Hyperinflation impact (refer Note 35)	37,816	16,372
Additions during the year	10,069	2,133
Initial recognition of a property (non-cash)	-	2,500
Transfer from property plant and equipment	-	11,787
Disposal during the year	(4,263)	-
Effect of movement in exchange rates	(26,609)	(12,464)
Balance at 31 December	1,307,498	1,290,485
Accumulated depreciation		
Balance at 1 January	389,743	365,966
Hyperinflation impact (refer Note 35)	29,446	12,226
Charge for the year (refer Note 7)	12,403	10,789
Transfer from property plant and equipment	-	9,026
Disposal during the year	(1,575)	-
Effect of movement in exchange rates	(19,998)	(8,264)
Balance at 31 December	410,019	389,743
Carrying amount – at 31 December	897,479	900,742
Fair value – at 31 December	1,094,829	1,073,390

(i) Investment properties comprise land and buildings that are located in the UAE, Bangladesh, Lebanon and Iran.

(ii) The investment properties are geographically located as below:

December	Inside UAE		Outside UAE			Total
	2024	2023	2024	2023	2024	2023
	AED'000					
Net book value	871,969	874,982	25,510	25,760	897,479	900,742
Fair value	1,050,832	1,025,590	43,997	47,800	1,094,829	1,073,390

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

18. INVESTMENT PROPERTIES (CONTD.)

(iii) During the year ended 31 December 2024, the Group earned rental income amounting to AED 47.40 million (2023: AED 42.06 million) from its investment properties (refer Note 9) and direct operating expenses incurred on these investment properties amounted to AED 6.74 million (2023: AED 10.23 million) (refer Note 7).

An independent valuation of the fair value of all the Group's properties is undertaken annually. The fair value of the Group's investment properties at 31 December 2024 has been arrived at on the basis of an independent property valuation as of that date. The valuer has appropriate qualifications and recent experience in the valuation of properties in the location and category of the property being valued. The fair value as at 31 December 2024 was AED 1,094.83 million (2023: AED 1,073.39 million).

The fair value measurement has been categorized as a Level 3 fair value based on the inputs to the valuation technique used and in estimating the fair value, the highest and best use of the properties is their current use.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

19. TRADE AND OTHER RECEIVABLES

	2024 AED'000	2023 AED'000
Trade receivables	924,937	1,016,280
Less: Allowance for expected credit loss	(153,167)	(170,587)
Subtotal (A)	771,770	845,693
Other receivables	164,552	189,748
Less: Allowance for expected credit loss	(83,213)	(105,588)
Subtotal (B)	81,339	84,160
Advances and prepayments (C)	246,885	231,988
Deposits (D)	28,373	23,451
Total (A+B+C+D)	1,128,367	1,185,292

Trade receivables amounting to AED 163.37 million (2023: AED 161.96 million) are subject to a charge in favor of banks against facilities obtained by the Group (refer Note 26(b)(ii)).

No interest is charged on outstanding trade receivables.

Other receivables include receivables due from a Sudanese Group of AED 13.85 million (gross AED 52.99 million) (2023: AED 27.84 million; gross AED 89.27 million). These receivables are partially secured by post-dated cheques.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables is estimated using a loss rate by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

19. TRADE AND OTHER RECEIVABLES (CONTD.)

Long-term receivables

	2024 AED'000	2023 AED'000
Trade receivables	71,554	35,971
Less: Allowance for expected credit loss	(5,883)	(4,718)
	65,671	31,253
Less : current portion included in trade receivables	(50,572)	(14,874)
Long-term trade receivables (A)	15,099	16,379
Other receivables	3,760	5,177
Long-term other receivables (B)	3,760	5,177
Long-term receivables (A+B)	18,859	21,556

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

19. TRADE AND OTHER RECEIVABLES (CONTD.)

Expected credit loss assessment for trade receivables

The following table provides information about the exposure to credit risk and the loss allowance for trade receivables (including long-term portion) as at 31 December 2024.

	Weighted average loss rate %	Gross carrying amount AED'000	Loss allowance AED'000	Credit impaired
Current (not past due)	1.9%	497,990	(9,551)	No
1 – 90 days past due	3.2%	197,927	(6,259)	No
91 – 180 days past due	16.6%	43,631	(7,255)	No
181 – 360 days past due	34.9%	24,765	(8,647)	No
More than 360 days past due	68.7%	185,366	(127,338)	Yes
	16.7%	949,679	(159,050)	

Loss rates are based on actual credit loss experience over the past years and are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on GDP forecasts and industry outlook.

The following table provides information about the exposure to credit risk and the loss allowance for trade receivables as at 31 December 2023.

	Weighted average loss rate %	Gross carrying amount AED'000	Loss allowance AED'000	Credit impaired
Current (not past due)	1.7%	517,480	(8,596)	No
1 – 90 days past due	2.4%	194,998	(4,657)	No
91 – 180 days past due	11.1%	59,906	(6,675)	No
181 – 360 days past due	31.6%	79,592	(25,120)	No
More than 360 days past due	68.3%	190,578	(130,257)	Yes
	16.8%	1,042,554	(175,305)	

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

19. TRADE AND OTHER RECEIVABLES (CONTD.)

Impairment losses

The movement in the allowance for expected credit loss of trade receivables is as follows:

	2024 AED'000	2023 AED'000
At 1 January	175,305	212,131
Charge during the year (refer Note 7(i))	22,638	36,728
Written off during the year	(34,615)	(66,756)
Reversal during the year	(4,000)	(6,903)
Effect of movements in exchange rate	(278)	105
At 31 December	159,050	175,305

The movement in the allowance for expected credit loss on other receivables, including non-current other receivables, is as follows:

	2024 AED'000	2023 AED'000
At 1 January	105,588	105,588
Charge during the year (refer Note 7(i))	14,000	-
Written off during the year	(36,375)	-
At 31 December	83,213	105,588

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

20. INVENTORIES

	2024 AED'000	2023 AED'000
Finished goods (net of net realizable value adjustments)	955,862	970,675
Less : Allowance for slow-moving inventories	(136,220)	(161,594)
Subtotal (A)	819,642	809,081
Raw materials	233,887	236,153
Stores and spares*	305,908	273,665
	539,795	509,818
Less : Allowance for slow-moving inventories	(93,981)	(89,668)
Subtotal (B)	445,814	420,150
Goods-in-transit (C)	34,257	18,627
Work-in-progress (D)	56,199	54,045
Total (A+B+C+D)	1,355,912	1,301,903

* Critical spares are depreciated based on the useful life of the plant until they are issued for maintenance. The depreciation charge is recognized in these consolidated financial statements under allowance for inventories.

At 31 December 2024, the Group has recognized a cumulative loss due to write-down of finished goods inventories of AED 138.54 million against cost of AED 387.15 million (2023: AED 153.01 million against cost of AED 418.62 million) to bring finished goods to net realizable value which was lower than the cost. The difference in write down of AED 14.47 million (2023: AED 12.95 million) is included in cost of sales in the consolidated statement of profit or loss with a currency loss of AED 0.27 million for the year (2023: AED 0.14 million).

Inventories amounting to AED 205.81 million (2023: AED 214.21 million) have been pledged as security in favor of certain banks against facilities obtained by the Group (refer Note 26 (b)(ii)).

The movement in allowance for slow moving inventories is as follows:

	2024 AED'000	2023 AED'000
As at 1 January	251,262	233,132
Add: charge for the year (refer Note 6)	32,548	46,432
Less: written off	(50,124)	(28,506)
Effect of movements in exchange rates	(3,485)	204
As at 31 December	230,201	251,262

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

21. RELATED PARTIES

The transactions of the Group with its related parties are at arm's length. The significant transactions entered into by the Group with related parties during the year, other than those disclosed elsewhere in these consolidated financial statements (see in particular Notes 11 and 31), are as follows:

Transactions with related parties

	2024 AED'000	2023 AED'000
A) Equity accounted investees		
Sale of goods and services and construction contracts	5,855	9,708
Royalty	450	419
B) Other related parties		
Sale of goods and services and construction contracts	74,688	118,475
Purchase of goods and rendering of services	137,618	245,756
Interest expenses (refer Note 10)	302	306
Rental income	3,626	3,568

Key management personnel compensation

The remuneration of Directors and other key management personnel of the Company during the year was as follows:

	2024 AED'000	2023 AED'000
Short-term benefits	13,054	12,903
Staff terminal benefits	235	234
Board of Directors' remuneration	3,700	3,700

Due from related parties

Based on their review of these outstanding balances, Management is of the view that the existing provision is sufficient to cover any likely credit losses.

	2024 AED'000	2023 AED'000
Equity accounted investees	2,298	3,640
Other related parties	55,165	58,414
	57,463	62,054
Less : Allowance for expected credit loss	(3,263)	(1,637)
	54,200	60,417

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

21. RELATED PARTIES (CONTD.)

Due from related parties

The movement in the allowance for ECL on amounts due from related parties is as follows:

	2024 AED'000	2023 AED'000
At 1 January	1,637	1,226
Addition during the year	2,000	411
Written off during the year	(374)	-
At 31 December	3,263	1,637

Due to related parties Long-term loan

	2024 AED'000	2023 AED'000
Other related parties	3,186	2,163
	3,186	2,163

The above loan carries interest rate in the range of 9.20% - 9.40% per annum and is repayable by 2030.

Current Liabilities

	2024 AED'000	2023 AED'000
Other related parties	36,963	43,857
Current portion of long-term loan	-	1,082
	36,963	44,939

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

22. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments for risk management purposes. The Group classified interest rate swaps and commodity derivatives as cash flow hedges in accordance with the recognition criteria of IFRS 9, as it is mitigating the risk of cash flow variations due to movements in interest rates and commodity prices.

The table below shows the fair values of derivative financial instruments.

	2024 AED'000	2023 AED'000
Non-current		
Derivative financial assets		
Interest rate swaps used for hedging	1,938	4,277
	1,938	4,277
	2024 AED'000	2023 AED'000
current		
Derivative financial assets		
Interest rate swaps used for hedging	3,661	7,462
Forward exchange contracts / options	1,138	-
	4,799	7,462
	2024 AED'000	2023 AED'000
current		
Derivative financial liabilities		
Forward exchange contracts	-	3,669
Other currency and interest rate swaps	390	627
	390	4,296

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

23. BANK BALANCES AND CASH

	2024 AED'000	2023 AED'000
Cash in hand	3,221	2,742
Cash at bank		
- in bank deposits with maturity less than three months	2,637	5,787
- in current accounts	185,252	207,028
- in margin deposits	3,540	14,870
- in call accounts	6,081	9,251
Cash and cash equivalents (excluding allowance for expected credit loss)	200,731	239,678
Less : Allowance for expected credit loss (refer Note7 (i))	(183)	(433)
Cash and cash equivalents (A)	200,548	239,245
Bank deposits with an original maturity of more than three months (B)	2,061	41,381
Bank balances and cash (A+B)	202,609	280,626

Cash in hand and cash at bank includes AED 0.36 million (2023: AED 0.96 million) and AED 83.90 million (2023: AED 107.49 million) respectively, held outside the UAE.

All fixed deposits carry interest at commercial rates. Bank deposits with an original maturity of more than three months include AED 1.22 million (2023: AED 1.72 million) and less than three months include AED 2.52 million (2023: AED 3.92 million) which are held by bank under lien against bank facilities availed by the Group (refer Note 26 (b)(ii)).

Current accounts and margin deposits are non-interest bearing accounts.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

24. CAPITAL AND RESERVES

(i) Share capital

	2024 AED'000	2023 AED'000
Authorized, issued and paid up		
170,000,000 shares of AED 1 each paid up in cash	170,000	170,000
823,703,958 shares of AED 1 each issued as bonus shares	823,703	823,703
Total	993,703	993,703

The holders of ordinary shares are entitled to receive dividends declared and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

(ii) Share premium reserve

	2024 AED'000	2023 AED'000
On the issue of shares of :		
R.A.K. Ceramics P.J.S.C.	165,000	165,000
R.A.K Ceramics (Bangladesh) Limited, Bangladesh	56,667	56,667
Total	221,667	221,667

(iii) Legal reserve

In accordance with the Articles of Association of the Company and certain subsidiaries ("the entities") of the Group and the provisions of UAE Federal Law No. (32) of 2021, 10% of the net profit for the year of the listed entity in the UAE and 5% of the net profit for the year of limited liability entities in the UAE to which the law is applicable, has been transferred to a statutory reserve. Such transfers may be discontinued when the reserve equals 50% of the paid-up share capital of these entities. This reserve is non-distributable except in certain circumstances as permitted by the abovementioned Law. The consolidated legal reserve reflects transfers made post acquisition for applicable subsidiaries. At the Annual General Meeting (AGM) held on 26 March 2024, the shareholders approved to transfer the excess of Legal Reserve over 50% of the Share Capital, AED 82.3 million to Retained Earnings.

(iv) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of monetary items that form part of the Group's net investment in foreign operations, except for the translation difference of the subsidiary in Iran which is included in hyperinflation reserve. At 31 December 2024 and 2023 the balance on the translation reserve was negative, reflecting the fact that cumulative losses in the account exceeded cumulative gains.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

24. CAPITAL AND RESERVES (CONTD.)

(v) Hyperinflation reserve

The hyperinflation reserve comprises all foreign currency differences arising from the translation of the financial statements of RAK Ceramics PJSC Limited, Iran and the effect of translating the financial statements at the current inflation index in accordance with IAS 29.

	AED'000
As at 31 December 2022	(166,881)
For the year 2023	
Foreign currency translation differences	(8,230)
Hyperinflation effect (refer Note 35) – gain	12,276
As at 31 December 2023	(162,835)
For the year 2024	
Foreign currency translation differences	(15,171)
Hyperinflation effect (refer Note 35) – gain	24,587
As at 31 December 2024	(153,419)

(vi) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss. At 31 December 2024 the cumulative gains on the hedging reserve exceeded cumulative losses. At 31 December 2023 the cumulative losses on the hedging reserve exceeded cumulative gains.

(vii) General reserve

General reserve of Nil (2023: AED 82.8 million) is distributable subject to the approval of shareholders. At the Annual General Meeting (AGM) held on 26 March 2024, the shareholders approved to transfer the balance of General Reserve of AED 82.8 million to Retained Earnings.

(viii) Capital reserve

Capital reserve of AED 75.04 million (2023: AED 75.04 million) represents the Group's share of retained earnings capitalized by various subsidiaries by way of dividend from time to time. The capital reserve is non-distributable.

(ix) Dividend

At the Annual General Meeting (AGM) held on 26 March 2024, the shareholders approved a cash dividend of 10 fils per share amounting to AED 99,370.50 thousand apart from the interim cash dividend of 10 fils per share amounting to AED 99,370.50 thousand for the year 2023; An interim dividend of 10 fils per share amounting to AED 99,370.50 thousand for the first half of year 2024 has also been paid during the current period (during the year 2023: paid final cash dividend of 10 fils per share amounting to AED 99,370.50 thousand for the year 2022 and interim cash dividend of 10 fils per share amounting to AED 99,370.50 thousand). The Board of Directors propose a final dividend distribution of 10 fils per share (AED 99,370.50 thousand) for the second half of the year 2024, which will be submitted for the approval of shareholders at the Annual General Meeting on 24th March 2025, along with the approval of the interim dividend of 10 fils per share (AED 99,370.50 thousand) for the first half of the year 2024 which was paid in August 2024.

(x) Directors' remuneration

At the Annual General Meeting (AGM) held on 26 March 2024, the shareholders approved the Directors' remuneration amounting to AED 3,700 thousand for the year ended 31 December 2023, (for the year ended 31 December 2022, approved AED 3,700 thousand (of which AED 3,444 thousand was paid, based on the number of Directors in post) in 2023.(Refer note 7).

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

25. NON-CONTROLLING INTERESTS

The following summarizes the information relating to the non-controlling interests in the Group.

	RAK Ceramics (Bangladesh) PLC		Rak Porcelain LLC, UAE		Others (India & UAE)		Total	
	AED'000				AED'000			
	2024	2023	2024	2023	2024	2023	2024	2023
Non-current assets	138,711	152,246	-	156,963	102,523	72,309		
Current assets	348,065	386,825	-	309,124	84,388	80,958		
Non-current liabilities	(15,045)	(15,379)	-	(21,913)	(44,510)	(44,351)		
Current liabilities	(251,590)	(268,193)	-	(119,361)	(78,065)	(79,549)		
Net assets	220,141	255,499	-	324,813	64,336	29,367		
NCI Percentage	31.87%	31.87%	-	8%	12%-53%	12%-53%		
Net assets attributable to NCI	70,518	81,808	-	40,472	24,817	12,215	95,335	134,495
Revenue	212,135	266,144	-	389,686	134,267	126,998		
Profit/(loss)	(869)	21,048	-	82,115	727	10,919		
Other comprehensive income/(loss)	(20,127)	(16,465)	-	485	(322)	(139)		
Total comprehensive income/(loss)	(20,996)	4,583	-	82,600	405	10,780		
Profit/(loss) allocated to NCI	(277)	6,707	-	20,170	871	3,031	594	29,908
Other comprehensive income/(loss) allocated to NCI	(6,439)	(5,324)	-	39	(428)	(139)	(6,867)	(5,424)
Dividend distributed to NCI	4,565	4,889	-	-	13,780	18,540	18,345	23,429

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

26. BANK FINANCING ARRANGEMENTS

(a) Islamic bank financing

	2024 AED'000	2023 AED'000
(i) Short-term		
Mudaraba facilities (A)	65,827	64,935
Commodity Murabaha facilities (B)	36,248	128,294
Current portion of long-term financing (refer Note 26 (a)(ii))	116,556	124,170
	218,631	317,399
(ii) Long-term - Islamic bank financing		
Mudaraba facilities(A)	197,292	160,833
Commodity Murabaha facilities (B)	73,711	124,261
Ijarah facilities (C)	93,778	135,750
Less : current portion of long-term financing (refer Note 26 (a)(i))	(116,556)	(124,170)
	248,225	296,674
Movement:		
Balance as at 1 January	420,844	481,174
Availed during the year	70,000	45,000
Less : repaid during the year	(126,063)	(105,330)
Balance as at end of the year	364,781	420,844
Less : current portion included in short-term (refer Note 26 (a)(i))	(116,556)	(124,170)
	248,225	296,674

The terms and conditions of outstanding long-term Mudaraba, Commodity Murabaha and Ijarah facilities:

Currency	2024	2023	2024	2023
	Profit range	Profit range	AED'000	AED'000
USD	2.70% - 4.00%	2.1% - 4.0%	105,654	173,757
AED	1.75% - 6.60%	3.3% - 6.9%	232,234	199,411
EURO	2.80% - 3.00%	2.7% - 2.8%	26,893	47,676
			364,781	420,844

Currency	2024	2023	2024	2023
	Profit range	Profit range	Profit range	Profit range
AED	5.60% - 5.90%	6.2% - 7.0%	25,000	67,417
EURO	3.40% - 4.50%	5.0% - 5.7%	77,075	125,812
			102,075	193,229

The terms and conditions of outstanding short-term Mudaraba and Commodity Murabaha facilities:

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

26. BANK FINANCING ARRANGEMENTS (CONTD.)

(a) Islamic bank financing (Continued)

Islamic financings represent facilities such as Mudaraba, Murabaha and Ijarah facilities obtained from Banks. These financings are denominated either in the functional currency of the Company or in USD, a currency to which the functional currency of the Company is currently pegged. The long-term Commodity Murabaha facilities mature up to 2031.

The financing is secured by:

- negative pledge over certain assets of the Group;
- pari passu rights among each other;
- assignment of blanket insurance policy of certain Group entities in favour of the bank; and
- a promissory note for AED 1,038 million (2023: AED 799 million)

(A) Mudaraba is a mode of Islamic financing where a contract is entered into by two parties whereby one party (Bank) provides funds to another party (the Group) who then invest in an activity deploying its experience and expertise for a specific pre-agreed share in the resultant profit.

(B) In Murabaha Islamic financing, a contract is entered into between two parties whereby one party (Bank) purchases an asset and sells it to another party (the Group), on a deferred payment basis at a pre-agreed profit.

(C) Ijarah is another mode of Islamic financing where a contract is entered into between two parties whereby one party (Bank) purchases/acquires an asset, either from a third party or from the Group, and leases it to the Group against certain rental payments and for a specific lease period.

(b) Interest bearing bank financing

	2024 AED'000	2023 AED'000
(i) Short-term		
Bank overdraft	65,434	108,350
Short-term bank loan	234,844	140,865
Current portion of long-term financing (refer Note 26 (b)(ii))	189,791	214,550
	490,069	463,765

	2024 AED'000	2023 AED'000
(ii) Long-term bank loans		
Balance as at 1 January	835,548	838,104
Availed during the year	318,605	238,683
Less : repaid during the year	(327,673)	(241,239)
Balance as at end of the year	826,480	835,548
Less : current portion of long-term financing (refer Note 26 (b)(i))	(189,791)	(214,550)
	636,689	620,998

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

26. BANK FINANCING ARRANGEMENTS (CONTD.)

(b) Interest bearing bank financing (Continued)

(ii) Long-term bank loans (Continued)

The terms and conditions of outstanding long-term loans are as follows:

Currency	2024	2023	2024	2023
	Interest Range	Interest Range	AED'000	AED'000
AED	4.8% - 6.0%	6.8%-7.4%	295,004	174,829
USD	2.2% - 6.6%	4.1%-7.9%	482,054	618,795
INR	9.2% - 10.0%	8.5% -10.2%	31,286	21,735
BDT	12.4% - 14.6%	9.1% - 9.4%	17,216	12,580
EUR	4.8% - 5.3%	3.2%-6.4%	420	6,462
HUF	0.5% - 1.0%	0.5% - 1.0%	500	1,147
			826,480	835,548

The terms and conditions of outstanding short-term loans are as follows:

Currency	2024	2023	2024	2023
	Interest Range	Interest Range	AED'000	AED'000
AED	5.3% - 5.9%	6.3% - 6.5%	94,751	112,512
USD	5.7% - 7.9%	6.3% - 10.0%	17,792	33,484
INR	8.3% - 10.9%	8.4% - 9.6%	58,603	47,247
BDT	12.4% - 14.6%	9.1% - 11.5%	22,864	13,956
EUR	3.6% - 6.9%	3.0% - 10.0%	105,668	40,802
HUF	0.5% - 1.0%	0.5% - 1.0%	600	1,214
			300,278	249,215

The Group has obtained long-term and short-term interest bearing bank facilities from various banks for financing the acquisition of assets, project financing or to meet its working capital requirements. The majority of these bank borrowings are denominated either in the functional currencies of the respective subsidiaries or in USD, a currency to which the functional currency of the Company is currently pegged. Rates of interest on the above bank loans are based on normal commercial rates. The long-term bank loans mature up to 2030.

These bank borrowings are secured by:

- a negative pledge over certain assets of the Group;
- pari passu rights among each other;
- a promissory note for AED 2,466 million (2023: AED 2,796 million);
- assignment of a blanket insurance policy of certain Group entities in favor of the bank;
- hypothecation of inventories and assignment of receivables of certain Group entities (refer Notes 20 and 19) respectively.
- fixed deposits held under lien (refer Note 23).

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

27. LEASE LIABILITY

	2024	2023
	AED'000	AED'000
Analysed as:		
Non-current	89,157	67,804
Current	37,117	32,846
Total	126,274	100,650

Maturity analysis

	2024	2023
	AED'000	AED'000
Year 1	39,412	36,525
Year 2	26,870	22,876
Year 3	20,869	18,155
Year 4	14,909	12,047
Year 5	12,079	9,037
Thereafter	29,799	17,852
	143,938	116,492
Less: unearned future interest	(17,664)	(15,842)
Total	126,274	100,650

	2024	2023
	AED'000	AED'000
Balance as at 1 January	100,650	99,944
Cash flows	(44,729)	(36,310)
Non cash changes	70,353	37,016
Balance as at end of the year	126,274	100,650

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

28. TRADE AND OTHER PAYABLES

	2024 AED'000	2023 AED'000
Trade payables*	361,963	349,321
Accrued and other expenses	278,059	262,583
Advance from customers	84,828	104,325
Commission and rebates payable	53,992	54,278
Other payables	58,225	47,197
Total	837,067	817,704

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The carrying amount of trade payables approximates their fair value.

*In order to ensure easy access to credit for its suppliers, the Group has entered into reverse factoring arrangements. Trade payable include AED 23.14 million (31 December 2023: AED NIL) owed under this arrangement.

29. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2024 AED'000	2023 AED'000
As at 1 January	118,453	132,450
Charge for the year	20,817	26,923
Payments made during the year	(25,367)	(41,757)
Effect of movements in exchange rate	(201)	837
As at 31 December	113,702	118,453

30. GOVERNMENT GRANTS

The Group has recognized Export Promotion Capital Goods (EPCG) as a Government Grant availed by its subsidiary in India, during the year.

	2024 AED'000	2023 AED'000
Non-current portion	4,086	-
Current portion	426	-
Total	4,512	-

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

31. CONTINGENT LIABILITIES AND COMMITMENTS

	2024 AED'000	2023 AED'000
Contingent liabilities		
Letters of guarantee	53,954	58,719
Letters of credit	67,628	39,066
Value added tax and other tax contingencies	34,374	61,919
Commitments		
Capital commitments	168,145	34,113

In some jurisdictions, the tax returns for certain years have not been reviewed by the tax authorities and there are unresolved disputed corporate tax assessments and VAT claims by the authorities. However, the Group's management believes that adequate provisions have been made for potential tax contingencies.

32. OPERATING LEASES

As lessor

Certain investment properties are leased to third parties under operating leases agreements. The leases typically run for a period of more than five years, with an option to renew the lease after that date. Lease rentals are usually reviewed periodically to reflect market rentals.

Maturity analysis

	2024 AED'000	2023 AED'000
Less than one year	10,106	11,663
Between two and five years	16,058	21,307
More than five years	15,625	12,477
	41,789	45,447

33. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the year 2024, the Group acquired the remaining 8% shareholding in one of its subsidiaries, RAK Porcelain LLC, UAE, for a consideration of AED 44 million thus increasing the shareholding to 100%. Accordingly, the Group has recognized:

	AED'000 (unaudited)
- Decrease in non-controlling interest	(26,936)
- Decrease in retained earnings	(17,064)
Total consideration paid	(44,000)

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying value			Fair value					
	Fair value hedging instruments AED'000	Mandatory at FVTPL* AED'000	Financial assets at amortised cost AED'000	Financial liabilities at amortised cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2024									
Financial assets measured at fair value									
Interest rate swaps used for hedging	5,599	-	-	-	5,599	-	5,599	-	5,599
Other Currency and Interest Rate Swap	-	1,138	-	-	1,138	-	1,138	-	1,138
	5,599	1,138	-	-	6,737	-	6,737	-	6,737
Financial assets measured at amortised cost									
Long-term receivables	-	-	18,859	-	18,859	-	-	-	-
Trade and other receivables	-	-	881,482	-	881,482	-	-	-	-
Due from related parties	-	-	54,200	-	54,200	-	-	-	-
Bank balances and cash	-	-	202,609	-	202,609	-	-	-	-
	-	-	1,157,150	-	1,157,150	-	-	-	-
Financial liabilities measured at fair value									
Forward exchange contracts / Options	-	-	-	390	390	-	390	-	390
	-	-	-	390	390	-	390	-	390
Financial liabilities measured at amortized cost									
Islamic bank financing	-	-	-	466,856	466,856	-	-	-	-
Interest bearing bank financing	-	-	-	1,126,758	1,126,758	-	-	-	-
Due to Related Parties Long Term Loans	-	-	-	3,186	3,186	-	-	-	-
Trade and other payables	-	-	-	752,239	752,239	-	-	-	-
Due to related parties	-	-	-	36,963	36,963	-	-	-	-
Lease liabilities	-	-	-	126,274	126,274	-	-	-	-
	-	-	-	2,512,276	2,512,276	-	-	-	-

*FVTPL: fair value through profit or loss

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Accounting classifications and fair values (continued)

	Carrying value			Fair value					
	Fair value hedging instruments AED'000	Financial assets at FVTPL* AED'000	Financial assets at amortised cost AED'000	Financial liabilities at amortised cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2023									
Financial assets measured at fair value									
Interest rate swaps used for hedging	-	11,739	-	-	11,739	-	11,739	-	11,739
	-	11,739	-	-	11,739	-	11,739	-	11,739
Financial assets measured at amortised cost									
Long-term receivables	-	-	21,556	-	21,556	-	-	-	-
Trade and other receivables	-	-	953,304	-	953,304	-	-	-	-
Due from related parties	-	-	60,417	-	60,417	-	-	-	-
Bank balances and cash	-	-	280,626	-	280,626	-	-	-	-
	-	-	1,315,903	-	1,315,903	-	-	-	-
Financial liabilities measured at fair value									
Forward exchange contracts / Options	-	3,669	-	-	3,669	-	3,669	-	3,669
Other currency and interest rate swaps	-	627	-	-	627	-	627	-	627
	-	4,296	-	-	4,296	-	4,296	-	4,296
Financial liabilities measured at amortised cost									
Islamic bank financing	-	-	-	614,073	614,073	-	-	-	-
Interest bearing bank financing	-	-	-	1,084,763	1,084,763	-	-	-	-
Due to Related Parties Long Term Loans	-	-	-	2,163	2,163	-	-	-	-
Trade and other payables	-	-	-	713,379	713,379	-	-	-	-
Due to related parties	-	-	-	44,939	44,939	-	-	-	-
Lease liabilities	-	-	-	100,650	100,650	-	-	-	-
	-	-	-	2,559,967	2,559,967	-	-	-	-

*FVTPL: fair value through profit or loss

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

During the current and previous years, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Risk management framework

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's senior management is responsible for developing and monitoring the Group's risk management policies and reports regularly to the Board of Directors on their activities. The Group's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management practices in others.

The Group's risk management policies (both formal and informal) are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee ("Audit Committee") oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Internal Control department. Internal control undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

As part of the application of the risk management policies, senior management is also responsible for development and implementation of controls to address operational risks arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors arising from legal and regulatory requirements, political and economic stability in the jurisdictions that the Group operates and generally accepted standards of corporate behavior.

The Group's non-derivative financial liabilities comprise bank borrowings, trade and other payables (excluding advances to suppliers) and amounts due to related parties. The Group has various financial assets such as trade and other receivables, bank balances and deposits and amounts due from related parties.

Due to the political situation in Iran and the imposition of stricter financial and trade sanctions and oil embargo, the movement of funds through banking channels from Iran has been restricted. Management continues to assess and monitor the implications of such changes on the business. Based on its review, management is of the view that the Group will be able to recover its investment in Iran and accordingly is of the view that no allowance for impairment is required to be recognized in these consolidated financial statements as at the reporting date.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables, amount due from related parties and balances with banks. To manage this risk, the Group periodically assesses country and customer credit risk, assigns individual credit limits and takes appropriate actions to mitigate credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2024 AED'000	2023 AED'000
Long-term receivables	18,859	21,556
Trade and other receivables (excluding advances and prepayments)	881,482	953,304
Due from related parties	54,200	60,417
Bank balances	202,609	280,626
	1,157,150	1,315,903

Trade and other receivables and amount due from related parties

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which the customers operate, as these factors may have an influence on credit risk. The Group's ten largest customers account for 19.97% (2023: 21.07%) of the outstanding gross trade receivables as at 31 December 2024. Geographically the credit risk is materially concentrated in the Middle East, Europe and Asian regions.

The Group's management has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from senior Group management. These limits are reviewed periodically.

In monitoring credit risk, customers and related parties are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographic location, industry, aging profile, maturity and evidence of previous financial difficulties.

The maximum exposure to credit risk (trade and other receivables and amount due from related parties) at the reporting date by geographic region and operating segments was as follows.

	2024 AED'000	2023 AED'000
Middle East (ME)	564,059	572,566
Europe	148,331	148,846
Asian countries (Other than ME)	199,978	195,435
Other regions	42,173	118,430
	954,541	1,035,277
Trading and manufacturing	902,853	987,188
Contracting	26,265	22,268
Other industrial	15,224	20,915
Others	10,199	4,906
	954,541	1,035,277

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Balances with banks

The Group limits its exposure to credit risk by placing balances with international and local banks. Given the profile of its bankers, management does not expect any counter party to fail to meet its obligations. The bank balances are held with the banks and financial institutions of repute.

Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity price and equity price will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings which are denominated in a currency other than the respective functional currencies of the Group entities. The entities within the Group which have AED as their functional currency are not exposed to currency risk on transactions denominated in USD as AED is currently informally pegged to USD at a fixed rate. The currencies giving rise to this risk are primarily EUR, GBP & AUD.

The Group enters into forward exchange contracts to hedge its currency risk, generally with a maturity of less than one year from the reporting date. The Group also enters currency swap arrangements with a maturity of more than 1 year.

Interest on borrowings is denominated in the currency of the respective borrowing and generally borrowings are denominated in currencies which match the cash flows generated by the underlying operations of the Group.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The Group's exposure to foreign currency risk is as follows:

	GBP'000	AUD'000	EUR'000
31 December 2024			
Trade and other receivable (including due from related parties)	20,151	1,072	108,316
Cash and bank balances	1,601	486	(4,723)
Trade and other payables	(5,089)	12	(16,506)
Bank borrowings	(2,581)	-	(47,245)
Derivative – currency swap	2,581	-	-
forward exchange contracts	(16,600)	(1,400)	(42,350)
Net exposure	63	170	(2,508)

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Currency risk (Continued)

	GBP'000	AUD'000	EUR'000
31 December 2023			
Trade and other receivable (including due from related parties)	18,605	1,397	125,145
Cash and bank balances	549	484	(2,890)
Trade and other payables	(4,763)	7	(26,454)
Bank borrowings	(7,744)	-	(44,579)
Derivative – currency swap	7,744	-	-
Forward exchange contracts	(15,000)	(2,500)	(52,250)
Net exposure	(609)	(612)	(1,028)

The following are exchange rates applied during the year:

Reporting Date	Spot rate		Average rate	
	2024	2023	2024	2023
Great Britain Pound (GBP)	4.661	4.675	4.688	4.567
Euro (EUR)	3.860	4.053	3.974	3.971
Australian Dollar (AUD)	2.420	2.501	2.440	2.438

Sensitivity analysis

A strengthening (weakening) of the AED, as indicated below, against the EUR, GBP and AUD by 5% at 31 December would have increased (decreased) profit or loss by the amounts shown below. The analysis is based on foreign currency exchange variances that the Group considers to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Reporting Date	Strengthening		Weakening	
	Profit/(loss) AED'000	Equity AED'000	Profit/(loss) AED'000	Equity AED'000
31 December 2024				
GBP	(15)	-	15	-
EURO	484	-	(484)	-
AUD	(20)	-	20	-
31 December 2023				
GBP	142	-	(142)	-
EURO	208	-	(208)	-
AUD	77	-	(77)	-

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Currency risk (Continued)

The following tables detail the foreign currency forward contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items.

Hedging Instrument	Notional Value (respective foreign currency)	Notional principle value	Carrying amount of the hedging instruments assets/(liabilities)	Change in fair value used for recognizing hedge ineffectiveness
	2024 AED'000	2024 AED'000	2024 AED'000	2024 AED'000
Forward contracts				
- GBP	16,600	77,375	1,234	-
- EUR	42,350	163,458	(25)	-
- AUD	1,400	3,387	77	-
Currency swap				
- GBP	2,581	12,031	(390)	-
Hedging Instrument	Notional Value (respective foreign currency)	Notional principle value	Carrying amount of the hedging instruments assets/(liabilities)	Change in fair value used for recognizing hedge ineffectiveness
	2023 AED'000	2023 AED'000	2023 AED'000	2023 AED'000
Forward contracts				
- GBP	15,000	70,121	(352)	-
- EUR	52,250	211,768	(3,126)	-
- AUD	2,500	6,252	(191)	-
Currency swap				
- GBP	7,744	36,201	(626)	-

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Currency risk (Continued)

Hedge item	Notional principle value	Accumulated amount of fair value hedge adjustment included in carrying amount	Change in fair value used for recognizing hedge ineffectiveness
	2024 AED'000	2024 AED'000	2024 AED'000
Trade receivables			
- GBP	(77,375)	(1,234)	-
- EUR	(163,458)	25	-
- AUD	(3,387)	(77)	-
Term loan			
- GBP	(12,031)	390	-
Hedge item	Notional principle value	Accumulated amount of fair value hedge adjustment included in carrying amount	Change in fair value used for recognizing hedge ineffectiveness
	2023 AED'000	2023 AED'000	2023 AED'000
Trade receivables			
- GBP	(70,121)	352	-
- EUR	(211,768)	3,126	-
- AUD	(6,252)	191	-
Term loan			
- GBP	(36,201)	626	-

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt financings with floating interest/profit rates.

The Group's policy is to manage its financing cost using a mix of fixed and floating interest/profit rate. To manage this, from time to time the Group enters into interest rate swaps, whereby the Group agrees to exchange, at specified intervals, the difference between fixed and floating rate amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2024, 20.52% (2023: 31.05%) of the Group's term financings were at a fixed rate of interest.

As the critical term of interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and is expected that the value of interest rate swap contracts and the value of corresponding hedged items will systematically change in the opposite direction in response to movements in the underlying interest rates. The main source of hedge effectiveness in these hedge relationships is the effect of counterparty risk on the fair value of interest rate swap contracts, which is not reflected in the fair value of hedged items attributable to the change in interest rates. There is no other source of ineffectiveness from these hedging relationships.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Interest rate risk (Continued)

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items.

Cash Flow hedges

Hedging Instrument	Average contracted fixed interest rate	Notional principle value	Carrying amount of the hedging instruments assets/(liabilities)	Change in fair value used for calculating hedge ineffectiveness
	2024 %	2024 AED'000	2024 AED'000	2024 AED'000
Receive floating, pay fixed, contracts	1.40%	164,708	5,599	-

Hedging Instrument	Average contracted fixed interest rate	Notional principle value	Carrying amount of the hedging instruments assets/(liabilities)	Change in fair value used for calculating hedge ineffectiveness
	2023 %	2023 AED'000	2023 AED'000	2023 AED'000
Receive floating, pay fixed, contracts	1.53	273,826	11,739	-

Designated Hedge Items	Nominal Amount to be hedged items assets/ liabilities	Change in value used for calculating hedge ineffectiveness	Balance in cash flow hedge reserve for continuing hedges	Balance in cash flow hedge accounting is no longer applied
	2024 AED'000	2024 AED'000	2024 AED'000	2024 AED'000
Variable rate borrowings	(164,708)	-	(5,599)	-

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Cash Flow hedges (Continued)

Designated Hedge Items	Nominal amount of the hedged items assets/(liabilities)	Change in value used for calculating hedge ineffectiveness	Balance in cash flow hedge reserve for continuing hedges	Balance in cash flow hedge accounting is no longer applied
	2023 AED'000	2023 AED'000	2023 AED'000	2023 AED'000
Variable rate borrowings	(273,826)	-	(11,739)	-

At the reporting date, the interest/profit rate profile of the Group's financial instruments was:

	2024 AED'000	2023 AED'000
Fixed rate instruments		
Financial assets		
Bank deposits	4,698	47,168
Financial liability		
Islamic bank financing	210,109	375,362
Interest bearing bank financing	117,542	152,206
Variable rate instruments		
Financial liability		
Islamic bank financing	256,747	238,711
Interest bearing bank financing	1,009,216	932,557
Due to related parties	3,186	3,244

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest/variable profit at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Cash Flow hedges (Continued)

Reporting Date	Profit/(loss)	
	100bp Increase AED'000	100bp Decrease AED'000
31 December 2024		
<i>Financial liability</i>		
Variable instruments	(12,691)	12,691
31 December 2023		
<i>Financial liability</i>		
Variable instruments	(11,713)	11,713

Commodity price risk

Commodity price risk in the Group primarily arises from price fluctuations of Brent crude oil. Hedging activities are evaluated regularly to align with Group expectations about the price changes and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Commodity price sensitivity analysis

If the commodity prices had been 5 per cent higher (lower) as of 31 December 2024, profit after tax would have been AED Nil (2023: AED 6.35 million higher/lower).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group's credit terms require the amounts to be received within 90-180 days (2023: 90 -180 days) from the date of invoice. Trade payables are normally settled within 45-90 days (2023: 45-90 days) of the date of purchase.

The Group ensures that it has sufficient cash to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

The following are the remaining contractual maturities of the Group's financial liabilities at the reporting dates, including estimated interest/profit payments:

	Contractual cash flows				
	Carrying amount AED'000	Total AED'000	0-1 years AED'000	1-2 years AED'000	More than 2 years AED'000
At 31 December 2024					
<i>Non-derivative financial liabilities</i>					
Bank financing	1,593,614	(1,766,815)	(773,793)	(337,726)	(655,296)
Trade and other payables	752,239	(752,239)	(752,239)	-	-
Due to Related Parties Long Term Loans	3,186	(4,558)	-	-	(4,558)
Due to related parties	36,963	(36,963)	(36,963)	-	-
	2,386,002	(2,560,575)	(1,562,995)	(337,726)	(659,854)
<i>Derivative financial liabilities</i>					
Other currency and interest rate swaps	390	(390)	(390)	-	-
	390	(390)	(390)	-	-

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Liquidity risk (Continued)

	Contractual cash flows				
	Carrying amount AED'000	Total AED'000	0-1 years AED'000	1-2 years AED'000	More than 2 years AED'000
At 31 December 2023					
<i>Non-derivative financial liabilities</i>					
Bank financing	1,698,836	(1,886,990)	(853,166)	(376,321)	(657,503)
Trade and other payables	713,379	(713,379)	(713,379)	-	-
Due to Related Parties Long term Term Loans	3,244	(3,963)	-	-	(3,963)
Due to related parties	43,857	(43,857)	(43,857)	-	-
	2,459,316	(2,648,189)	(1,610,402)	(376,321)	(661,466)
<i>Derivative financial liabilities</i>					
Forward exchange contracts	3,669	(3,669)	(3,669)	-	-
Other currency and interest swaps	627	(627)	(627)	-	-
	4,296	(4,296)	(4,296)	-	-

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Equity risk

The Group is not significantly exposed to equity price risk.

Capital management

The Group's policy is to maintain a strong capital base to sustain future development of the business and maintain investor and creditor confidence. A balance between the higher returns and the advantages and security offered by a sound capital position, is maintained.

The Group manages its capital structure and adjusts it in light of changes in business conditions. Capital comprises share capital, reserves, retained earnings and non-controlling interests and amounts to AED 2.33 billion as at 31 December 2024 (2023: AED 2,369 million). Debt comprises Islamic and interest bearing loans and equity includes all capital and reserves of the Group that are managed as capital.

The debt equity ratio at the reporting date was as follows:

	2024 AED'000	2023 AED'000
Equity	2,331,042	2,368,750
Debt	1,593,614	1,698,836
Debt equity ratio	0.68	0.72

There was no change in the Group's approach to capital management during the current year. The Group is not subject to externally imposed capital requirements.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

35. HYPERINFLATIONARY ECONOMY

The Group has a subsidiary in the Islamic Republic of Iran which was designated as hyper-inflationary economy during the current year, having previously ceased to be so in 2015. The subsidiary did not have material operations during the years ended 31 December 2024 or 31 December 2023 and the total assets of the Iranian subsidiary are approximately 0.62 % of the Group's consolidated total assets as at 31 December 2024.

The hyperinflation impact has been calculated by means of conversion factors derived from the Consumer Price Index (CPI). The conversion factors used to restate the financial statements of the subsidiary are as follows:

	Index	Conversion factor
31 December 2024	1,590.48	1.9329
31 December 2023	822.86	1.4616
31 December 2022	563.00	1.4847
31 December 2021	379.20	1.3514
31 December 2020	280.60	1.4479

The above mentioned restatement is affected as follows:

- Hyperinflation accounting was applied as of 1 January 2020;
- The consolidated statement of profit or loss is adjusted at the end of each reporting period using the change in the general price index and is converted at the closing exchange rate of each period (rather than the year to date average rate for non-hyperinflationary economies), thereby restating the year to date consolidated statement of profit or loss accounts both for inflation index and currency conversion;
- Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the date of the consolidated statement of financial position. Monetary items are money held and items to be recovered or paid in money; and
- Non-monetary assets and liabilities are stated at historical cost (e.g. property plant and equipment, investment properties etc.) and equity of the subsidiary is restated using an inflation index. The hyperinflation impact resulting from changes in the general purchasing power until 31 December 2022 were reported in Hyperinflation reserve directly as a component of equity and the impacts of changes in the general purchasing power from 1 January 2024 are reported through the statement of profit or loss in a separate line as a loss on net monetary position, besides having the impact on depreciation charge for the period.
- All items in the consolidated statement of profit or loss are restated by applying the relevant quarterly average or year-end conversion factors.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

35. HYPERINFLATIONARY ECONOMY (CONTD.)

The impact of hyperinflationary accounting on the consolidated financial statements due to the subsidiary in the Republic of Iran is as follows:

	1 Jan 2024 AED'000	1 Jan 2023 AED'000
Impact on consolidated statement of financial position		
Increase in property, plant and equipment – net	8,068	3,239
Increase in investment properties – net	8,370	4,146
Increase in other assets	8,149	4,891
Increase in equity	24,587	12,276
Allocated to: Increase in opening equity due to cumulative hyperinflation	24,587	12,276
	2024 AED'000	2023 AED'000
Impact on consolidated statement of profit or loss		
Increase in depreciation charge for the year	2,871	769
Loss on net monetary position	7,038	4,210
	9,909	4,979

36. SEGMENT REPORTING

Basis for segmentation

An operating segment is a component of the Group which engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Segment results which are reported to the Company's CEO (chief operating decision maker) include items directly attributable to a segment as well as those which can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

The Group has broadly four reportable segments as discussed below, which are the Group's strategic business units. The strategic business units operate in different sectors and are managed separately because they require different strategies. The following summary describes the operation in each of the Group's reportable segments:

Ceramics products	includes manufacture and sale of ceramic wall and floor tiles, gres porcellanato, bath-ware and table ware products.
Faucets	includes manufacture and sale of Taps and Faucets *
Other industrial	includes manufacturing and distribution of power, paints, plastics, mines and chemicals.
Others	includes security services, material movement, real estate, construction projects and civil works.

Information regarding the operations of each separate segment is included below. Performance is measured based on segment profit as management believes that profit is the most relevant factor in evaluating the results of certain segments relative to other entities that operate within these industries. There are regular transactions between the segments and any such transaction is priced on mutually agreed terms.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

36. SEGMENT REPORTING (CONTD.)

Information about the reportable segments

Information regarding each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of respective segments relative to other entities that operate in the same industries.

	Ceramic Products AED'000	Faucets AED'000	Other industrial AED'000	Others AED'000	Elimination AED'000	Total AED'000
At 31 December 2024						
External revenue	2,734,448	417,501	76,186	3,884	-	3,232,019
Intersegment revenue	521,038	98,517	107,231	3,209	(729,995)	-
Segment revenue	3,255,486	516,018	183,417	7,093	(729,995)	3,232,019
Segment profit/(loss)	262,852	(27,353)	9,066	13,721	(24,204)	234,082
Segment EBITDA	582,670	6,258	16,029	18,571	(31,284)	592,244
Interest/profit income	20,775	2,887	105	200	(19,904)	4,063
Interest/profit expense	120,261	14,251	302	317	(20,240)	114,891
Depreciation and amortization	181,600	20,761	3,548	7,127	(5,251)	207,785
Share of profit in equity accounted investees	(197)	-	-	-	-	(197)
Segment assets	6,894,348	604,073	145,515	179,380	(2,571,400)	5,251,916
Segment liabilities	3,674,315	401,644	53,751	107,423	(1,316,259)	2,920,874
	Ceramic Products AED'000	Faucets AED'000	Other industrial AED'000	Others AED'000	Elimination AED'000	Total AED'000
At 31 December 2023						
External revenue	2,916,929	431,119	94,459	15,251	-	3,457,758
Intersegment revenue	545,630	68,712	134,771	2,033	(751,146)	-
Segment revenue	3,462,559	499,831	229,230	17,284	(751,146)	3,457,758
Segment profit/(loss)	575,690	(31,555)	22,474	7,722	(253,476)	320,855
Segment EBITDA	863,905	6,107	27,933	9,622	(260,206)	647,361
Interest/profit income	8,305	123	197	2	(2,195)	6,432
Interest/profit expense	110,283	257	7,422	261	(4,972)	113,251
Depreciation and amortization	168,319	21,383	3,487	6,366	(4,542)	195,013
Share of profit in equity accounted investees	1,266	-	-	-	-	1,266
Segment assets	6,902,972	570,655	137,334	151,393	(2,405,263)	5,357,091
Segment liabilities	3,690,854	531,590	57,069	88,471	(1,379,643)	2,988,341

EBITDA is earnings for the period before net interest expense, net profit expense on Islamic financing, income tax expense, depreciation, amortization, gain or loss on sale of assets and impairment loss on investment properties.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

36. SEGMENT REPORTING (CONTD.)

Geographic information

The ceramic products, faucets and other industrial segments are managed on a worldwide basis, but manufacturing facilities are located in the UAE, India, Bangladesh and Europe.

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets. Investment in equity accounted investees is presented based on the geographical location of the entity holding the investment.

	2024 AED'000	2023 AED'000
Revenue		
Middle East (ME)	1,605,566	1,644,303
Europe	746,555	803,260
Asian countries	665,745	759,211
Other	214,153	250,984
	3,232,019	3,457,758
Non-currents assets		
Middle East (ME)	1,970,132	1,989,928
Asian countries	310,152	288,789
Other	225,745	242,674
	2,506,029	2,521,391

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

36. SEGMENT REPORTING (CONTD.)

Reconciliation of reportable segment

	2024 AED'000	2023 AED'000
Revenues		
Total revenue for reportable segments	3,962,014	4,208,904
Elimination of intersegment revenue	(729,995)	(751,146)
Consolidated revenue	3,232,019	3,457,758
Profit		
Total profit for reportable segments	258,286	574,331
Elimination of inter-segment profits	(24,204)	(253,476)
Consolidated profit	234,082	320,855
Assets		
Total assets for reportable segment	5,241,634	5,345,759
Equity accounted investees	10,282	11,332
Consolidated total assets	5,251,916	5,357,091
Other material items		
Interest/profit income	4,063	6,432
Interest/profit expense	114,891	113,251
Depreciation and amortization	207,785	195,013

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

37. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTEES

Name of the entity	Country	Ownership interest		Principal activities
		2024	2023	
A Subsidiaries of RAK Ceramics P.J.S.C				
RAK Ceramics (Bangladesh) PLC	Bangladesh	68.13%	68.13%	Manufacturing of ceramic tiles and sanitary ware
RAK Ceramics PJSC Limited	Iran	100%	100%	Manufacturing of ceramic tiles
RAK Ceramics India Private Limited	India	100%	100%	Manufacturing of ceramic tiles and sanitary ware
Elegance Ceramics LLC*	UAE	100%	100%	Manufacturing of ceramic tiles
RAK Ceramics Australia PTY Limited	Australia	100%	100%	Trading in ceramic tiles
RAK Bathware PTY Limited	Australia	100%	100%	Trading in sanitary ware
Acacia Hotels LLC*	UAE	100%	100%	Lease of investment property
RAK Ceramics Holding LLC	UAE	100%	100%	Investment company
Al Jazeera Utility Services LLC*	UAE	100%	100%	Provision of utility services
Ceramin FZ LLC*	UAE	100%	100%	Manufacturing, processing import & export of industrial minerals
Al Hamra Construction Company LLC*	UAE	100%	100%	Construction company
RAK Porcelain LLC (refer Note 33)	UAE	100%	92%	Manufacturing of porcelain tableware
RAK Ceramics UK Limited	UK	100%	100%	Trading in ceramic tiles and sanitary ware
RAK Ceramics GmbH	Germany	100%	100%	Trading in ceramic tiles and sanitary ware
ARK International Trading Company Limited	Saudi Arabia	100%	100%	Trading in ceramic tiles and sanitary ware
Kludi RAK LLC *	UAE	100%	100%	Manufacturing of water tap faucets etc.
RAK Industrial LLC	Saudi Arabia	100%	100%	Proposed manufacturing of ceramic tiles
RAK Ceramics Austria GmbH	Austria	100%	100%	Investment company
B Subsidiaries of RAK Ceramics (Bangladesh) PLC				
RAK Power Private Limited	Bangladesh	100%	100%	Power generation for captive consumption
RAK Securities and Services Private Limited	Bangladesh	100%	100%	Providing security services
C Subsidiaries of RAK Ceramics Holding LLC				
RAK Paints LLC	UAE	51%	51%	Manufacturing of paints and allied products
RAK Universal Plastics Industries LLC	UAE	87.6%	87.6%	Manufacturing of pipes
D Subsidiaries of RAK Ceramics UK Limited				
RAK Distribution Europe SARL	Italy	100%	100%	Trading in ceramic tiles and sanitary ware
E Subsidiary of RAK Distribution Europe SARL				
RAK Ceramics CE GmbH	Germany	100%	100%	Trading in ceramic tiles and sanitary ware
F Subsidiary of RAK Paints LLC				
Altek Emirates LLC*	UAE	99%	99%	Manufacturing of paints and adhesive products

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

37. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTEES (CONTD.)

Name of the entity	Country	Ownership interest		Principal activities
		2024	2023	
G Subsidiaries of Ceramin FZ LLC				
Ceramin India Private Limited	India	100%	100%	Extraction, trading & export of clay and other minerals
H Subsidiary of Elegance Ceramics LLC				
Venezia Ceramics	UAE	100%	100%	General trading
I Subsidiaries of RAK Porcelain LLC				
RAK Porcelain Europe S.A.	Luxemburg	100%	100%	Import and export of porcelain tableware
Restofair RAK LLC	UAE	47%	47%	Contracting of furnishing the public firms
J Subsidiary of RAK Porcelain Europe S.A.				
RAK Porcelain USA Inc.	USA	100%	100%	Trading of tableware
K Subsidiaries of RAK Ceramics India Private Limited				
Gris Ceramics Limited Liability Partnership	India	51%	51%	Manufacturing of ceramic tiles
Gryphon Ceramics Private Limited	India	51%	51%	Manufacturing of ceramic tiles
Totus Ceramics India Private Limited	India	100%	100%	Trading of ceramic tiles and sanitary ware
RAK Retail Pvt. LTD	India	51%	-	Trading of ceramic tiles and sanitary ware
L Joint Venture of RAK Ceramics Australia PTY LTD				
Massa Imports PTY Limited	Australia	50%	50%	Trading in ceramic tiles
M Subsidiary of RAK Ceramics Australia PTY Ltd.				
Touchstone Holdings Pty Ltd. Australia	Australia	100%	100%	Trading of Tiles and Sanitary ware
N Subsidiary of Touchstone Holdings Pty Ltd.				
RAK Ceramics Pty Ltd. Australia	Australia	100%	100%	Trading of Tiles and Sanitary ware
O Associate of Restofair RAK LLC				
Naranjee Hirjee Hotel Supplies LLC	Oman	25%	25%	Hotel supplies
P Subsidiary of RAK Ceramics Austria GmbH				
Scheffer Beteiligungs GmbH (DE)	Germany	100%	100%	Investment company
Kludi Armaturen GmbH & Co. KG (AT)	Austria	100%	100%	Manufacturing and trading of faucets
Kludi Armaturen GmbH (AT)	Austria	100%	100%	Investment Company
Kludi GmbH & Co. KG (DE)	Germany	100%	100%	Manufacturing and trading of faucets
Kludi Management GmbH (DE)	Germany	100%	100%	Investment Company
Q Subsidiary of Kludi Armaturen Austria GmbH				
Kludi Armaturen SP. Z.O.O. (PL)	Poland	100%	100%	Trading of faucets
Kludi Szerelvények (HU)	Hungary	99.46%	99.46%	Manufacturing and trading of faucets
Kludi France S.A.R.L.	France	100%	100%	Trading of faucets
Kludi Sanitary Products Shanghai	China	100%	100%	Trading of faucets
S.C Kludi Romania S.R.L.	Romania	99.99%	99.99%	Trading of faucets
Kludi RAK India (refer Y below)	India	43.90%	43.90%	Trading of Faucets

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

37. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTEES (CONTD.)

Name of the entity	Country	Ownership interest		Principal activities
		2024	2023	
R Associates of Kludi Szerelvények (HU)				
S.C Kludi Romania S.R.L.	Romania	0.01%	0.01%	Trading of faucets
S Subsidiary of Kludi Szerelvények (HU)				
Kludi Bulgaria EOOD	Bulgaria	100%	100%	Trading of faucets
T Subsidiary of Kludi GmbH & Co. KG (DE)				
Kludi Benelux C.V. (NL)	Netherlands	90%	90%	Trading of faucets
Kludi UK Ltd.	United Kingdom	100%	100%	Dormant
U Associates of Scheffer Beteiligungs GmbH (DE)				
Kludi Benelux C.V. (NL) (refer T above)	Netherlands	10%	10%	Trading of faucets
V Subsidiary of Kludi GmbH & Co. KG (DE)				
Kludi Asia-Pacific LLP (Singapore)	Singapore	100%	100%	Dormant
Kludi Armaturen Austria GmbH	Austria	100%	100%	Manufacturing and trading of faucets
W Subsidiary of Kludi Armaturen SP. Z.O.O. (PL)				
Kludi Armaturen S.R.O. (CZ)	Czech Republic	100%	100%	Trading of faucets
Kludi Myjava S.R.O. (SK)	Slovakia	100%	100%	Trading of faucets
X Subsidiary of Kludi France S.A.R.L.				
Kludi Armaturen Espana	Spain	100%	100%	Dormant
Y Subsidiary of Kludi RAK, LLC				
Kludi RAK Egypt	Egypt	100%	100%	Trading of Faucets
Kludi RAK India (refer Q above)	India	56.10%	56.10%	Trading of Faucets

* RAK Ceramics Holding LLC has a nominal beneficial shareholdings in Elegance Ceramics LLC (0.01%), Acacia Hotels LLC (0.002%), AL Jazeera Utility Services LLC(1%), Ceramin FZ LLC (0.01%), AL Hamra Construction Company LLC (0.001%), Kludi RAK LLC(1%), Altek Emirates LLC (1%), Ceramin India Private Ltd. India (0.01%).

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

38. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL ACCOUNTING JUDGEMENTS

The Group makes estimates and assumptions which affect the reported amounts of assets and liabilities within the next financial year. Estimates and critical accounting judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognized in the consolidated financial statements are as follows.

Critical accounting judgements

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated useful life and residual value of property, plant and equipment and investment properties

The Group estimates the useful lives of property, plant and equipment and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and on historical experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Fair valuation of investment properties

The Group follows the Cost Model per IAS 40 whereby investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Fair values of investment properties are disclosed in Note 18. The fair values for buildings have been determined by taking into consideration both income/profits and comparable sales approach having regard to market rental and transactional evidence. Fair values for land have been determined either having regard to recent market transactions in the vicinity or by using the residual method.

Allowance for slow moving inventories and net realizable value write down on inventories

The Group reviews its inventory for any write down to net realizable value on a regular basis. In determining whether a provision for slow moving inventory should be recorded in profit and loss, the Group makes judgments as to whether there is any observable data indicating that there is any future salability of the product and the net realizable value for the product. Provision is made where the net realizable value is less than cost based on best estimates by management. The provision for slow moving inventory is based on its ageing and the past trend of consumption.

Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from each cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

38. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL ACCOUNTING JUDGEMENTS (CONTD.)

Impairment of goodwill (Continued)

Management has carried out an impairment test for goodwill at the year end and has concluded that no impairment has taken place. For this purpose, the recoverable amount of each cash generating unit has been determined based on a value-in-use calculation using cash flow projections, using financial budgets approved by senior management, covering a five-year period. Cash flows beyond the five-year period are extrapolated using a growth rate which management believes approximates the long-term growth rate for the industry in which the cash generating unit operates.

Key assumptions used for the calculation of value-in-use

The calculation of value-in-use is sensitive to the following assumptions:

Growth rate

Growth rates are based on management's assessment of the market share having regard to the forecast growth and demand for the products offered. Growth rates of 3% per annum have been applied in the calculation.

Profit margins

Profit margins are based on management's assessment of achieving a stable level of performance based on the approved business plan of the cash generating unit for the next five years.

Discount rates

Management has used a discount rate of 12% - 14% per annum throughout the assessment period, reflecting the estimated weighted average cost of capital of the Group and specific market risk profile.

Calculation of loss allowance

When measuring expected credit losses, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

If the ECL rates on trade receivables between 91 and 180 days past due had been 5 per cent higher (lower) as of 31 December 2024, the loss allowance on trade receivables would have been AED 0.31 million (2023: AED 0.33 million) higher (lower).

If the ECL rates on trade receivables between 181 and 360 days past due had been 5 per cent higher (lower) as of 31 December 2024, the loss allowance on trade receivables would have been AED 0.43 million (2023: AED 1.26 million) higher (lower).

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 12 February 2025.

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RAKCERAMICS.COM



RAK

CERAMICS

CORPORATE GOVERNANCE REPORT
2024



His Highness Sheikh Mohammed Bin Zayed Al Nahyan
President of the United Arab Emirates (UAE)



His Highness Sheikh Mohammed Bin Rashid Al Maktoum
Vice president and Prime Minister of the United Arab Emirates (UAE) and Ruler of Dubai



His Highness Sheikh Saud Bin Saqr Bin Mohammed Al Qasimi
Supreme Council Member and Ruler of Ras Al Khaimah



His Highness Sheikh Mohammed Bin Saud Al Qasimi
Crown Prince of Ras Al Khaimah



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Governance Principles

1. The Statement of the procedures taken to complete the Corporate Governance system during the year 2024

R.A.K Ceramics PJSC ("RAK Ceramics" or the "Holding Company") considers sound corporate governance to be one of the pillars of running a responsible, profitable and sustainable business that creates value. An organizational commitment to corporate governance drives enhanced management accountability, creation of value for shareholders and protecting the interests of all stakeholders and the community.

RAK Ceramics has adopted a comprehensive set of corporate governance policies and procedures that draws upon global best practices and is in accordance with all relevant UAE legislation including Decision No. (2/R.M) of 2024, which concerns the amendments to Decision No. (3/R.M) of 2020 of the Joint Stock Companies Governance Guide ("The Decision") This assures that utmost vigil is exerted by the Board of Directors (the "Board"), executive management and employees of RAK Ceramics.

The Company periodically monitors the procedures that have been implemented for the governance framework, including:

- a- Requirements for the composition of the Board of Directors.
- b- Requirements for the composition of the Board Committees.
- c- Internal Control System.
- d- Insider Trading.
- e- Update the Code of Conduct if necessary
- f- Update the Governance Manual if necessary
- g- Amending the Article of Association if necessary.
- h- Issuing of the Corporate Governance Report.
- i- Issuing of the ESG Report.
- j- Issuing of the Integrated Report.

Governance Principles (contd.)

1. The Statement of the procedures taken to complete the Corporate Governance system during the year 2023 (CONTD.)

During 2024, the Company has applied the following procedures in regards with Corporate Governance System:

a) Formation of the Board:

Board members were elected for a term of three years at the AGM held on March 26, 2024. The details of the formation of the board can be found in item No. 3 below.

The Committees were reconstituted on April 2024, Details of the formation of the Board committees are set out in Item No. 5, 6, 7.

b) Meetings of the Board of Directors and its Committees:

During 2024, the Board held Five (5) Meetings, the Audit & Risk Committee held Four (4) Meetings, the Nomination & Remuneration Committee held one (1) meeting, Insider Trading Committee held Four (4) meeting and Disclosure Committee held Four (4) meetings.

c) Annual General Meeting: (AGM)

In accordance with Federal Law No. 32 of 2021 concerning the Commercial Companies and the decision, the Company held one AGM's of shareholders on 26th March 2024.

d) Disclosures and Transparency:

The Company is committed to regulations and legislation on disclosure. During 2024, the Company made disclosures on important events, Board of Directors' reports, Financial Statements (Quarterly & Yearly), Corporate Governance Report for 2023, Board of Directors' Meetings and its results, Sustainability Report 2023, Integrated Report 2023 and Annual General Meetings and its results.

e) Insiders Trading:

The Company periodically updates its insiders list, and informs the insiders of the start and end of the prohibition periods.

Thus, by exercising best corporate governance practices, the Company ensures that the interests of the stakeholders are protected along with Company meeting all its statutory and regulatory obligations.

This annual corporate governance report aims to ensure a transparent disclosure of the governance practices applied by the Company. These practices include monitoring of:

- The capital structure,
- Internal control processes and systems,
- Shareholders' rights,
- The charters of the Board of Directors and its committees,
- Related party transactions,
- Auditor's independence, rotation, and the periodic review of the principles of professional conduct.

Board Transactions

2. Statement of Ownership and transactions of the Board and their spouses, their children in the Company Securities during the year 2024.

a) Transaction Law:

The Company has adopted rules regarding dealing in the Company's securities by the members of the Board, their first degree relatives and the key management personnel. These rules are based on Articles (38) and (39) of the Federal Law No. (4) Of 2000 concerning Securities and Commodities Authority, and Article (14) of Resolution No. (2) of 2001 concerning the regulations as to trading, clearing, settlement, transfer of ownership and custody of securities, and Article (36) of Decision No (3) of 2000 concerning the regulation on transparency and disclosure and Article (33) of the Decision. The above mentioned rules were approved and endorsed by the Board. The rules specifically require directors and key management personnel not to engage, without prior approval of the Board, in any trade of the Company's shares held by them for less than three years.

b) Transactions in Securities:

The following information shows the dealings of the members of the Board, their first degree relatives and key management persons, in the Company securities during the year 2024:

Sr.	Name	Position/Relative Degree	Number of Shares		
			Owned Shares as on 31 Dec 2024	Total Sale Transaction	Total Buy Transaction
1	Sheikh Saqr Bin Saud Al Qasimi	Chairman	-	-	-
2	Fawaz Bin Sulaiman A Al Rajhi	Vice Chairman	-	-	-
3	Sheikh Khalid Bin Saud Al Qasimi	Board Member	-	-	-
4	Shaikh Saqr Bin Omer Al Qasimi	Board Member	-	-	-
5	Wassim Zuhair Moukahhal	Board Member	-	-	-
6	Farah Abdulla Mohamed Al Mazrui	Board Member	-	-	-
7	Abdulla Rashed Jasem Al Abdouli	Board Member	-	-	-
8	Abdallah Massaad	Group Chief Executive Officer	3,000,000	-	-

* The above table is related to any transactions executed in their personal capacity

Board of Directors

3. THE BOARD OF DIRECTORS (THE "BOARD")

The Board is responsible to the Company's shareholders for creating and delivering sustainable value through prudent management of its business and associated risks. In particular, the Board is responsible for strategic direction, supervision of management and adequate controls to drive the success and long term value creation. The Board plays a central role in the corporate governance framework by ensuring that the Company complies with obligations arising from its legal and regulatory requirements; its memorandum and articles of association and duties towards the shareholders.

a) Composition of the Board of Directors

The current Board consists of seven members:

- The Chairman (Non-Executive, Independent),
- The Vice Chairman (Non-Executive, Non-Independent),
- Two (2) Non-Executive, Non-Independent Directors, and
- Three (3) Non- Executive Director, Independent Directors.

The majority of the Directors meet the requirement of being non-executive and independent. Therefore, the Board composition satisfies the requirements of points (3) and (5) of article 9/5 of The Decision. The Members were elected at the AGM held on 26 March 2024 for a period of 3 years. The term of the Board members will expire on 25 March 2027.

Board of Directors (contd.)

3. THE BOARD OF DIRECTORS (THE "BOARD") (CONTD.)

The following Table describes the composition of the Board of Directors as on 31 December 2024:

Sr.	Name	Category	Experience & Qualification	Period as Board Member	Other Current Positions in any PJSC's	Positions at any Government Department.
1	Sheikh Saqr Bin Saud Bin Saqr Al Qasimi	Chairman (Non-Executive – Independent)	Bachelor of Science Degree in Banking and International Finance from CASS Business School, City University of London.	August 2021: 3 years and 5 Months	-	Positions on Boards of Al Marjan Islands, UAE ;and the Vice Chairman of the Investment & Development Office, Government of RAK, UAE
2	Mr. Fawaz Bin Sulaiman A Al Rajhi	Vice Chairman (Non-Executive, Non-Independent)	<ul style="list-style-type: none"> Master in Business Administration from Stanford University-USA. Bachelors in MIS and Accounting from KFUPM- KSA. 	April 2015; 9 Years & 9 months	N/A	N/A
3	Sheikh Khalid Bin Saud Bin Saqr Al Qasimi – Government of Ras Al Khaimah Representative	Member (Non-Executive, Non-Independent)	<ul style="list-style-type: none"> Extensive experience in Finance and Investment Management. Holding Business Management Degree from New York University, Abu Dhabi. 	July 2015; 9 years & 6 months	N/A	Chairman of Al Marjan Islands, UAE and the Vice Chairman of the Investment & Development Office and Government of RAK, UAE
4	Sheikh Saqr Bin Omar Bin Saqr Al Qasimi	Member (Non-Executive, Independent)	<ul style="list-style-type: none"> Bachelor's Degree in Law from the University of Sharjah, Master's in International Law, Public Relations and Diplomacy from the Paris-Sorbonne University Abu Dhabi, Master's Degree in Business Administration from the American University of Sharjah. 	March 2021: 3 years & 9 Months	-	-
5	Mr. Wassim Zuhair Moukahhal	Member (Non-Executive, Non-Independent)	<ul style="list-style-type: none"> MBA from the Wharton School, University of Pennsylvania and, Bachelor in Economics & Finance from McGill University 	February 2016; 8 Years & 11 Months	N/A	N/A
6	Mrs. Farah Abdulla Mohamed Al Mazrui	Member (Non-Executive, Independent)	<ul style="list-style-type: none"> BSc Hons - Economics from Queen Mary, University of London and MSc - Risk Management and Financial Engineering from Tanaka Business School, Imperial College, London. 	June 2021: 3 years & 7 Months	Board Member of Emirates Steel Arkan PJSC, Board Member of UAQ Bank and Board Member of Etihad Airline Group	N/A
7	Mr. Abdulla Rashed Jasem Alabdouli	Member (Non-Executive, Independent)	<ul style="list-style-type: none"> Masters in Regional & Urban Planning from Paris Sorbonne University in Abu Dhabi and; Certificate in Real Estate Investment Strategies from Harvard University. 	November 2022: 2 Year & 2 Months	Board Member of RAK Properties PSC	N/A

Board of Directors (contd.)

3. THE BOARD OF DIRECTORS (THE "BOARD") (CONTD.)

For their Experience, please refer to their profiles mentioned below.

Members of the Board have the requisite expertise and management skills to perform their duties in furthering the best interest of the Company. Members of the Board are selected through cumulative voting process as per the guidelines issued by the SCA.

Profile of the members of the Board:

SHEIKH SAQR BIN SAUD BIN SAQR AL QASIMI Chairman

Non-executive, Independent.

Board Member and Chairman since August 2021, reappointed in 26 March 2024 AGM for a three year term till 25 March 2027. Sheikh Saqr brings financial expertise to the Board of RAK Ceramics, having worked in multiple relevant roles both in the public and private domains. Sheikh Saqr is part of the investment team at the Investment and Development Office, the sovereign investment arm of the Government of Ras Al Khaimah overseeing a portfolio of strategic assets. Sheikh Saqr holds a Bachelor of Science degree in Banking and International Finance from CASS Business School, City University of London

FAWAZ BIN SULIAMAN A ALRAJHI

Vice Chairman

Non-executive, Non-independent.

Board member since April 2015, reappointed in 26 March 2024 AGM for a three year term till 25 March 2027. Mr. Fawaz is the Chairman of the Board, CEO and Head of Investment Committee of Al Rajhi United, a family-owned investment company with offices in Riyadh, Jeddah, New York and Dubai, focusing on public equity, private equity and real estate and he is also the Chairman of RAK Porcelain LLC. Mr. Fawaz holds Master in Business Administration from Stanford University, USA and Bachelors in MIS and Accounting from KFUPM, KSA.

SHEIKH KHALID BIN SAUD BIN SAQR AL QASIMI – RAS AL KHAIMAH GOVERNMENT REPRESENTATIVE

Board Member

Non-executive, Non-independent.

Board Member since July 2015, reappointed in 26 March 2024 AGM for a term of three years till 25 March 2027. Sheikh Khalid holds business management qualification from New York University, Abu Dhabi

Campus. Sheikh Khalid Bin Saud Al Qasimi is also Chairman of Al Marjan Island, Ras Al Khaimah and Vice Chairman of the Investment and Development Office, Government of Ras Al Khaimah. Sheikh Khalid Bin Saud Al Qasimi has extensive experience in finance and investment management.

SHEIKH SAQR BIN OMAR AL QASIMI

Board Member

Non-executive, Independent.

Board Member since March 2021, reappointed in 26 March 2024 AGM for a term of three years till 25 March 2027. He Holds a Bachelor's degree in Law from the University of Sharjah, Master's in International Law, Public Relations and Diplomacy from the Paris-Sorbonne University Abu Dhabi, as well as a Master's degree in Business Administration from the American University of Sharjah. Currently, he is the General Manager of RAK Real Estate and a Board Member of RAK Porcelain LLC.

WASSIM ZUHAIR MOUKAHHAL

Board Member

Non-executive, Non-independent.

Board member since February 2016. Re-appointed in 26 March 2024 AGM for a three year term till 25 March 2027. Mr. Moukahhal has more than 15 years of experience in private equity investments and is currently serving as Board Member of RAK Porcelain, RAK Ceramics India and RAK Ceramics Bangladesh. Mr. Moukahhal holds a MBA from the Wharton School at the University of Pennsylvania and a Bachelor's degree in Economics & Finance from McGill University.

Board of Directors (contd.)

3. THE BOARD OF DIRECTORS (THE "BOARD") (CONTD.)

FARAH ABDULLA MOHAMED AL MAZRUI**Board Member***Non-executive, Independent.*

Board Member since June 2021. Reappointed in 26 March 2024 AGM for a term of three years till 25 March 2027. Mrs. Farah Al Mazrui has more than 15 years of experience in financial advisory, strategy, investment as well as wealth management solutions to large Corporates, Families, Individuals and Governments. She holds BSc Hons -Economics from Queen Mary, University of London and MSc -Risk Management and Financial Engineering from Tanaka Business School, Imperial College, London. She was Associate Director – Global Advisory in Rothschild & Co., a Leading independent financial advisory group providing M&A, strategy, and financing advice, as well as investment and wealth management solutions to large Corporates, Families, Individuals, and Governments globally. She also serves as Board Member of Emirates Steel Arkan PJSC; Board Member of UAQ Bank; and Board Member of Etihad Airline Group.

ABDALLAH RASHED JASEM ALABDOULI**Board Member***Non-executive, Independent.*

Board Member since March 2021, reappointed in 26 March 2024 AGM for a term of three years till 25 March 2027. Mr. Al Abdouli is the Chief Executive Officer of Marjan, a leading developer for freehold land in Ras Al Khaimah and a Board Member in RAK Properties PJSC. Prior to this position, he had served as Director of Town Planning and Survey Administration and Director of Project Management Office at RAK Municipality. He also had previously held Board Member positions for several RAK-based governmental entities including RAK International Airport Authority and RAK Sewerage Authority. Mr. Al Abdouli holds a Masters in Regional & Urban Planning from Paris Sorbonne University in Abu Dhabi and certificate in Real Estate Investment Strategies from Harvard University.

b) Female representation in Board in 2024:

Mrs. Farah Al Mazrui was appointed as a member of the Board of Directors at the meeting of the Board of Directors held on June 24, 2021, and reappointed in 26 March 2024 AGM. Thus, the Board fulfils the requirements of Article (9) paragraph (3) of The Decision

c) Remuneration of the members of the Board:

Remuneration for members of the Board is proposed by the Nomination & Remuneration Committee and approved by the shareholders of the Company in General Assembly Meeting. Their remuneration is governed by the requirements of Article (29) of Resolution No. 3 of 2020 of SCA concerning Corporate Governance Rules and Corporate Discipline Standards, and Article (169) of Federal Law No. 26 of 2020 concerning the Commercial Companies.

- Board remuneration for the year 2023 was AED 3,700,000.
- The proposed Board remuneration for the year 2024 is AED 3,700,000 which will be presented before the Assembly General Meeting which will be held on 24th March 2025 for their approval.
- No attendance fees are paid to the members of the committees of the Board.

d) Meetings of the Board of Directors:

Meetings of the Board of Directors are held regularly, or when requested by the Chairman, or when demanded by at least two third of members of the Board. Notice of a meeting is communicated to all Directors at least one week prior to the meeting. In this regard, any member can add a subject to the meeting agenda. The Company's Articles of Association also provide detailed information on the attendance, quorum, voting and meeting requirements.

Board of Directors (contd.)

3. THE BOARD OF DIRECTORS (THE "BOARD") (CONTD.)

In 2024, the Board held Five (5) meetings as follows:

Date	Attendees	Number of Attendance by proxy	Names of absent members
08 February 2024	7 Members	N/A	N/A
23 April 2024	7 Members	N/A	N/A
09 May 2024	7 Members	N/A	N/A
08 August 2024	7 Members	N/A	N/A
12 November 2024	6 Members	N/A	Farah Abdulla Mohamed Al Mazrui

The attendance of members of the Board at these meetings and the General Assembly Meetings is as follows:

Attendance	08 February 2024	23 April 2024	09 May 2024	08 August 2024	12 November 2024	AGM- 26 March 2024
Sh. Saqr Bin Saud Bin Saqr Al Qassimi	P	P	P	P	P	P
Sh. Khalid Bin Saud Bin Saqr Al Qasimi	P	P	P	P	P	P
Fawaz Bin Suliman Al Rajhi	P	P	P	P	P	P
Sh Saqr Bin Omar Bin Saqr Al Qasim	P	P	P	P	P	P
Wassim Zuhair Moukahhal	P	P	P	P	P	P
Farah Abdulla Mohamed Al Mazrui	P	P	P	P	A	P
Abdulla Rashid Jaseem Al Abdouli	P	P	P	P	P	P

*: All Board Meetings / AGM had been participated in person or through conference call.

P: Present

A: Absent

e) Number of the Circular Board resolutions passed during the year 2024:

N/A

Board of Directors (contd.)

3. THE BOARD OF DIRECTORS (THE "BOARD") (CONTD.)

f) Delegation to Executive Management:

In accordance with the corporate governance code issued by the SCA, the Board has adopted a clear policy on segregation of duties between the responsibility of the Chairman of the Board and the responsibility of the Chief Executive Officer (CEO) of the Company, whereby the Board assumes overall supervision for the strategic growth of the Company and provides direction through the approval of strategic initiatives, policies and objectives, while the day to day affairs of the Company are carried out by the executive management led by the CEO of the Company.

The CEO is appointed by the Board of Directors. The primary role of the CEO is to define and execute the business vision, mission, and strategy and manage the organization. He is responsible for the overall operations, profitability, and achievement of objectives set by the Board.

In line with this policy, the day-to-day operations of the Company are managed by Mr. Abdallah Massaad, CEO of the Company since June 2012. At the time of his appointment, the Board of Directors set the Delegation of Authority to the CEO and further updated it in May 2024. The following tables shows the delegations performed by the Executive Management pursuant to an authorization by the BOD:

Sr	Name of the authorised person	Delegation authority	Duration of Delegation
1	CEO	Financial	Valid till 2027
2	CEO	Operational	Valid till 2027
3	CEO	Capital Investment	Valid till 2027
4	CEO	Legal and Regulation	Valid till 2027
5	CEO	Administrative	Valid till 2027
6	CEO	General Powers	Valid till 2027

The Delegation is effective till the term of the present Board of Directors or is revoked by the Board.

The CEO is assisted in his duties by an experienced and qualified executive management team. Executive management of the Company is committed to strengthening governance framework in the organization by strict adherence to Company's policies and procedures.

g) Dealing with the Related Parties:

The details of transactions that occurred with related parties, which include some members of the Board of Directors, major shareholders, and executive management, during the years 2024 are as follows: Related Parties: The Chairman and members of the Board of Directors of the company, Members of the executive management of the company and its employees, Companies in which any of the above-mentioned individuals hold at least 30% of the capital, Subsidiaries, sister companies, or affiliated companies and Companies where the Chairman, members of the Board of Directors, or senior executive management of the company serve as Board members or senior executives.

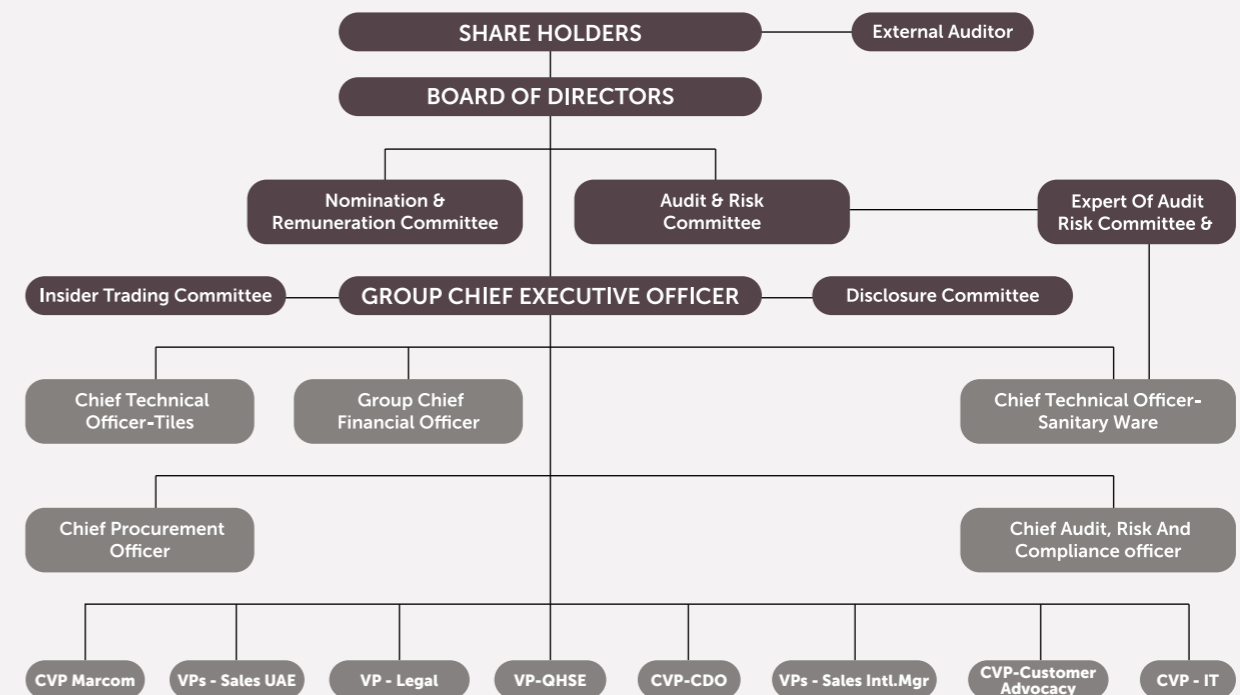
The Company has entered into transactions with companies and entities that fall within the definition of a related party under the Corporate Governance Code or the International Accounting Standards 24: Related Party Disclosures. The nature of such transactions relate to the Company's normal course of business. However, the following transactions are considered outside the normal course of business with related parties and are less than 5% of the Company's capital for the year 2024.

Sr	Related Parties	The Nature of relation	Type of transaction	Value of transaction (AED)
1	Wassim Moukahhal	Board Member	Buy - Supply of Services	510,000
2	Naranjee Hirjee Hotel Supplies, Oman	Affiliate Company	Royalty Income	450,277.88
3	Gryphon Ceramics, India	Affiliate Company	Loan received	301,810.89

Board of Directors (contd.)

3. THE BOARD OF DIRECTORS (THE "BOARD") (CONTD.)

h) Organisation Structure:



i) Names, positions, date of appointment and remuneration of Senior Executive Management as on 31 Dec 2024 in AED thousands:

Sr	Position	Appointed Date	Total Salaries including Allowances for the year 2024	Total Bonus paid for 2024	Any Cash Incentives / In-kind in 2024 Or will be due in Future.
1	Group CEO	02 Jun 2004	3,188,800	-	-
2	Group CFO	17 Jul 2012	1,192,362	-	-
3	CTO – Tiles	24 July 2016	794,400	-	-
4	CTO – SW	14 Mar 2022	732,000	-	-

The key management personnel are also paid company performance & profitability based incentive.

External Auditor

4. EXTERNAL AUDITOR

According to the Commercial Companies Law No.31 of 2021, and corporate governance code, the AGM appoints an independent external auditor for the fiscal year based on recommendations made by the Board. The AGM also approves the remuneration of the external auditors. The AGM held on 26 March 2024 appointed Deloitte & Touch (ME) as external auditors of the Company for the year ending on 31 December 2024. The external auditors are invited to the Audit & Risk Committee meetings and they also attend the AGM to present their report and answer shareholders' questions.

The external auditors conduct quarterly reviews of consolidated financial information and the annual audit of the consolidated financial statements in accordance with relevant international standards. The external auditors present their report to the Audit & Risk Committee of the Board and the AGM in compliance with the Laws of the United Arab Emirates.

In 2014, the Company instituted a non-audit services policy in relation to work that may be performed by the independent auditor to provide additional assurance that their independence is not impaired in accordance with the guidance provided of the Decision.

a) Overview of the External Auditor:

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Their network of member firms in more than 150 countries and territories, serves four out of five Fortune Global 500® companies – for more details, please go to www.deloitte.com. Deloitte Middle East (DME) is a leading professional services organization established in the Middle East region with uninterrupted presence since 1926. DME's presence in the Middle East region is established through its affiliated independent legal entities, which are licensed to operate and to provide services under the applicable laws and regulations of the relevant country. DME's affiliates and related entities cannot oblige each other and/or DME, and when providing services, each affiliate and related entity engages directly and independently with its own clients and shall only be liable for its own acts or omissions and not those of any other affiliate. DME provides services through 23 offices across 15 countries with more than 7,000 partners, directors and staff. It has also received numerous awards in the last few years such as the 2022 & 2023 Great Place to Work® in the UAE, the 2023 Great Place to Work® in the KSA, and the Middle East Tax Firm of the year.

b) External Auditors' Remuneration:

Audit Office Name & Partner Name	Deloitte & Touch (ME)/ Mr. Malcom Coates
Number of Years spent as an external auditor of the company	6 Years
Number of Years the partner spent in auditing the Company	3 Years
Total fees for auditing the Interim and Yearly financial statements for the year 2024	AED 940,000
Total fees for other services other than auditing the financial statement for the year 2024.	AED 895,518
Nature of other provided services.	Consulting on Transfer Pricing documentation, procedures, return filing; UAE Corporate Tax and ICFR gap assessment.
Description of the other Services provided by Other external Auditor rather than the Company Auditor for the year 2023	BDO International KSA for refund of customs duty.

c) A statement of the qualified opinions made by the external auditor in the interim and annual financial statement for 2024:

No qualified opinion on the interim or yearly financial statement

Board Committees

The Board is assisted by two permanent committees of the Board: Audit & Risk Committee (ARC) and Nomination & Remuneration Committee (NRC). In addition, there are two internal committees assisting the Board: Insider Trading Committee and Disclosure Committee.

Audit & Risk Committee

5. AUDIT & RISK COMMITTEE (ARC):

a) Acknowledgement:

Mrs. Farah Abdulla Mohamed Al Mazrui, Audit & Risk Committee Chairperson acknowledges her responsibility for the Activities of the Committee in the Company, review of its work mechanism and ensuring its effectiveness.

b) Audit & Risk Committee Tasks:

The Committee shall perform the following tasks and duties:

- Review the company financial and accounting policies and procedures.
- Monitor and review the integrity of the Company financial statements and reports (annual, semi-annual and quarterly) and its control regulation as part of its normal operation during the year. It shall concentrate in particular on the following: a. Any changes in accounting policies and practices. b. Highlighting of the aspects subject to the management discretion. c. Ensure that the Company annually updates its policies, procedures and control systems. d. Substantive amendments resulting from the audit. e. Assumption of business continuity. f. Compliance with the accounting standards established by the Authority. g. Compliance with listing and disclosure rules and other legal requirements related to financial reporting.
- Coordinate with the Company Board, senior executive administration, the financial manager or the manager delegated with the same duties in the Company, in order to perform its duties.
- Consider any significant and unusual terms contained or to be contained in such reports and accounts, and shall give due consideration to any matters raised by the Company Chief Financial Officer, the manager delegated with the same duties, the compliance officer or the auditor.
- Raise recommendations to the Board regarding the selection, resignation or dismissal of the auditor. In case the Board does not approve the ARC recommendations in this regard, the Board shall attach to the governance report a statement explaining the ARC recommendations and the reasons why the Board has not followed them.
- Develop and implement the policy of contracting with the auditor, and submit a report to the Board, outlining the issues that it deems necessary to be taken, along with providing recommendations for steps to be taken.
- Ensure that the auditor meets the conditions stated in the applicable laws, regulations and decisions and in the company articles of association, along with following up and monitoring its independence.
- Meet the auditor of the company without presence of any of the senior executive management personnel or its representatives, and discuss the same with regard to the nature and scope of the audit process and its effectiveness in accordance with the audited standards.
- Approve any additional works made by an external auditor for the company and the fees received in consideration for that works.
- Examine all matters related to the auditor work, his work plan, correspondence with the company, his observations, suggestions and reservations, and any substantial queries raised by the auditor to the senior executive management regarding the accounting records, financial accounts or control systems, in addition to following up the response of the company management and provision of the necessary facilities to do his work.
- Ensure that the Board responds in a timely manner to the clarifications and substantive issues raised in the auditor letter.
- Review and evaluate the company internal auditing and risk management systems.
- Discuss the internal auditing system with the Board, and make sure it performs its duty with regard to establishing an effective internal control system.

Audit & Risk Committee (contd.)

5. AUDIT & RISK COMMITTEE (CONTD.)

- Consider the results of the main investigations regarding the internal auditing matters assigned to it by the Board or at the initiative of the Committee and the approval of the Board.
- Review the auditor evaluation of the internal control procedures and ensure that there is coordination between the internal and external auditors.
- Ensure of the availability of necessary resources for the internal auditing department, review and monitor the effectiveness of such department.
- Examine internal auditing reports and follow up implementation of corrective actions of the observations contained therein.
- Establish controls that enable the Company employees to report confidentially on any potential violations in the financial reports, internal auditing or other matters, and the steps to ensure making an independent and fair investigation of such violations.
- Monitor the company compliance with the rules of professional conduct.
- Review related party transactions with the Company, ensure that there are no conflicts of interest and raise recommendations about them to the Board before concluding them.
- Ensure the application of the business rules of its functions and the powers entrusted to it by the Board.
- Develop a comprehensive risk management strategy and policies that are consistent with the nature and volume of the Company activities, monitor its implementation, review and update it, based on the company internal and external changing factors.
- Identify and maintain an acceptable level of risks that the Company may face, and ensure that the Company does not exceed such level.
- Supervise the risk management framework of the company and evaluate the effectiveness of the framework and mechanisms of identifying and monitoring the risks that threaten the company, in order to identify areas of inadequacy and adequacy.
- Provide guidance to management, as needed, to assist them in improving their risk management practices and / or mitigating certain risks, including the presence of qualified management personnel to carry out risk management activities effectively.
- Obtain assurance from the executive management and internal audit that the risk processes and systems operate effectively with appropriate controls, in addition to compliance with approved policies.
- Prepare detailed reports on the level of exposure to risks and recommended procedures for managing such risks, along with submitting them to the Board.
- Make recommendations to the Board on matters relating to risk management.
- Ensure of the availability of adequate resources and systems for risk management.
- Report regularly to the Board on the Company risk profile and promptly inform the Board of any significant changes in the volume of the risk.
- Verify that the risk management personnel are apart from the activities that may expose the Company to risks.
- Submit reports and recommendations to the Board on the above matters mentioned.
- Appointment and removal of Chief Audit, Risk & Compliance Officer and determining his responsibilities and compensation.
- Consider any other matters determined by the Board.

Audit & Risk Committee (contd.)

5. AUDIT & RISK COMMITTEE (CONTD.)

c) Audit & Risk Committee (ARC) Report:

I. Introduction

Role of the Audit & Risk Committee:

The Audit & Risk Committee (ARC) of RAK Ceramics PJSC is responsible for overseeing financial reporting, internal controls, risk management, and audit processes. This report summarizes the committee's activities for the year ended 31st December 2024.

Membership and Meetings:

- The following Directors of the Company were members of the ARC throughout 2024:
- Mrs. Farah Abdulla Mohamed Al Mazrui , Chairperson
- Sheikh Saqr Bin Omer Al Qasimi, Member
- Mr. Abdulla Rashid Jasem Al Abdouli

Further, to strengthen Corporate Governance, Internal Controls and for ensuring adherence to best practices, RAK Ceramics Board has engaged an Audit & Risk Committee Expert to provide the necessary advice and assistance to the Audit Committee. Mr. Philip Gore-Randall is the designated Audit & Risk Committee Expert. His brief profile is presented below:

Philip Gore-Randall

Audit & Risk Committee Expert

Philip Gore-Randall has many years of extensive experience at a senior level in large private and publicly held international organisations and has a portfolio of advisory and Board roles. He is currently Chairman of several international companies, Chairman of two Audit Committees of other businesses (including Samena Capital) and an adviser to several others. He spent most of his executive career at Andersen where he was an audit partner for 27 years; and where he ran the Firm's UK practice and subsequently became the Global COO. He is a UK Chartered Accountant and holds an MA from University College, Oxford. The Committee is required to meet once every quarter. The Committee held 4 meetings during the year 2024, as detailed below:

Meeting Date	Farah Abdulla Mohamed Al Mzrui	Sh. Saqr Bin Omar Bin Saqr Al Qasimi	Abdulla Rashid Jasem Al Abdouli
07 February 2024	P*	P	P
09 May 2024	P*	P	P
08 August 2024	P*	P	P
12 November 2024	A^	P	P

P*: Participated through Conference call

A^: Absent

The Committee presented to the subsequent board meeting the key matters they covered at their meeting.

All the meetings were held with the required quorum. Management representatives (including the CEO and CFO), the ARC Expert, Internal Audit leadership, and the Company's external auditor were in attendance for the relevant agenda items.

Audit & Risk Committee (contd.)

5. AUDIT & RISK COMMITTEE (CONTD.)

c) Audit & Risk Committee (ARC) Report: (CONTD.)

II. Financial Reporting Oversight

The ARC reviewed the Company's quarterly and year-end financial statements, including significant accounting policies, key estimates, and management judgments. Particular attention was given to:

- Revenue recognition policies
- Asset impairments and provisions
- Key audit matters
- Compliance with IFRS/GAAP and regulatory requirements

III. External Audit

Auditor Appointment and Independence:

Deloitte was reappointed as the external auditor in 2022 following a competitive selection process for a three-year term of 2022-24. In making the appointment, the ARC assessed their independence and received confirmation of compliance with relevant ethical and professional standards.

Due to mandatory rotation regulations, a thorough exercise to appoint a successor firm to Deloitte was undertaken in the second half of the year and the ARC's recommendation was approved by the Board for approval by the shareholders at the Annual General Meeting in March 2025.

Any non-audit services from the external auditors are approved by the ARC within the framework of the RAK Ceramics non-audit services policy for preserving auditor independence. Further, the ARC reviews all non-audit services annually to confirm that auditor independence has not been impaired. Fees for such services, both individually and in aggregate, are not significant.

Audit Findings:

The committee met with the external auditors ahead of the release of each quarter's, and annual, financial results to discuss the results of their quarterly review and annual audit respectively.

Key areas of focus included:

- Valuation of investment property – Al Jazeera waterfront land
- Valuation of goodwill
- Management override of controls

The committee reviewed the controls in place, audit procedures undertaken and the auditor's conclusions.

Audit & Risk Committee (contd.)

5. AUDIT & RISK COMMITTEE (CONTD.)

c) Audit & Risk Committee (ARC) Report: (CONTD.)

IV. Internal Audit and Internal Controls

Internal Audit Activities:

Internal Audit at RAK Ceramics follows a risk-based audit methodology with a 4-year audit planning horizon that covers its entire audit universe. The annual audit plan is developed based on management discussions, past year's internal audit engagements, operating environment, and internal audit's risk assessment. The plan is presented to, and approved by, the ARC annually.

The 2024 approved audit plan was executed by teams located in the UAE, India and Bangladesh and 33, 20 and 33 assignments were conducted respectively. Increasing use was made of automated audit procedures, in many cases providing 100% coverage of selected transaction types. Significant issues and management's proposed corrective actions were presented at each meeting.

The Committee reviews the effectiveness of Internal Audit on a regular basis.

Internal Controls:

The committee reviewed the effectiveness of internal controls and risk management frameworks. No material weaknesses were identified.

Follow up on previous recommendations:

The implementation status of the recommendations arising from audit reviews are meticulously followed and reported to the ARC. The ARC also gives instructions to management in areas it feels requires more emphasis.

V. Risk Management

RAK Ceramics has a comprehensive Enterprise Risk Management (ERM) in place. The risk register and mitigation status are regularly reported to the ARC, who in turn share these with the Board. The committee focused on:

- Macro risks
- Business model risks
- Financial and liquidity risks
- IT & cyber-security risks
- Regulatory compliance risks

Mitigation strategies and management responses were evaluated to ensure resilience.

Audit & Risk Committee (contd.)

5. AUDIT & RISK COMMITTEE (CONTD.)

c) Audit & Risk Committee (ARC) Report: (CONTD.)

VI. Regulatory and Compliance Matters

The committee assessed the Company's compliance externally with all applicable regulations and statutes paying particular attention to the UAE Corporate Governance Code and, internally, with Company policies and regulations. No significant breaches or violations were noted or reported.

VII. Whistleblowing, Fraud Prevention and Conflicts of Interest

RAK Ceramics has a whistleblowing policy governing the reporting and processing of whistleblowing incidents. Fraud matters, if any, are investigated by Internal Audit / Legal. The ARC is given a quarterly update on whistleblowing and fraud matters, if any. The ARC reviews the details of reported matters, mitigating and disciplinary actions if any, and strengthening of controls where required. Further, an annual fraud risk assessment is carried out by the Internal Audit and the findings are reported to the ARC. During 2024, there were a few minor whistleblowing and small fraud incidents – these were reviewed and reported to the ARC with details of disciplinary actions / corrective measures. None had any impact on the financial reporting or represented any significant control lapse.

The Company has clear policies related to potential conflicts of interest and Internal Audit conducts an annual review of compliance through an employee self-reporting questionnaire and representation of all senior and mid-level personnel. No significant issues came to light in the 2024 review.

VIII. Committee Effectiveness and Future Focus

The ARC performs an annual review of its charter, and its effectiveness as a key committee of the Board. Further, annual reviews of the Internal Audit and Finance functions focusing on their effectiveness, strengths, and future needs, are also carried out. The ARC also holds independent executive sessions with the external auditors, internal auditors, and senior management to foster and facilitate candid and independent exchange of views as required.

Looking ahead in 2025, the ARC will focus on ICFR public reporting for RAK Ceramics UAE and Pillar II (15% tax rate) implementation of the global minimum tax. The committee has reviewed planning and actions undertaken in respect of both ICFR and taxation at each of its meetings in 2024. Both are being introduced in 2025 and are significant for the Company's operations and financial reporting.

The committee will also monitor the performance of the new external auditors.

Nomination and Remuneration Committee

6. NOMINATION AND REMUNERATION COMMITTEE (NRC)

a) Acknowledgment:

Mr. Fawaz Suliaman Al Rajhi, Nomination & Remuneration Committee Chairman acknowledges his responsibility for the activities of the committee in the Company, review of its work mechanism and ensuring its effectiveness.

b) Names of the Nomination and Remuneration Committee Members as on 31 December 2024 and their task:

- Fawaz Suliaman Al Rajhi (Chairman),
- Sh. Saqr Bin Omar Bin Saqr Al Qasimi (Member), and
- Abdulla Rashid Jasem Al Abdouli (Member)

c) Nomination and Remuneration Committee (NRC) Tasks:

The Nomination and Remuneration Committee's primary functions are to:-

- Develop a policy to apply for membership of the Board and Executive administration, taking into account gender diversity within the formation and encouraging women through incentive and training programs and benefits.
- Organize and follow up the procedures for applying for membership of the Board in accordance with the applicable laws and regulations and the provisions of this resolution.
- Ensure the independence of independent members on an ongoing basis.
- Ensure availability of continuity of the membership conditions in the Board members annually.
- Prepare and review the policy on granting rewards, benefits, incentives and salaries to the Board members and the staff therein, on an annual basis.
- Ensure linking the remunerations and bonuses, including the other deferred options and remunerations and benefits offered to senior executive management in the performance of the company in the medium and long term
- Annually review the required needs of the suitable skills for Board membership and prepare a description of the abilities and qualifications required for Board membership, including determining the time that the member should set for the Board work.
- Review the structure of the Board and make recommendations regarding possible changes.
- Identify the company needs of competencies at the level of senior executive management and staff and the basis of selecting them.
- Prepare the policy related to human resources and training in the company and monitor its implementation, along with reviewing it annually.
- Any other matters determined by the Board.

d) Nomination and Remuneration Committee Meeting

The Committee is required to meet once annually. The Committee held one (1) meeting during 2024, as detailed below:

Meeting Date	Fawaz Sulaiman Al Rajhi	Sh. Saqr Bin Omar Bin Saqr Al Qasimi	Abdulla Rashid Jasem Al Abdouli
8 February 2024	P	P	P

Insider Trading Committee

7. INSIDER TRADING COMMITTEE:

a) Acknowledgment:

Mr. Vibhuti Bhushan, Insider Trading Committee Chairman acknowledges his responsibility for the activities of the committee in the Company, review of its work mechanism and ensuring its effectiveness.

b) Names of the Insider Trading Committee Members as on 31 December 2023 and their Tasks:

- Vibhuti Bhushan, Group Chief Audit, Risk & Compliance Officer (Chairman)
- George Rabahie, Group Chief Legal Officer (Member)*
- Pramod Kumar Chand, Group Chief Financial Officer (Member)
- Bhoutik Vyas, Dy. General Manager – Business Development (Member)*

* On 06 August 2024, Mr. George Rabahie resigned from Insider Trading Committee, and was replaced by Mr. Bhoutik Vyas.

c) Insider Trading Committee Tasks:

The Insider Trading Committee's primary functions are:-

- Prepare a special and complete register for all Insiders
- Supervision of insiders' trading and their ownership.
- Conservation of official acknowledgment from the Company Insiders about the company internal information.
- Inform all the insiders about the regulations and legal responsibility through signing the official acknowledgement.
- Inform the insiders about the prohibited period.
- Notify SCA and the market of an update list of insiders.
- Submit a copy of the insiders register to the authority upon request.
- Comply with any other requirements specified by the authority.

d) Insider Trading Committee meetings:

The committee is required to meet once annually. The Committee held four (4) meeting during 2024, as detailed below:

Meeting Date	George Rabahie	Vibhuti Bhushan	Pramod Kumar Chand	Bhoutik Vyas
05 February 2024	P	P	P	N/A
07 May 2024	P	P	P	N/A
06 Augustly 2024	N/A	P	P	P
11 November 2024	N/A	P	P	P

P: Participate

N/A: Not Applicable

e) Summary of Committee Activities in 2024:

- The Members reviewed the registered insider list, and recommended to update the list for any addition or deletion of any employees or authorized person have access to any financial and materials matters.
- The Committee informed the insiders through official means of any materiality matters immediately upon their occurrence or at their knowledge, and on the dates of the prohibition period.
- The Committee reviewed the monthly and periodically trading on the Company share, in order to ensure that the Insider are not trading on Company share during the prohibition period, or during the period of the materiality events.
- Submit a copy of the insiders register to the authority upon request.
- Update the Insider details on ADX website – RAK Ceramics PJSC portal.

Disclosure Committee

8. DISCLOSURE COMMITTEE

a) Acknowledgment:

Mr. Pramod Kumar Chand, Disclosure Committee Chairman acknowledges his responsibility for the activities of the committee in the Company, review of its work mechanism and ensuring its effectiveness.

b) Names of the Disclosure Committee Members as on 31 December 2024 and their Tasks:

- Pramod Kumar Chand, Group Chief Financial Officer (Chairman)
- George Rabahie, Group Chief Legal Officer & Board Secretary (Previously Chairman)*
- Vibhuti Bhushan, Group Chief Audit, Risk & Compliance Officer (Member)
- Bhoutik Vyas, Dy. General Manager – Business Development (Member)*

* On 06 August 2024, Mr. George Rabahie resigned from Business Disclosure Committee, and was replaced by Mr. Bhoutik Vyas.

c) Disclosure Committee Tasks:

The Disclosure Committee's primary functions are:-

- Ensure the accuracy, completeness and timeliness of the Disclosure of financial and non-financial information, ensuring that such information is properly communicated internally to allow timely decisions regarding required disclosure.
- Review and approve prior to public disclosure, the company's;
- Annual Report and quarterly reports and any other information filed with the stock exchange/regulators.
- Press releases containing financial information, earnings guidance, forward-looking statements, information about material transactions, or other information material to the Corporation's security holders.
- Correspondence broadly disseminated to shareholders.
- Other relevant communications or presentations (collectively, the "Disclosure Statements").
- In the case of b-d above, assess whether information concerning the Company should be disclosed to the market or not and also determine the substance of the market disclosure and when the disclosure must be made.
- Submit to the Board as soon as practicable (recognizing that disclosure issues are often time sensitive) the Committee's recommendations and, where appropriate, proposed disclosures to enable the Board to authorize such disclosures (modified as it may determine) or, if such is the case, to confirm that no disclosure is necessary or appropriate.
- Review and advice on the scope and content of disclosure (including any selective disclosure permitted under applicable law).
- Determine on a timely basis the disclosure treatment of material information, overseeing the preparation of regulatory filings and assisting in the design, implementation and periodic evaluation of the adequacy and effectiveness of disclosure controls and procedures.
- Identify inside information for the purpose of maintaining the Company's insider list. viii. Determine whether to request in particular circumstances a trading halt or voluntary suspension of trading.
- Respond to any requirement from the stock exchange or regulators to disclose market sensitive information to correct or prevent a false market.
- Resolve questions about the materiality and treatment of information.
- Evaluate and mandate website disclosure practices and other communication policies particularly with respect to financial or other market sensitive information.
- Ensure that a record is maintained of the Company's public disclosures.
- Maintain a record of matters considered for disclosure but not disclosed.
- Assess relevant and substantive market rumors or speculation concerning the Group and make recommendations as to what response, if any, should be made.
- Recommend appropriate employee training in respect of the handling of inside information and the Group's Disclosure Policy.

Internal Controls Violations Committed

d) Disclosure Committee meetings:

The Committee held four (4) meetings during 2024, as detailed below:

Meeting Date	George Rabahie	Vibhuti Bhushan	Pramod Kumar Chand	Bhoutik Vyas
05 February 2024	P	P	P	N/A
07 May 2024	P	P	P	N/A
06 Augustly 2024	N/A	P	P	P
11 November 2024	N/A	P	P	P

P: Participate N/A: Not Applicable

9. INTERNAL CONTROLS

a) Board Responsibility

The Board assumes overall responsibility for internal controls in the Company including mandating the requirements, where appropriate, for policies, guidelines and controls (including authority levels and segregation of duties).

The executive management is responsible for the implementation of internal controls in co-ordination with the Heads of Functions, General Managers, Divisional Managers and domestic and overseas Branch Managers. The responsibility for implementing, and adhering to, efficient internal control systems in the Company rests with each employee.

b) Head of Internal Audit Department and Compliance Officer, Qualifications and the appointment date:

According to corporate governance requirements and the directions of the Securities and Commodities Authority, an Internal Audit Department has been established with sufficient independence and appropriate staffing to meet its obligations. The department reports to the Audit & Risk Committee of the Board.

The Internal Audit Department is headed by Mr. Vibhuti Bhushan, a CFA and MBA with many years of international working experience in the fields of internal audit, risk management, corporate governance and finance. Mr Bhushan also serves as Compliance Officer. Mr. Bhushan was appointed on 14th April 2014.

c) Work Mechanism of Internal Control and Dealing with Problems

The Board believes that the Group's internal control system provides reasonable assurance on the completeness, integrity, accuracy and presentation of financial information/ statements, safeguarding and preservation of assets, detection of fraud and compliance with applicable laws and regulations.

The Audit & Risk Committee, on behalf of the Board, reviews the system of internal control and assesses the framework by evaluating the work carried out by the internal control department and the external auditors. The Board confirms the adequacy of the existence of effective internal controls in the Group based on the recommendations and advice presented by the Audit & Risk Committee

Internal Audit Department conducts reviews of internal control systems in the Company and submits its assessment and recommendations to the Audit & Risk Committee and Board each quarter. The review process is in accordance with applicable international standards and The Decision.

In 2024, the company did not face any problems with its internal controls.

d) Number of Report issued by Internal Control Department to Board of Directors:

4 Reports.

10. VIOLATIONS COMMITTED

During 2024, there were no instances of imposition of any fine for any violation by the Company.

Corporate & Social Responsibility

11. Company's contributions in developing the community and protection the environment during 2024

Sponsorship & Social activity		Amount (AED)
1	CSR activity on UAE National Day	17,259
2	Sponsorship for RAK Municipality magazine	4,000
3	Staff welfare activity on Eid Al Aadha & festivals	36,000
4	Medical assistance	442,200
5	Donations & social contributions	142,331
6	Women's day & Christmas celebrations	16,930
7	Sponsorship of sports tournament	13,534
8	Terry Fox Run donation & T-shirts	9,500
Total		681,754

General Information

12. General Information

The Company reports financial results and other material information on the relevant webpage of Abu Dhabi Stock Exchange (ADX) at www.adx.ae. The Company also publishes invitations to General Assembly Meetings and other material information in English and Arabic newspapers.

The annual audited accounts and report of the Board are circulated to the shareholders at the General Assembly Meeting. The report of the Board is provided in the annual report, and includes Management Discussion and Analysis of periodic performance.

The quarterly financial statements of the Company are not sent to the individual shareholders of the Company, but are uploaded on the designated web page of Abu Dhabi Stock Exchange under Company symbol "RAKCEC" and also at the Company webpage www.rakceramics.com

a) Stock Market data for the period from 1st January to 31 December 2024 & Statement of the Performance of the Company's Share

Month	High	Low	Number of Shared Traded	Closing
January	2.97	2.66	23,062,643	2.70
February	2.90	2.66	8,618,726	2.90
March	2.93	2.61	21,052,931	2.80
April	2.81	2.64	5,984,793	2.76
May	2.77	2.47	17,974,375	2.50
June	2.53	2.40	4,979,193	2.43
July	2.48	2.26	13,956,389	2.31
August	2.44	2.23	20,532,696	2.30
September	2.44	2.28	8,345,716	2.40
October	2.51	2.37	5,249,846	2.50
November	2.62	2.42	7,441,313	2.48
December	2.56	2.41	4,285,988	2.49
Total			141,484,609	

b) Statement of the comparative performance of the company's share with the general market index and sector index during 2024

Index & Price	Open	Close	Difference
General Index	9,577	9,419	(158.85)
Industrial Sector Index	3,271.41	2,718.60	(552.81)
RAKCEC Share	2.67	2.49	(0.18)

General Information (contd.)

12. General Information (contd.)

c) Distribution of Share Capital Ownership as on 31 December 2024:

Sr. Category	Percentage of shareholding (%)			Total
	Individuals	Companies	Government	
Local	26.40	50.32	5.02	81.74
Arab	5.78	5.87	0	11.65
Foreigner	0.86	5.75	0	6.61
Total	33.04	61.94	5.02	100

d) Statement of shareholders owning 5% or more of the Company's capital as on 31 December 2024:

Sr Shareholders		Number of Shares	% of Holding
1	Falcon Investment LLC.*	205,792,320	20.71
2	Al Rajhi Partners LLC	75,110,169	7.56
3	Government of RAK	49,899,386	5.02
4	Other	662,902,083	66.71
Total		993,703,958	100

e) Shareholders distribution as on 31 December 2024:

Sr	Shares Ownership	Number of Shareholders	Number of Shares Owned	% of Shareholding
1	Less than 50,000	1224	8,899,483	0.89
2	From 50,000 to Less than 500,000	327	46,673,372	4.70
3	From 500,000 to Less than 5,000,000	74	107,029,022	10.77
4	More Than 5,000,000	33	831,102,081	83.64
Total		1322	993,703,958	100

General Information (contd.)

12. General Information (contd.)

f) Regulations of Investors Relation:

In 2015, the Company has established an Investors Relations Department and appointed a Head of Investor Relations. A separate section called Investor Center was also added to the Company's website

(<http://www.rakceramics.com/investors-center.php>).

Investor Relations can be contacted on the following email addresses:

ir@rakceramics.com

Phone: +971 7 246 7297

The Link of the Investor Relations webpage on the website of the Company.

<http://www.rakceramics.com/investors-center.php>

g) Special Resolutions:

N/A

h) The Name of the Board Secretary and the date of his appointment:

In the BOD Meeting held on 3rd August 2021, the Board appointed M/s BSA Ahmed Bin Hazem & Co as Board Secretary.

i) Materiality Events during 2024:

- On 08 August 2024, the Board of Directors approved a distribution of a semi-annual cash dividend of 10% per share for the period ended on 30th June 2024.

j) Statement of the percentage of Emiratisation at the company by the end of 2022, 2023 & 2024 (Percentage of Admin employees):

Year	%
2022	8%
2023	10%
2024	10.8%

Conclusion

k) Statement of innovative projects and initiatives undertaken by the company or under development in 2024:

Over the past 3-4 years, we are consistently introducing Innotech products as part of our ongoing innovation process, aligned with evolving technologies.

This approach not only enhances our competitiveness but also promotes sustainable practices through innovative product development and technological advancements.

RAK products have consistently earned global recognition for innovation and design excellence, receiving the Archiproducts Best Design Award for four consecutive years (2021, 2022, 2023, and 2024) is a prestigious recognition highlights RAK's commitment to continuous design excellence. Our products were selected by a jury of leading global figures in Architecture and Design further solidifying our reputation for design excellence.

Following innotech products added during the year 2024..

- Barefoot Soft (smooth matt surface with no-gloss and class B barefoot slip resistance)
- Flake Set (specially engineered flakes applied to surfaces to provide enhanced texture, durability and design features)

Besides those we also introduced following distinctive products during the year 2024 :

- High-performance, Heavy-duty Technical Porcelain tiles in 20mm thickness, featuring high slip resistance for outdoor use and intricate color-rich designs.
- Sync Effect (High definition structured relief created using digital technology).
- Re-Use the 1st - 100% Sustainable Tiles made of 100% pre-consumer recycled materials.

Exciting more new innovations are continuously underway, each featuring unique qualities that set our products apart, elevating both the product level and the strength of our brand.

13. CONCLUSION

Closing Statement

RAK Ceramics is committed to respecting the rights of all its stakeholders through the adoption of the highest standards of governance resulting in transparency and integrity in all its dealings and disclosures.

The Board reinforces the concept of equal opportunity by the adoption of a remuneration and compensation policy that motivates all employees to continuously improve their performance in line with the strategic objectives of the Company. As a responsible corporate citizen, the Company actively promotes CSR initiatives and various other activities focused on giving back to and improving its communities. The Company continues to develop trustworthy relationships with its customers and all other stakeholders by establishing appropriate channels for receiving complaints and their resolution, enhancing its corporate governance, and managing the business with wisdom.

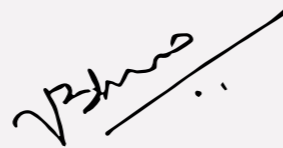
For RAK Ceramics PJSC,



Sheikh Saqr Bin Saud
Al Qasimi
Chairman of the Board of
Directors



Farah Abdulla
Mohamed Al Mazrui
Chairperson of the Audit &
Risk Committee



Fawaz Sulaiman A Al Rajhi
Chairman of the Nomination
and Remuneration Committee

Vibhuti Bhushan
Chief Audit, Risk and
Compliance Officer Director

HEAD OFFICE

RAK Ceramics
P.O. Box: 4714, Ras Al Khaimah
United Arab Emirates

Tel. +971 (0) 7 246 7000
Fax. +971 (0) 7 244 5270
Email. info@rakceramics.com

RAKCERAMICS.COM



RAK

CERAMICS

ESG REPORT
2024



His Highness Sheikh Mohammed Bin Zayed Al Nahyan
President of the United Arab Emirates (UAE)



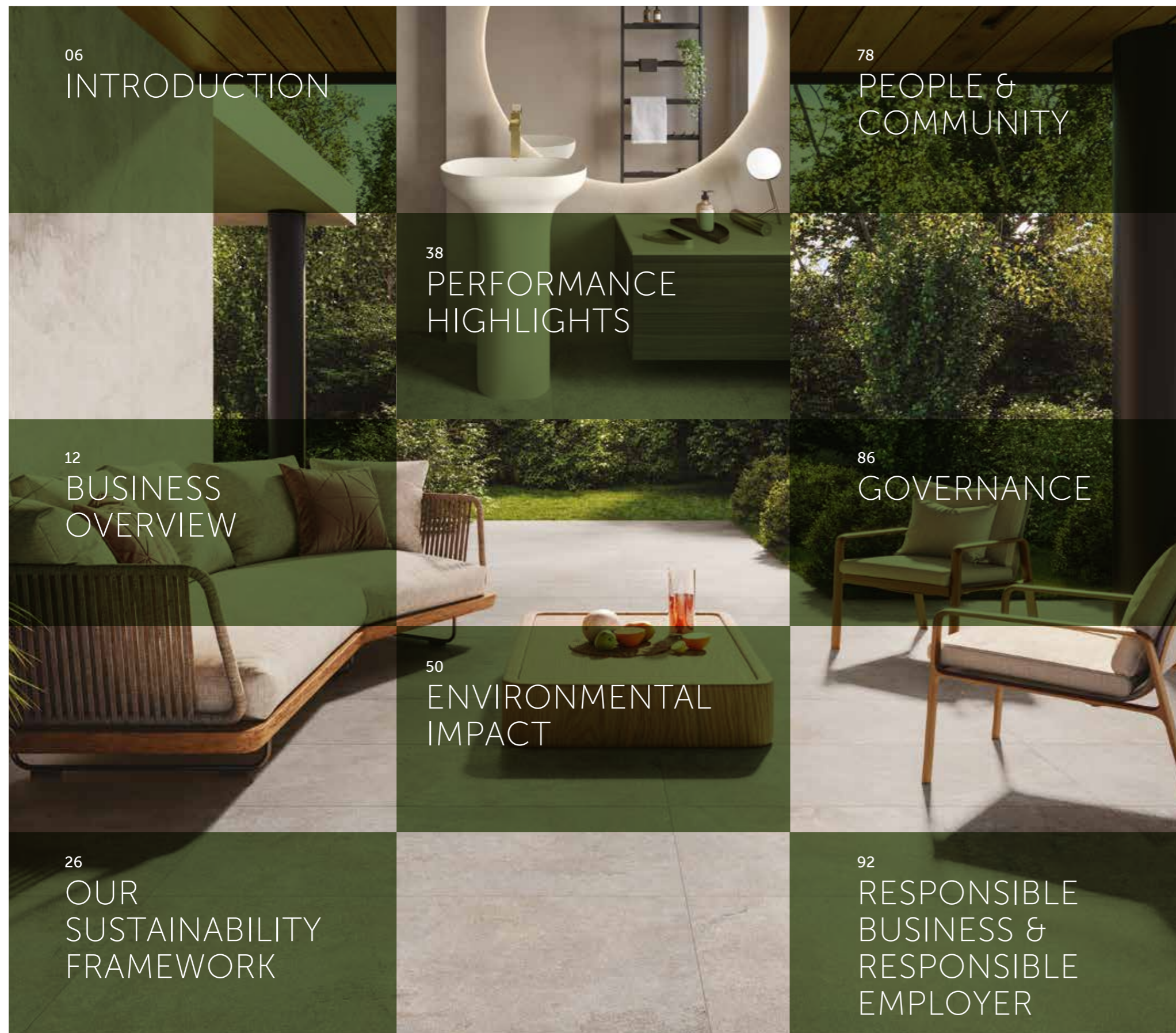
His Highness Sheikh Mohammed Bin Rashid Al Maktoum
Vice president and Prime Minister of the United Arab Emirates (UAE) and Ruler of Dubai



His Highness Sheikh Saud Bin Saqr Bin Mohammed Al Qasimi
Supreme Council Member and Ruler of Ras Al Khaimah



His Highness Sheikh Mohammed Bin Saud Al Qasimi
Crown Prince of Ras Al Khaimah



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RESPONSIBLE
BUSINESS &
RESPONSIBLE
EMPLOYER

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INTRODUCTION

ABOUT THIS REPORT

At RAK Ceramics, sustainability remains at the core of our operations, driving our initiatives and long-term vision. Our 2024 ESG Report provides a detailed account of our efforts from January 1 to December 31, 2024, with a primary focus on United Arab Emirates (UAE) operations while also showcasing key global contributions. Developed collaboratively by our Sustainability Working Group, Senior Management, and key stakeholders, the report reflects our ongoing dedication to responsible sustainable practices.

Our ESG reporting disclosures are aligned with international standards such as GRI Standards, in combination with Abu Dhabi Stock Exchange's 31 Key Performance Indicators (KPIs), which are provided in the Appendix.

We are steadfast in our commitment to the United Nations Sustainable Development Goals (UN SDGs) and key UAE national strategies, including UAE Net Zero by 2050, the UAE Climate Change Plan 2017–2050, and the UAE Energy Strategy 2050. Aligned with our dedication to transparency and accountability, we integrate sustainability into our core business practices and disclose our progress through comprehensive

annual sustainability reports. Published alongside our Annual Report and Corporate Governance Report, these disclosures provide stakeholders with a holistic understanding of our financial performance, governance framework, risk management approach, and sustainability impact.

References to the "Group" include our operations in the UAE, Bangladesh, and India, along with subsidiaries RAK Porcelain LLC, Kludi RAK LLC, and Elegance Ceramics LLC in the UAE.

Thank you for your interest in RAK Ceramics and our sustainability journey.

FURTHER INFORMATION

For any inquiries, please contact the Chief Legal Officer at ESG.communications@rakceramics.com.





In 2024, we continued to build on the significant sustainability milestones we achieved in 2023, including enhanced energy efficiency, conservation of natural resources, and the implementation of eco-friendly solutions throughout our value chain.

Group CEO's Message

Dear Stakeholders,

Our world is facing one of history's greatest challenges—the ability to tackle the cause and effect of climate change, and at RAK Ceramics, we recognize our responsibility to address this urgent issue for the sake of our planet, communities, and people. I am pleased to share our Annual Summary for the year 2024, encapsulating the progress made towards sustainability and our commitment to Environmental, Social, and Governance (ESG) principles.

We are committed and dedicated to make a positive impact on the world, and we are aware that our role is to integrate sustainability into every aspect of our works and products. Our shared value approach to ESG reflects our belief that the measurement of success equally relies on the influence we exert on the environment and the communities we operate in.

In 2024, we celebrated a significant milestone by achieving ISO 50001 certification for energy management across Tiles, Sanitaryware and Tableware. We also made important investments in our manufacturing facilities by installing state-of-the-art technologies such as Digital Glazing, the world's largest and most energy-efficient sanitaryware kiln, robotic palletizers, and shrink hood wrappings. These initiatives highlight our unwavering dedication to delivering excellence in quality and fostering innovation. Overall, we have pushed ourselves towards recycling 100% of all rejected pieces into Tableware production. In 2024, we achieved a 95-98% efficiency in our Effluent Treatment Plant and for 2025, we plan on adding an Aeration system in the Sewage Treatment Plant that will enhance the treatment efficiency, reduce power consumption, and contribute to a decrease in our overall energy usage and carbon emissions.

A total of 206,025 tons of waste was reused to formulate 100% of our recycled products in 2024. As we continue to invest and upgrade our manufacturing facilities, we focus on increasing production capacity and broadening the products offered.

These investments have allowed us to respond to dynamic market trends and position RAK Ceramics as a leader in achieving environmental sustainability goals. Our commitment to sustainability is steadfast and will only grow stronger in the coming years. We believe that the choices we make today will have a lasting impact on future generations. By leading through example, we are constantly refining our practices, with a focus on putting both people, communities and the planet at the heart of everything we do.

Thank you for your continued support and collaboration as we strive together for a more sustainable and equitable world.

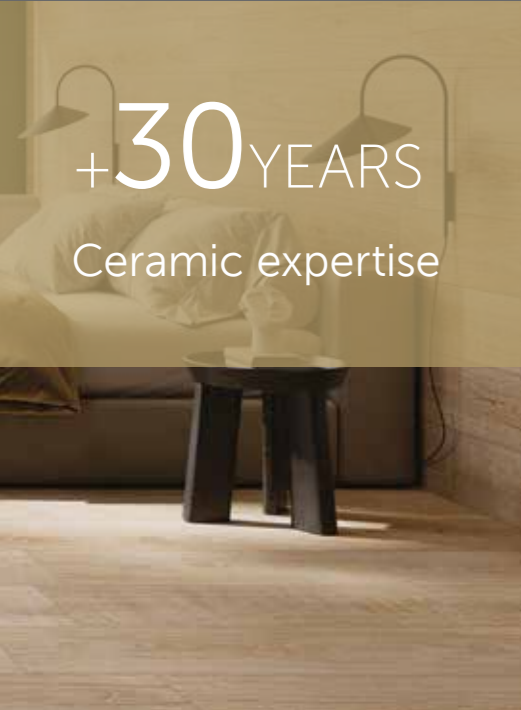
ABDALLAH MASSAAD
Group CEO



BUSINESS OVERVIEW

About RAK Ceramics

Leading lifestyle brand offering premium ceramic solutions

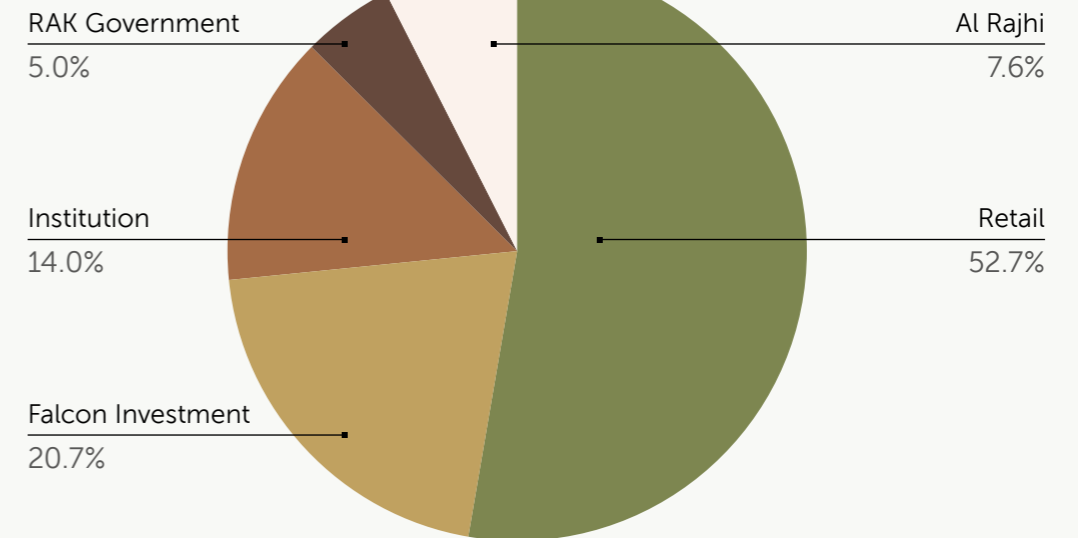


~ 12,000+
Global Workforce

US \$0.69B
Market Cap.

~US \$1B
Annual turnover

Ownership Structure 2024



Product Lines



TILES

SANITARYWARE

TABLEWARE

FAUCETS

We offer one of the largest collection of Ceramic and Gres Porcelain wall and floor tiles and super-sized slabs in the industry. Our Tiles are known for their premium design and quality.



Products supplied to over 40,000 hotels in more than 165 countries with clients including JW Marriot, Hilton, Hyatt and Sheraton amongst others.



Complete solutions provider offering products designed to suit all budgets and tastes with accessories and bathroom furniture.



Eco-friendly faucets and bathroom fittings with a strong focus on water-saving technology, offering up to 60% saving on water consumption.



Economic Performance 2024

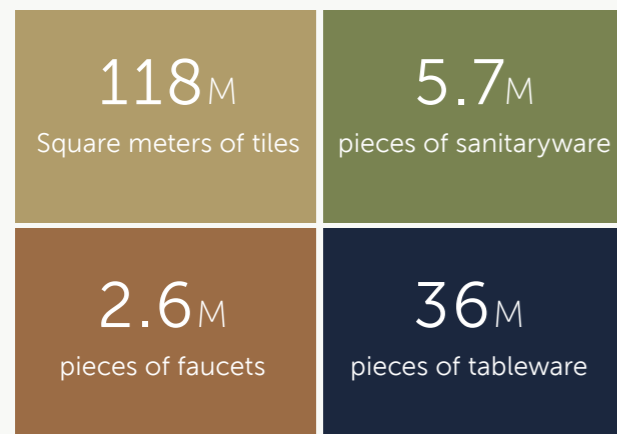
As a global leader in the ceramics sector, we specialize in producing premium ceramic and gres porcelain wall and floor tiles, sanitaryware, faucets, and tableware. With 23 advanced manufacturing facilities across the UAE, India, Bangladesh, and Europe, our operations have a vast global footprint.

Headquartered in the UAE, our reach extends to over 150 countries, supported by a strong network of operational hubs spanning Europe, the Middle East and North Africa, Asia, North and South America, and Australia. Our diverse workforce of around 12,000 employees from more than 40 nationalities plays a pivotal role in our worldwide success.

Listed on the Abu Dhabi Securities Exchange, we consistently achieve a stable annual turnover of approximately US\$0.9 billion, our exceptional gross margins were maintained through optimized production processes and enhanced capacity utilization.

In 2024, our ceramics and gres porcelain tile manufacturing capacity was 118 million square meters. Our sanitaryware production capacity reached 5.7 million pieces, while our tableware output was 36 million pieces and faucets capacity was 2.6 million pieces. Our unwavering commitment to quality, innovation, and customer satisfaction continues to guide our efforts as we lead the future of the ceramics industry.

Total Production Capacity



Economic Performance KPIs

↓ 6.50%

Reduction in Sales compared to 2023

AED 234M

Net Profit

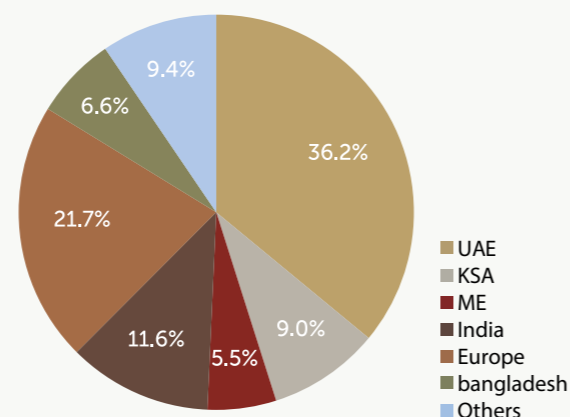
AED 592.20M

Total EBITDA

2.35x

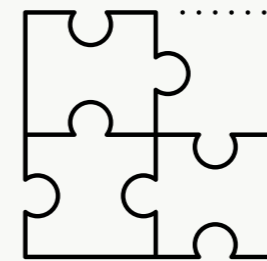
Net Debt to EBITDA in 2024

Revenue by Region



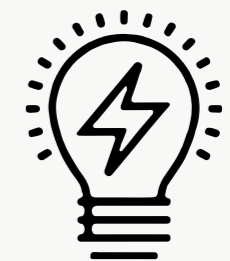
Our Philosophy Today

To become the world's leading ceramic lifestyle solutions provider



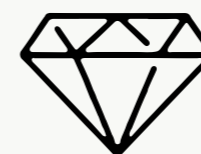
LIFESTYLE BRAND

We are a globally recognized ceramics lifestyle solutions provider.



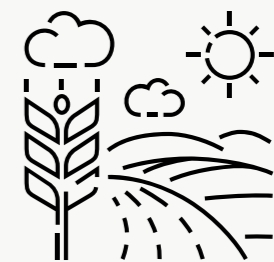
INNOVATION

Innovation is at the heart of our philosophy and we have continuously led the way in terms of product development.



HIGH-END QUALITY

We are known for our wide product range and our ability to produce premium quality products at a value price point.



SUSTAINABILITY

We operate in harmony with our local communities embracing safe and ethical work and aiming for a positive contribution to our environment.

Our History



1989

Founded by H.H. Sheikh Saud Bin Saqr Al Qasimi, Ruler of Ras Al Khaimah.



1991

Our first tile plant began operating with an annual output of 1,825,000 square meters of tiles.



1993

Our first sanitaryware plant began operating with an annual output of 350,000 pieces of sanitaryware.



2000

The opening of our tile plant in Bangladesh with an annual output of 3,650,000 sqm.



2004

RAK Luminous, ability to glow in the dark & RAK Slim, a thickness of just 4.5mm are introduced.



2006

Our 10th UAE tile plant with an annual output of 16,425,000 square meters of tiles.

KLUDI RAK was established, producing exquisite designer and water saving faucets.



2010

Producing 115 million sqm. of tiles per year, we became the world's largest ceramics brand.



2012

1 billion square meters of tiles supplied to projects around the world.

Launch of Maximus Mega Slab, a super-sized slab.



2016

The launch of the new RAK Ceramics global brand identity.



2019

The partnership with sanitaryware designers.



2020

RAK Ceramics celebrates 30 years of success.



2021

RAK Ceramics collaborates with international fashion brand to launch bathroom and surface collection.



2022

RAK Ceramics inks 100% KLUDI acquisition deal.



2023

RAK Ceramics pioneers sustainable logistics by partnering with DHL and Rail Direct - Etihad.

RAK Ceramics participates in COP28



2024

Attainment of ISO 50001 across Tiles, Sanitaryware and Tableware.

CookingRAK receives most prestigious 'Best of the Best' RED DOT award.

reddot winner 2024 best of the best

Awards 2024

In 2024, RAK Ceramics has received recognition for its excellence and received several awards spanning innovation, sustainability and industry leadership, as mentioned below.



RAK Ceramics wins 4 Awards at Stevie Awards 2024

Group CEO, Mr. Abdallah Massaad, was awarded Thought Leader of the Year with a prestigious Gold award, as well as winning two Silvers for Achievement in Product Innovation (CookingRAK) and Excellence in Innovation in Manufacturing Industries category, along with Bronze for Innovative Achievement in Sustainability



International ICT Awards 2024 - Intelligent Manufacturing

International ICT Awards recognized RAK Ceramics in the Enterprise category for Intelligent Manufacturing Implementation. This prestigious award highlights our ongoing commitment to innovation and sustainability in manufacturing.

RAK Ceramics

Group CEO, Mr. Abdallah Massaad, was honored with the "CEO of the Year - Private Sector" award, recognizing outstanding leadership. We also received recognition for our "Best Nationalization Initiative" and "Employer of the Year" in the private sector, reflecting our dedication to empowering local talent and fostering a supportive workplace.



Gulf Industrial Excellence Award - Gulf Organization for Industrial Consulting

Group CEO, Mr. Abdallah Massaad, proudly received the Gulf Industrial Excellence Award on behalf of RAK Ceramics. This prestigious recognition highlights our ongoing commitment to quality, innovation and industry leadership.



2024 MENA Green Building Award - Sustainable Building Product of the Year – Indoor Air Quality

RAK Ceramics won the 2024 MENA Green Building Award for 'Sustainable Building Product of the Year – Indoor Air Quality'.



Quality Circle Forum of India HQ - QCFI Annual Convention Case Study Competition

Competing against 325 companies, our team secured Gold for both case studies on Workplace Management Transformation with 5S and Maintenance Cost Reduction in Polishing & Squaring. This achievement highlights the dedication and innovation of our team in driving excellence.

Awards 2024 (contd.)



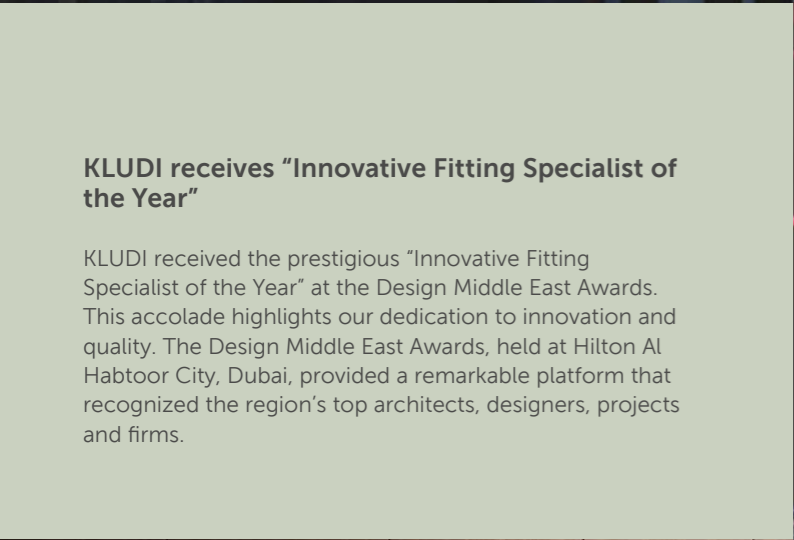
ACIMAC TecnAward 2024 - Innovation and Sustainability

RAK Ceramics received a prestigious award which recognizes innovation and sustainability in the ceramics industry, specifically focusing on technological advancements, environmental impact reduction, and the integration of sustainable practices in production processes.



DHL Global Forwarding honors RAK Ceramics

DHL Global Forwarding honored RAK Ceramics for a remarkable achievement: On the successful dispatch of more than a thousand containers using the highly efficient and sustainable intermodal road/rail transport solution in conjunction with RailDirect, a joint venture between Etihad Rail and DHL Global Forwarding.



KLUDI receives "Innovative Fitting Specialist of the Year"

KLUDI received the prestigious "Innovative Fitting Specialist of the Year" at the Design Middle East Awards. This accolade highlights our dedication to innovation and quality. The Design Middle East Awards, held at Hilton Al Habtoor City, Dubai, provided a remarkable platform that recognized the region's top architects, designers, projects and firms.



Best Tiling Brand - BKUMagazine Awards 2024

A prestigious accolade was presented to RAK Ceramics which recognizes our outstanding achievements within the bathroom, kitchen, and tiling sectors. The award aims to honor brands that demonstrate excellence in product quality, innovation, customer service, and overall contribution to the tiling industry.



Archiproducts Design Award 2024 - "Finishes" category

RAK Ceramics won the prestigious Archiproducts Design Award 2024 in the "Finishes" category for the fourth consecutive year with GREY ANTIQUE, an innovative expression of the Mix and Match concept.



Red Dot: Best of the Best - Product Design category

CookingRAK, our invisible induction cooktop, had the highest recognition in the competition, awarded to products that truly exemplify the pinnacle of design and quality. Additionally, we secured the "Red Dot" acknowledgment in the Product Design category for CookingRAK's outstanding innovative design.



**OUR SUSTAINABILITY
FRAMEWORK**

Our Sustainability Commitment

"We are dedicated to leveraging our products and expertise to create a sustainable world jointly in collaboration with our customers, partners and wider community. We prioritize key initiatives that have multiplier via decarbonization, sustainable products and circularity, high performing workforce, sustainable procurement, community investment and sustainability governance."

At RAK Ceramics, our dedication goes beyond producing premium-quality products—we strive to make a meaningful difference in society. We are committed to sustainability through using our expertise and resources to drive positive change. To

support this vision, we are developing an ESG Strategy for 2024-2030, in alignment with global and industry standards, to help us lead in sustainability. This strategy will focus on key areas such as decarbonization, circularity, and workforce development, and will guide the ongoing enhancement of our business practices. It will be integrated throughout our operations and executed through our Sustainability Governance framework.

In response to changing market demands, we have shifted our focus towards increasing the production of gres porcelain tiles, a more resource-intensive process. To mitigate this impact, we have implemented various resource reduction initiatives, detailed in this report, to optimize our consumption.

Innovation and creativity are deeply embedded in our organizational culture, driving us to explore groundbreaking ideas. We foster an environment that encourages imagination, curiosity, and innovation, empowering us to challenge conventions and create positive change within our industry and beyond.

At RAK Ceramics, our commitment to sustainability shapes every facet of our operations. We take pride in using our products and expertise to contribute to a better world, and we invite you to join us on this journey toward a more sustainable future.



Our Stakeholders

Stakeholder engagement is a vital part of our sustainability efforts. We work closely with them to identify key priorities and evaluate our progress in each of the six areas below.

1. STRATEGIC PARTNERS

Engagement Areas: Financial performance, value creation, transparency & disclosure, climate change and energy use, sustainable products.

Outcome of Engagement: Regular updates on strategy and developments.

2. BUSINESS PARTNERS

Engagement Areas: Product quality and cost, climate change and mitigation, product innovation, partnerships, customer satisfaction, relationship management.

Outcome of Engagement: Cost optimization, environmental initiatives, investment in product innovation.

3. TALENT COMMUNITY

Engagement Areas: Rewards and benefits, career development, health and safety, community involvement, employee well-being and development, diversity, equity, and inclusion.

Outcome of Engagement: Employee goal setting, induction program for new starters.

4. SUPPLY CHAIN COLLABORATORS

Engagement Areas: Reputation, building partnerships, timely payments, supply chain management, sustainability.

Outcome of Engagement: Fostering long-standing partnerships, quality control, ethical practices.

5. REGULATORY PARTNERS

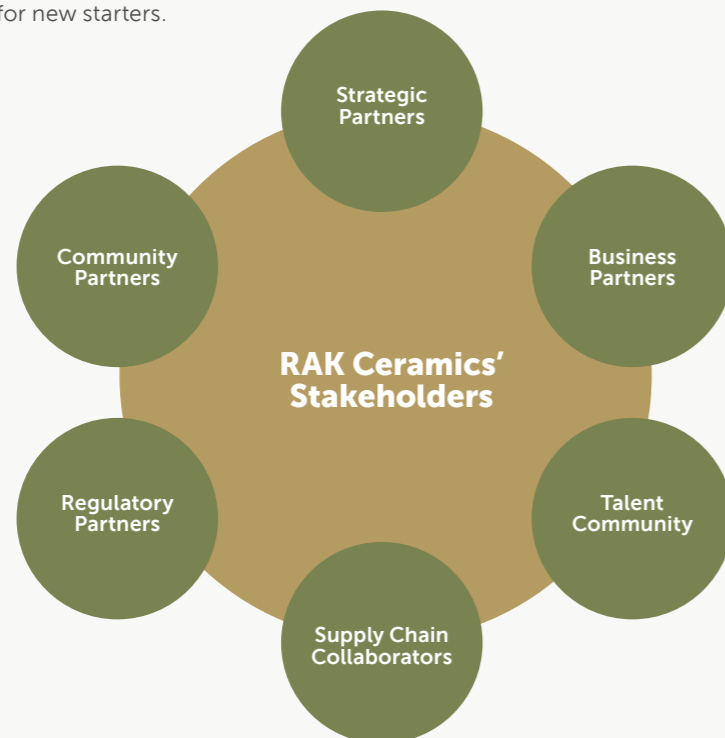
Engagement Areas: Environment Vision 2030, UAE Centennial 2071, UAE Net Zero 2050, UAE Energy Strategy 2050, National Climate Change Plan of the UAE 2017-2050, UAE Strategy for the Fourth Industrial Revolution.

Outcome of Engagement: Alignment with UAE National Vision, compliance with applicable regulations.

6. COMMUNITY PARTNERS

Engagement Areas: Building partnerships, social impact, community engagement.

Outcome of Engagement: Sponsorship, participation in community events, volunteering.

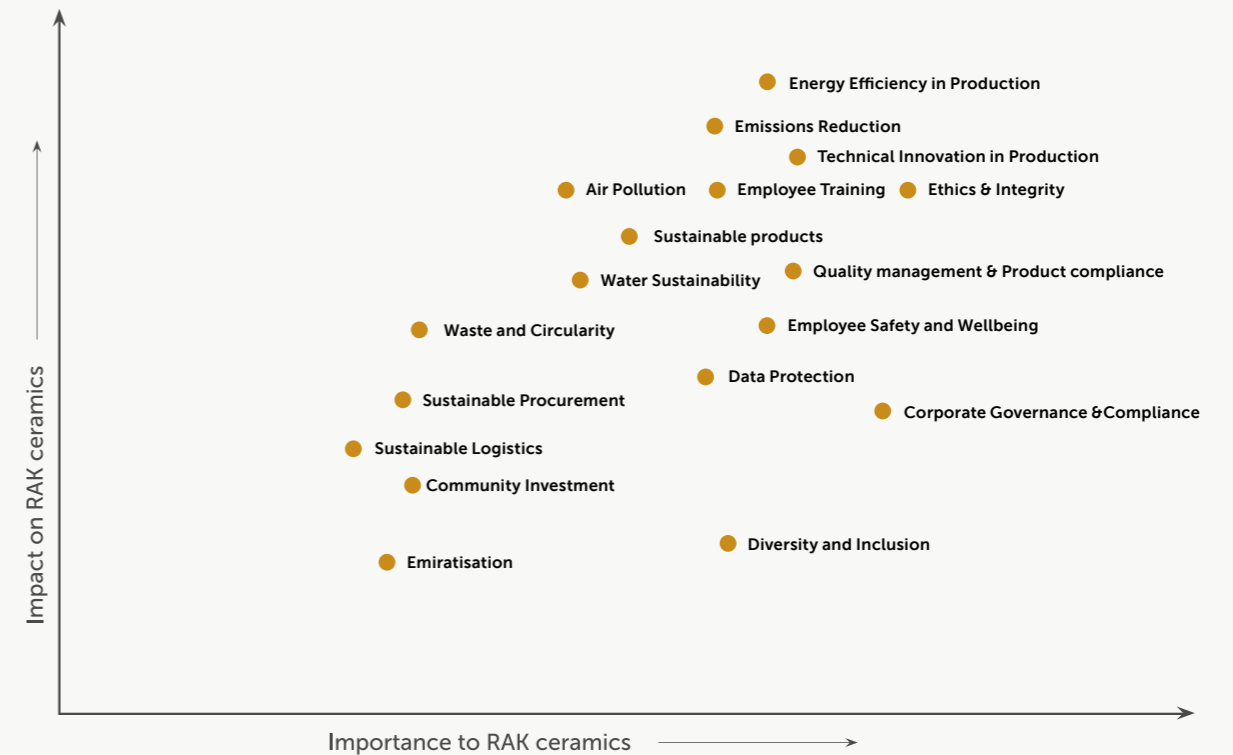


Our Sustainability Pillars & Material Topics

We have identified 18 key sustainability material imperatives that form the foundation of our report, based on a comprehensive assessment conducted in early 2023. A dedicated sustainability working group, in partnership with senior management, carefully evaluated each imperative's significance, considering the impact of our operations and evolving industry sustainability trends. The findings from our materiality analysis reinforce our strong commitment to these imperatives. As we continue advancing our sustainability initiatives, we are confident in our path toward becoming leaders in sustainability in the years ahead.

List of Material issues

1. Ethics & Integrity
2. Corporate Governance & Compliance
3. Energy Efficiency in Production
4. Water Sustainability
5. Waste and Circularity
6. Sustainable Logistics
7. Air Pollution
8. Emissions Reduction
9. Employee Safety and Wellbeing
10. Emiratisation
11. Diversity and Inclusion
12. Employee Training
13. Responsible & Sustainable Procurement
14. Community Investment
15. Data Protection
16. Technological Innovation in Production
17. Quality management & Product compliance
18. Sustainable products/ Environmentally friendly products

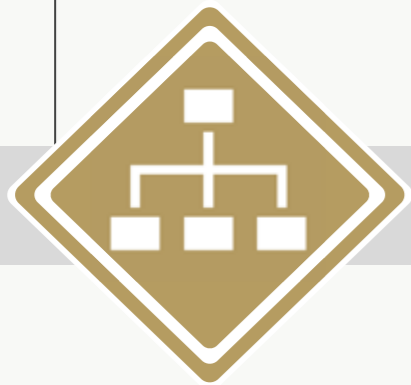


Our Sustainability Pillars & Material Topics (contd.)

We have structured our 18 materiality imperatives into four key pillars, forming the foundation of our Sustainability Framework. These pillars enable us to strategically develop initiatives, allocate resources effectively, and track and report our sustainability progress.

Governance & Best Practices

- Ethics & Integrity
- Corporate Governance & Compliance
- Data Protection



Our People and Community

- Employee Safety & Wellbeing
- Diversity & Inclusion
- Emiratisation
- Employee Training
- Community Investment

Environmental Impact

- Energy Efficiency
- Water Sustainability
- Waste & Circularity
- Sustainable Logistics
- Air Pollution
- Emissions Reduction



Responsible Business, Responsible Employer

- Product Quality & Compliance
- Sustainable & Responsible Procurement
- Technological Innovation in Production
- Sustainable Products

Commitments towards our Material Topics

Overview of Sustainability Investments

We remain committed to continuous improvement, regularly evaluating our sustainability performance to refine targets. In 2024, we further invested in reducing our resource intensity through efficient state of the art technologies such as the largest and most energy-efficient sanitaryware kiln, roboting palletizers, and shrink hood wrappings, ensuring greater efficiency and sustainability.

Overview of Commitments

Our sustainability commitments for each of our material topics are outlined below:

Sustainability Pillar & Material Topic		Commitments
Pillar 1: Environmental Impact		
1	Energy Efficiency in Production	Improve the energy efficiency of production through manufacturing innovation.
2	Water Sustainability	Optimize water consumption and improve circularity and use of treated wastewater.
3	Waste and Circularity	Innovate in manufacturing process to optimize use of raw materials and improve re-use of waste in production and final products.
4	Sustainable Logistics	Optimize shipping routes to reduce emissions.
5	Air Pollution	Implement best technologies to reduce air pollutants.
6	Emissions Reduction	Implement a range of initiatives, such as manufacturing innovation and improving accuracy and completeness of emissions calculations, to effectively reduce emissions.
Pillar 2: People & Community		
7	Employee Safety and Wellbeing	Provide a safe and healthy working environment for all our employees to thrive.
8	Employee Training	Create an environment where our employees can continuously develop and improve their capabilities and are recognized for their contributions.
9	Diversity and Inclusion	Foster a diverse and inclusive environment where every employee feels valued, respected and empowered to enable creativity, innovation and employee satisfaction.
10	Emiratization	Invest in the development and progress of UAE nationals by providing them with employment opportunities, support with their growth, and empower them to contribute to the nation's workforce and sustainable development.
11	Community Investment	Use our position as a large global manufacturing company to serve the communities in which we operate.
Pillar 3: Governance		
12	Ethics and Integrity	Conduct business with transparency and accountability, and ensure highest standards of ethics and integrity.
13	Corporate Governance and Compliance	Maintain clear processes and procedures to ensure the the highest standards of corporate governance and compliance, in-line with international and industry best practices.
14	Data Protection	Safeguard our customer data and digital assets by embedding robust data protection processes in our operations.
Pillar 4: Responsible Business & Responsible Employer		
15	Responsible and Sustainable Procurement	Undertake initiatives to improve sustainability in our supply chains and integrate sustainability considerations in procurement processes.
16	Technological Innovation in Production	Continuously innovate and push boundaries to enhance integration of technologies in our production.
17	Product Quality and Compliance	Implement and ensure the continuous improvement of our Quality Management System to manage market needs, risks and opportunities.
18	Sustainable Products	Design and develop production processes and products that consume resources responsibly.

Alignment with SDG Targets

RAK Ceramics has aligned efforts for our business strategy and project pipeline with United Nations Sustainable Development Goals 3, 5, 6, 7, 8, 10, 12, 13 and 16.

SDG	Most relevant targets	Our Strategic Objectives
	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all 3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	Health & Safety Policy and Governance. Health & Safety Awareness. Employee Health Benefits.
	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	Leadership Representation: Increase the representation of women in leadership positions across all levels of organization, focusing on achieving gender balance in decision-making roles. Bias-Free Environment: Implement policies, training and initiatives to address unconscious bias, stereotypes and discrimination, ensuring a fair and inclusive work environment that provides equal opportunities for career advancement.
	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	Optimize water consumption and improve circularity. Aiming to achieve water stewardship certification.
	7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology	Increase energy efficiency of production.
	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead	Improve economic performance YoY. Use resources responsibly in production processes.
	10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	Wellbeing of our employees.
	12.4 By 2030, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	Increase energy efficiency of production.
	13.2 Integrate climate change measures into national policies, strategies and planning	Increase energy efficiency of production. Emissions reduction & decarbonization.
	16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children 16.5 Substantially reduce corruption and bribery in all their forms 16.6 Develop effective, accountable and transparent institutions at all levels 16.b Promote and enforce non-discriminatory laws and policies for sustainable development	Sustainable & Responsible Procurement approach includes zero tolerance towards child labour. Corporate Governance present. Code of Conduct present.

Policies & Sustainability Governance

OUR SUPPORTING POLICIES

Our commitment to sustainability is built on a strong framework, supported by thorough policies and procedures. We hold several management certifications to uphold the highest standards in both our manufacturing processes and sustainability efforts.

Signifying our dedication to continuous improvement, we now hold three management ISO Certifications; ISO 9000 certification for Quality Management, ISO 14000 certification for Environmental Management, and in 2024 we gained ISO 50001 for Energy Management System across Tiles, Sanitaryware and Tableware. This international standard provides a framework for establishing, implementing, and maintaining an energy management system to improve energy efficiency and reduce energy consumption.

- **Quality Management Policy:** We ensure customer satisfaction through continuous improvement and high-quality standards.
- **Environmental Health & Safety (EHS) Policy:** EHS practices are integrated into all our operations, promoting safety, health, and environmental protection through responsible practices.
- **Energy & Sustainability Policy:** We prioritize energy efficiency and sustainability through innovation, responsibly reducing our environmental impact.
- **Waste Management Guidelines:** Waste regulations are followed to manage various waste streams effectively.

OUR SUSTAINABILITY GOVERNANCE

ESG governance at RAK Ceramics is currently overseen by both Executive Management and the Board. To enhance oversight, a comprehensive three-tier governance structure has been designed and will be implemented across various organizational levels. This framework will be progressively rolled out as we advance our 2024-2030 sustainability strategy, ensuring stronger alignment with our long-term sustainability goals.

To keep sustainability at the core of our organization, we have formed a dedicated cross-departmental Sustainability Group. This team strategically guides our initiatives and optimizes resource allocation to embed sustainable practices across all operations

Our company is structured into four core segments: Tiles, Sanitaryware, Faucets, and Tableware. Each segment takes ownership of sustainability within their respective areas and implements targeted initiatives to drive positive environmental and social impact. Additionally, departments including EHS, MARCOM, HR, Internal Audit, Legal, Finance, and IT provide coordination and support as needed.

Our QHSE team manages Health & Safety, oversees Environmental Management, Quality, Compliance, and Sustainability Certifications, and plays a crucial role in managing Sustainable Products to ensure they meet high sustainability standards.

The Marketing team coordinates Sustainable Products, Product Development, Community Initiatives, and Customer Management, promoting sustainable practices and innovation while engaging stakeholders to drive positive change.

Our HR department focuses on employee training and well-being initiatives to nurture a skilled and healthy workforce, fostering an inclusive and supportive environment that empowers employees to contribute to our sustainability goals.

Governance initiatives are overseen by our Leadership, legal and Internal Audit teams, ensuring sustainable practices are embedded throughout our organization, monitoring compliance, driving continuous improvement, and upholding governance standards aligned with our sustainability objectives.

Digital Transformation and Data Protection are managed by our IT team to optimize technological systems for efficiency and security while supporting sustainability efforts.

Initiatives for 2025

- Continue to work towards Water Stewardship certification.
- Commence phased implementation of the ESG governance framework across all organizational levels.

Associations

ASSOCIATIONS

RAK Ceramics takes pride in its commitment to environmental sustainability and corporate social responsibility through various collaborations, recognitions, and initiatives:

- **Founding Member of the Emirates Green Building Council:** Actively promotes the development of sustainable buildings across the UAE.
- **Recipient of the Environmental Performance Certificate (EPC):** Awarded by the UAE Ministry of Environment and Water for meeting environmental protection standards and regulations.
- **Recognition by the Emirates Securities and Commodities Authority (SCA):** Honored for adhering to international best practices in governance and transparency.
- **Partnership with EPDA-RAK:** Collaborates with the Environment Protection and Development Authority to conduct joint research, provide recommendations for environmental conservation, and deliver training programs on health, safety, and environmental issues.
- **Affiliation with the Emirates Environmental Group (EEG):** Engages in educational initiatives, community involvement, and action programs for environmental protection and responsible waste management, contributing to the UAE's sustainable development.
- **Collaboration with MAJRA - National CSR Fund:** Awarded the Impact Seal - Silver Tier, a federal recognition in the UAE that highlights leadership in sustainable practices aligned with Environmental, Social, and Governance (ESG) standards. This achievement reflects the company's commitment to the United Nations Sustainable Development Goals (SDGs) and national sustainability priorities.
- **Membership in the Ecolabel Program:** Certified for its innovative efforts to reduce energy and water consumption, minimize air pollution, and decrease waste generation. This recognition underscores RAK Ceramics' dedication to advancing a greener, more sustainable future.
- **United Nations Global Compact:** We support United Nations Global Compact as part of our commitment to being a responsible company. This commitment is

to operate responsibly, in alignment with Ten universal Principles, take actions to support society, and report to the UN Global Compact annually on our ongoing efforts.

Through these initiatives, RAK Ceramics continues to drive positive environmental and social impact while contributing to a sustainable and eco-friendly UAE.

We are a Founding and Corporate member of the Emirates Green Building Council.

We support the promotion and development of sustainable buildings in the UAE.



FURTHER DETAILS ON CSR PROGRAMS ARE AVAILABLE IN THE COMMUNITY INVESTMENT SECTION.



PERFORMANCE
HIGHLIGHTS

Key KPIs

↓ 1.86%

Reduction in energy intensity of Tiles production compared to 2023 (per GJ/m²)



↑ 10.85%

Increase in use of treated wastewater in Tiles production compared to 2023 (over 70% since 2020)



↑ 82%

Savings in CO2 emissions by transporting goods by rail instead of road



↑ 10.06%

Savings in overall energy consumption in Tableware production compared to 2023



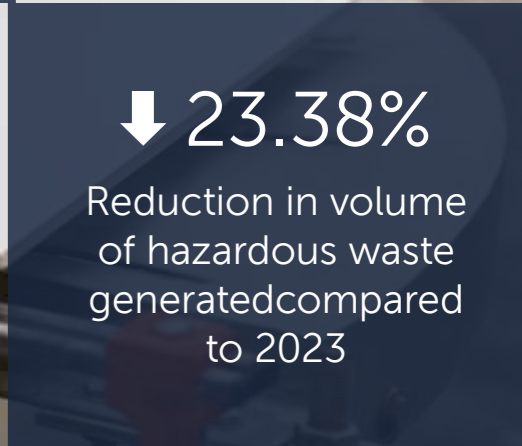
10.80%

Emiratization Rate in 2024



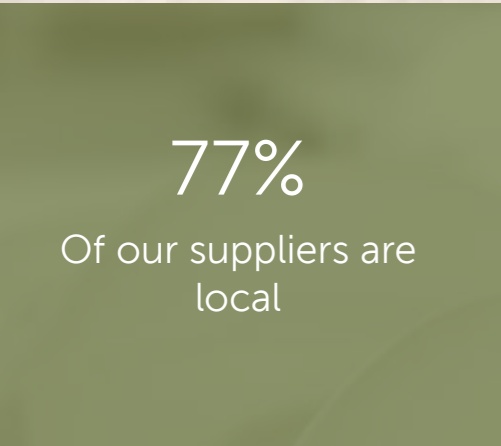
↓ 23.38%

Reduction in volume of hazardous waste generated compared to 2023



77%

Of our suppliers are local



93,152

Hours of training completed by employees in UAE



↑ 80%

Of all our packaging is recycled and/or recyclable



47,753 m³

Freshwater savings in Tableware production during 2024



30%

Females in administrative roles



100%

Of all non-hazardous waste is either reintroduced in production or recycled by 3rd parties

Success Stories

ISO 50001

Our ISO 50001 certification across Tiles, Sanitaryware and Tableware highlights our commitment to energy management, efficiency, and sustainable innovation.



100% ZERO WASTE

Our Re-Use series features tiles made from 100% pre-consumer recycled materials. In sanitaryware, 100% of clay rejects are recycled, while in tableware, we reintegrate 100% of rejected pieces, with 20% redirected to tile manufacturing. For faucets, we achieve a 100% reuse rate by reintegrating rejected pieces into production.



Success Stories (contd.)

70% HIGHER EFFICIENCY

We are proud to introduce the world’s largest and most energy-efficient sanitaryware kiln. Its adaptable cycle speeds align with production demand, achieving 45% lower fuel consumption than tunnel kilns and 70% lower than shuttle kilns, marking a major breakthrough in sustainable manufacturing.



In 2024, we innovated through advanced technology and prioritized environmental conservation to create sustainable and eco-friendly product solutions.

WE INNOVATE THROUGH TECHNOLOGY

IN 2024 WE UNVEILED...

At RAK Ceramics, we aim to be at the forefront of technological innovation by continuously investing in state-of-the-art manufacturing technologies across all of our product lines.

We are committed to integrating the latest advancements to enhance product quality, improve efficiency, ensuring that we meet the evolving needs of our customers and the market.

Technological Advancements in Lean for Sustainable and Efficient Manufacturing

New In-House Frit Production for Reduced Import Reliance

Automated Logistics and QR Codes Integration for Streamlined Operations

New High Efficiency Kiln for Efficiency and Productivity Increases

WE FOCUS ON ENVIRONMENTAL CONSERVATION

IN 2024 WE INVESTED IN...

Environmental conservation is a core focus at RAK Ceramics, and it’s deeply embedded in both our business practices and values. We are dedicated to minimizing our environmental footprint through sustainable manufacturing processes, resource conservation, and eco-friendly innovations.

We strive to create products that not only meet high standards of quality but also that contribute to a greener, more sustainable future.

Optimizing Materials and Supply Chain Efficiency for Waste Reduction

100% Recycling of Fired Porcelain Waste for a Circular Economy

Sustainability Through Lean Production for More Sustainable Products

Annual Earth Day Tree Planting for Carbon Offsetting and Environmental Responsibility

Success Stories (contd.)

Our four product lines are focused on enhancing energy, water, and waste efficiency for improved environmental performance.



TILES

↓ 1.86%

Reduction in energy intensity of tiles production compared to 2023 (per GJ/m²)

758,580 kwh

Estimated power savings as a result of 21 power savings initiatives executed in 2024

45,900 m³

Estimated savings through waste water reutilization in Body Preparation

95-98%

Of Effluent Treatment Plants (ETP) sludge and Green Tile materials are recycled



SANITARYWARE

↓ 28%

Reduction in gas consumption in production in 2024

1,671

Metric tons of CO₂ saved by enhancing productivity in operational processes

↓ 11.98%

Decrease in water consumption for sanitaryware production in 2024

25%

Of total production are re-used Greenware sanitaryware



TABLEWARE

100%

Of all rejected pieces are reintroduced in Tableware production, with 20% being forwarded to tiles

7%

Recycled waste in products in 2024

↓ 23.47%

Reduction in water consumption due to advancements in Effluent Treatment Plant

321,840 kWh

Power saving due to installation of VFDs and other power saving initiatives



FAUCETS

↑ 21.87%

Overall increase in the production of faucets in 2024

0.15

Energy intensity of faucet sales in 2024 (per GJ/000 AED)

↓ 72.52%

Decrease in the water intensity of faucets in sales for 2024

100%

Of all rejected pieces are reused, integrating them back into the production process

Success Stories (contd.)

Sustainability Pillar & Material Topic		2023 Achievements	2024 Achievements
Pillar 1: Environmental Impact			
1	Energy Efficiency in Production	15% Reduction in purchased electricity compared to 2022; -34.25% Reduction in Diesel Consumption compared to 2022; 20.46% reduction in energy intensity of sales (GJ / 000 AED).	Compared to 2023: 25% reduction in total Tiles energy consumption; In Sanitaryware energy intensity of sales (GJ / 000 AED) increased by 6%, and gas consumption per unit dropped by 28%; 10% reduction in total Tableware energy consumption.
2	Water Sustainability	100% of all our wastewater continues to be treated on-site, ensuring compliance with regulatory standards and minimizing environmental impact.	Commissioned a 3,500 m ³ /day Seawater Reverse Osmosis (SWRO) plant; reduced sanitaryware total water consumption by 11.98% compared to 2023; Tableware total water consumption was reduced by 23.47% due to the Effluent Treatment Plant (ETP). The ETP now capable of recycling 100%; -72.52% decrease in the water intensity of Faucets in sales.
3	Waste and Circularity	100% of non-hazardous waste is either reintroduced in production or recycled by 3rd parties.	New Frit manufacturing plant in Tiles, reducing imports, increasing circularity and local reliance. 100% reused materials in Faucets.
4	Sustainable Logistics	Reduced movement of materials by 0.89 million kilometers, by engaging in multi-modal transport and including sea and rail in routes.	Road movements reduced by 1.2 million Kms per annum, saving 2,328.44 tCO ₂ e.
5	Air Pollution	Achieved significant decreases in pollutant concentrations, including Sulphur Dioxide (SO ₂) and Nitrogen Oxides (NO _x), compared to 2022.	Achieved reductions on Nitrous Oxides (NO _x) pollution.
6	Emissions Reduction	-1,844.9 tons CO ₂ e emissions avoided in 2023. -36,297.8 tons CO ₂ e avoided by reducing imports of 276,265 tons of raw materials annually.	- 6.19% reduction in total operational emissions compared to 2023. - Additionally, by using sea freight over road transport, we avoided approximately 1.1 million tCO ₂ e emissions.
Pillar 2: People & Community			
7	Employee Safety and Wellbeing	Maintained major work-related injuries at 12, while minor injuries increased to 208 from 167 in 2022, reflecting enhanced monitoring and reporting practices. Additionally, the audits successfully identified and resolved 208 EHS hazards.	Major work-related injuries at 24, while minor injuries decreased from 208 in 2023 to 178 in 2024. Our audits successfully identified and resolved 2,218 EHS hazards.
8	Employee Training	107,650 Hours of training completed by employees in UAE	95,152 Hours of training completed by employees in UAE
9	Diversity and Inclusion	29.93% Females in administrative roles	30% Females in administrative roles
10	Emiratization	10% Emiratization Rate	10.8% Emiratization Rate
11	Community Investment	Invested 0.06% of the revenues in CSR (Corporate Social Responsibility) initiatives to support communities.	Invested 0.02% of Group revenue of AED 3.2 billion and 0.29% of net profit of AED 234 million to support communities.

Sustainability Pillar & Material Topic		2023 Achievements	2024 Achievements
PILLAR 3: GOVERNANCE			
12	Ethics & Integrity	Commitment: Conduct business with transparency and accountability, and ensure highest standards of ethics and integrity.	Continued commitment towards operating with transparency and accountability, upholding the highest standards of ethics and integrity in all business practices.
13	Corporate Governance & Compliance	Commitment: Maintain clear processes and procedures to ensure the the highest standards of corporate governance and compliance, in-line with international and industry best practices.	Continued commitment towards establishing clear processes and procedures to uphold the highest standards of corporate governance and compliance, aligned with international and industry best practices.
14	Data Protection	Commitment: Safeguard our customer data and digital assets by embedding robust data protection processes in our operations.	Standardization of network infrastructure to enhance security.
Pillar 4: RESPONSIBLE BUSINESS & RESPONSIBLE EMPLOYER			
15	Responsible & Sustainable Procurement	Silver Impact Seal from Majra - Environmental Stewardship.	77% Local suppliers providing Red Clays.
16	Technological Innovation in Production	Achieved one of the highest digital maturity scores from the Ministry of Industry and Advanced Technology.	ACIMAC TecAward 2024 - Innovation and Sustainability.
17	Quality management & Product compliance	Commitment: Implement and ensure the continuous improvement of our Quality Management System to manage market needs, risks and opportunities.	Continued commitment towards sustaining the ongoing enhancement of our Quality Management System to address market demands, risks, and opportunities.
18	Sustainable products/ Environmentally friendly products	Received the Eco Label Sustainability Certificate from RAK EPDA, recognizing commitment to sustainable practices and environmental responsibility.	2024 MENA Green Building Award - Sustainable Building Product of the Year - Indoor Air Quality.



**PILLAR 1:
ENVIRONMENTAL IMPACT**

Environment Overview

At RAK Ceramics, we are a Group of four companies - Tiles, Sanitaryware, Faucets, and Tableware united in delivering premium ceramic solutions with a strong focus on sustainability. We acknowledge our significant energy and water intensity and the pivotal role we play in energy and water conservation and climate change mitigation. Consequently, we prioritize efforts to reduce our consumption by investing in technologies that enhance the energy and water efficiency of our production processes, as well as waste reduction initiatives.

Faucets: Eco-friendly faucets and bathroom fittings with a strong focus on water-saving technology, offering up to 60% saving on water consumption. In 2024, RAK Ceramics' faucets production achieved a 21.87% increase in production, and despite higher energy demands, we successfully implemented energy-saving initiatives, including the installation of Variable Frequency Drives (VFDs), contributing to a more efficient manufacturing process.

Sanitaryware: Complete solutions provider offering products designed to suit all budgets and tastes with accessories and bathroom furniture. Driving energy efficiency in sanitaryware production, exemplified by a 45% reduction in fuel consumption through our investment in one of the largest tunnel kilns in the industry.

Tableware: Products supplied to over 40,000 hotels in more than 165 countries with clients including JW Marriot, Hilton, Hyatt and Sheraton amongst others. We achieved significant energy and water savings in 2024, including 10.06% reduction in overall energy consumption & 23.47% reduction in fresh water consumption, while earning ISO 50001 certification for our Energy Management System along with Tiles & Sanitary ware.

Tiles: In 2024, we improved energy efficiency by saving 45,880 MMBTU of gas through kiln heat recovery projects and reducing spray dryer production. For water efficiency, we boosted water sustainability by adding

a 3,500 m³/day Seawater Reverse Osmosis (SWRO) plant, cutting external water reliance by 700 m³/day. For waste and circularity, we reduced fired loss and improved sustainability by increasing recycled material use, launching "Mission 98" to cut fired rejection rates, and reintegrating waste like polishing sludge and Effluent Treatment Plant waste back into production

We implement multiple environmental initiatives to enhance energy efficiency and reduce our environmental footprint. Firstly, we operate two cogeneration plants with gas turbines, maximizing efficiency by utilizing exhaust air for ceramic spray dryers, thereby significantly reducing natural gas consumption and emissions. Secondly, we recover thermal energy from roller kilns using a heat recovery system, minimizing energy loss through flue gas and cooling gas exhaust stacks. Additionally, we piloted replacing chillers with cooling towers to decrease power consumption, and we have upgraded our power plant by replacing heavy fuel oil engines with natural gas engines, reducing carbon emissions and increasing on-site electricity generation. These efforts collectively contribute to our commitment to sustainability and energy conservation.

Between 2023 and 2024, our total energy consumption witnessed a 9.09% decrease from 7.04 PJ to 6.40 PJ, while our energy intensity of sales decreased slightly by 0.19% between 2023 and 2024. We also witnessed a decrease in natural gas, purchased electricity and diesel consumption in 2024.

This reduction in energy consumption and intensity reflects our ongoing efforts to optimize resource use, which is particularly important given the higher energy and water demands of GP tile production. In 2024, RAK UAE achieved a GP production of 26.58 million M2, with a Ceramics:GP ratio of 37:63.

From 2025 onwards, we will intensify our efforts to reduce the resource intensity of GP tile production in response to evolving market trends. This commitment will further solidify our position as a forward-thinking leader in sustainability.

↓ 9.09%

Decrease in Energy Consumption compared to 2023

↓ 8.84%

Decrease in Natural Gas Consumption compared to 2023 (MMBTU)

↓ 5.02%

Reduction in Diesel Consumption compared to 2023

↓ 0.19%

Decrease in Energy Intensity of Sales compared to 2023

↓ 22.80%

Reduction in purchased electricity compared to 2023

We operate 3 Effluent Treatment Plants, 1 Sewage Treatment Plant and 1 Desalination Plant

Our organization has implemented a Closed-Loop Manufacturing System to enhance water and waste management across all production processes. We ensure that 100% of our wastewater is treated and partially reused on-site through our Effluent Treatment Plants, and Sewage Treatment Plant. Additionally, we have a Desalination Plant, all contributing to sustainable and efficient resource utilization.

In 2024, our 3 Effluent Treatment Plants (ETP) treated 938,897 m³, and our 1 Sewage Treatment Plant (STP) treated 190,124 m³ of wastewater.

Impressively, 100% of all our wastewater continues to be treated on-site, ensuring compliance with regulatory standards and minimizing environmental impact. Our commitment to water sustainability is evident in our proactive approach to wastewater and desalinated water management. The total wastewater treated in 2024 was 1,129,011 m³, there was also a 24.4% rise in the treatment of desalinated water, which reached a total of 2,013,853 m³ in 2024.

Plant	Effluent Treatment Plants		
Year	2023	2024	% change
Water Treated (m ³)	1,035,286	938,897	-9.31%
Plant	Sewage Treatment Plant		
Year	2023	2024	% change
Water Treated (m ³)	188,081	190,124	1.09%
Plant	Desalination Plant		
Year	2023	2024	% change
Water Treated (m ³)	1,522,420	2,013,853	24.4%

Initiatives for 2025

Water Stewardship: Continue working towards achieving the Water Stewardship certification by SAS Global

↑ 24.40%

Increase in water treated in Desalination Plant compared to 2023

938,897 m³

Of wastewater treated in our 3 ETPs in 2024

1,129,011 m³

Total wastewater treated in 2024

100%

Of all our wastewater is treated on-site.

↑ 1.09%

Increase in wastewater treated in our STP compared to 2023

↑ 24.40%

Increase in desalinated water treated compared to 2023

Tiles

TILES	
Production Process	Sustainability Initiative
Muda	<ul style="list-style-type: none"> Use of MUDA materials from Group Companies to formulate a 100% recycled body product
Crushing	<ul style="list-style-type: none"> Increase of crushing capacity through modification of existing ceramic clay crusher and installation of new crusher
Atomising / Spraying	<ul style="list-style-type: none"> R&D and gradual increment in slip density to reduce gas consumption Cogeneration of energy, reduced utilization of spray drier with relatively high gas consumption by capacity utilization of Co-generation equipped spray drier Upgradation of gas turbines Heat recovery Upgradation for utilization of kiln hot air
Pressing	<ul style="list-style-type: none"> Recovery of powder loss
Firing	<ul style="list-style-type: none"> Undertaking of Mission 98 to reduce the fired rejection Use of fired rejections in fired tiles
Drying	<ul style="list-style-type: none"> Installation of bypass line in order to improve the Heat recovery temperature from Kiln to Driers
Polishing	<ul style="list-style-type: none"> Recycling the polishing sludge to use in the production
Squaring	<ul style="list-style-type: none"> Recycling the squaring powder to use in the production
Packing	<ul style="list-style-type: none"> Eco-wrap the carton usage to pack the final products
Electrical Overall	<ul style="list-style-type: none"> Variable Frequency Drives (VFD) installations in all plants across different departments VFDs in sea water pump house New cooling water installation
Body Preparation	<ul style="list-style-type: none"> Water efficiency through waste water reutilization
Slip Preparation	<ul style="list-style-type: none"> Reduction in water consumption through increment in slip density

ENERGY EFFICIENCY

As one of the world’s leading tile manufacturers, RAK Ceramics recognizes its responsibility to reduce emissions and support climate action. In 2024, total energy consumption for tile production increased by 25% compared to 2023, driven by shifts in product mix and rising demand for Gres Porcelain (GP) tiles. The Ceramic to GP production ratio reached 37:63, up from 61:39 in 2022 and 43:57 in 2023, significantly impacting overall energy usage.

Despite the higher total energy demand, energy intensity for GP tile production decreased by 1.86% due to ongoing efficiency improvements. We also reduced the thickness standardization of key sizes of our Gres Porcelain tiles from 9mm to 8.5mm, achieving a 5.5% reduction in material usage. This change enhances efficiency by lowering raw material consumption, reducing energy use in production, and minimizing environmental impact.

Our sustainability initiatives encompass both energy management and gas reduction strategies. We have upgraded gas turbines and implemented heat recovery systems that capture heat from the kiln and utilize kiln hot air, further improving energy efficiency. In 2024, we executed nine gas reduction projects that optimized heat recovery from kilns and dryers while reducing spray dryer production—one of the most energy-intensive processes—resulting in gas savings of 45,880 MMBTU. Additionally, we completed 21 energy efficiency projects, leading to electricity savings of 758,580 kWh.

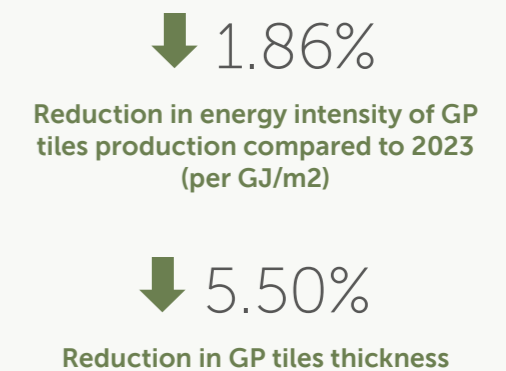
In our production processes, we have introduced various energy efficiency measures, including:

- Applying refractory coatings to thermal vessels to improve heat absorption and reduce ambient temperatures.
- Installing auto air regulators and oxygen analyzers to optimize combustion and minimize energy loss.
- Utilizing Vulcan burners and fuel-saving catalysts to enhance fuel efficiency.
- Implementing X-Plate technology to improve combustion efficiency within furnaces.

Furthermore, our research and development efforts have led to a gradual increase in slip density, which has reduced gas consumption during production. The integration of cogeneration energy has effectively decreased reliance on high gas-consuming spray driers, allowing us to reduce energy consumption while enhancing overall process efficiency.

We have also significantly reduced fired rejections through Mission 98, recycling them into new fired tiles to minimize waste and improve resource use. Innovations such as a bypass line to enhance heat recovery temperatures from the kiln to the driers, along with the recycling of polishing sludge and squaring powder for production, have further optimized material use throughout our operations.

Currently, we are advancing three direct energy-saving initiatives. Having successfully implemented smart factory technologies, we are now establishing a high-efficiency sustainable manufacturing unit, reinforcing our commitment to energy conservation and responsible production.



Materials Manufacturing	Gas Consumption Reduction between 2017-2024 (%)	Electricity Consumption Reduction between 2017-2024 (%)
Glazed Porcelain (GP)	36.4%	33.73%
Red Body (RB)	30.55%	26.11%

Tiles (contd.)

ENERGY EFFICIENCY

In 2024, RAK Ceramics continued to make significant strides in sustainability with the establishment of new production facilities, enhancing efficiency, reducing environmental impact, and meeting evolving market demands.

ENERGY-EFFICIENT SMART MANUFACTURING

RAK Ceramics has transformed its tile production process by modernizing operations and adopting a more streamlined approach. Previously, manufacturing relied on four glaze lines and two kiln operations until 2018. By shifting to a single-line operation, productivity increased by 16% in 2023 compared to prior capacity, with an additional 3.8% growth in 2024 over the 2023 average.

Beyond improving efficiency, this modernization has driven substantial energy savings. Power consumption has decreased from 4.18 kWh/m² in 2018 to an average of 4.06 kWh/m² in 2024, while gas consumption has reduced from 0.097 MMBtu/m² in 2018 to 0.084 MMBtu/m² in 2024. These improvements reflect a strong commitment to sustainability, reducing both operational costs and the company's environmental footprint.

The new facility has also optimized production by prioritizing high-demand tile formats, particularly Gres Porcelain 60 x 120 cm tiles, which offer better productivity compared to larger sizes. In 2024, the facility expanded its capabilities to include a higher proportion of larger slab sizes, demonstrating adaptability to market trends while maintaining efficiency. This transition to smart manufacturing represents a strategic move towards increased productivity and sustainability in tile manufacturing.

SUSTAINABLE SLAB PRODUCTION WITH ADVANCED TECHNOLOGY

In 2024, RAK Ceramics began developing a state-of-the-art exclusive slab production unit, an ongoing project that integrates sustainability and innovation to enhance efficiency and minimize environmental impact. The facility is equipped with the advanced PCR 2180 system, one of the most efficient technologies for producing larger slab formats, ensuring higher productivity while minimizing resource consumption.

A key sustainability feature is the near-zero fuel horizontal dryer, which utilizes total heat recovery from the kiln. This innovation has led to a 35.97% reduction in gas consumption compared to previous facilities, significantly lowering energy usage and emissions. Additionally, the unit is projected to achieve a 36.84% decrease in power consumption, contributing to both cost savings and environmental sustainability.

The facility also houses the longest European kiln in the Middle East, spanning 300 meters, further enhancing production capacity and efficiency. Additionally, a digital decoration and glazing line enables high-definition designs while minimizing waste, and automated processes, such as an automatic shrink hood wrapping machine, improve operational efficiency and reduce material handling losses.

Through these advancements, RAK Ceramics continues to lead in sustainable manufacturing, integrating cutting-edge technology and energy-efficient processes to drive productivity while reducing environmental impact.

ENERGY EFFICIENCY INITIATIVES SUMMARY

SMART MANUFACTURING UNIT

The installation of this new production facility transitioned from four glaze lines and two kiln operations to a single line operation. It resulted in a productivity increase of 16% in 2023 and an additional 3.8% in 2024, while reducing power consumption from 4.18 kWh/M2 in 2018 to 4.06 kWh/M2 in 2024.

EXCLUSIVE STATE OF THE ART SLAB MANUFACTURING UNIT

The new unit has the advanced PCR 2180 system, a near-zero fuel horizontal dryer, and the Middle East's longest European kiln (300m), enhancing efficiency, productivity, and sustainability in slab production.

ENERGY EFFICIENCY INITIATIVES

In 2024, nine gas reduction projects and 21 energy efficiency initiatives saved 45,880 MMBTU of gas and 758,580 kWh of electricity by optimizing heat recovery and reducing high-energy processes.

POWER SAVINGS

758,580 kWh

estimated savings as a result of 21 power savings initiatives executed in 2024

THERMAL SAVINGS

45,880 MMBTU

savings in gas as a result of 9 thermal savings initiatives executed in 2024

Energy Efficiency Initiatives for 2025 and onwards

- Energy Monitoring Team: Our Team inspects and suggests initiatives to reduce gas consumption in kilns and spray dryers.
- Studying AI Solutions in Kilns: We are exploring AI technology to optimize kiln operations for better energy efficiency.
- Conversion of Red Body Sizes from Wet to Dry Milling: This is planned for 2025 to eliminate spray dryer energy consumption.
- Auto Slab Storage & Picking: We are studying automation for slab handling to minimize damage and improve efficiency.

WATER SUSTAINABILITY

In 2024, we made significant progress in enhancing water sustainability within our tile production processes, with a focus on securing reliable water sources, improving treatment systems, and reducing our environmental impact. Key initiatives included:

SEAWATER REVERSE OSMOSIS (SWRO) PLANT INSTALLATION

We successfully commissioned a 3,500 m³/day Seawater Reverse Osmosis (SWRO) plant, ensuring a reliable freshwater supply. This new facility has significantly reduced our reliance on external water sources, eliminating the need for outsourcing 700 m³/day of freshwater and contributing to greater resource self-sufficiency.

Finally, our commitment to water efficiency is reflected in our efforts to reuse wastewater and reduce overall water consumption through innovations like increasing slip density, which lowers water use in the production process.

WATER SAVINGS

45,900 m³

estimated savings through waste water reutilization in Body Preparation

WATER SAVINGS

↓ 8%

reduction in water consumption in slip preparation process

Tiles (contd.)

EFFLUENT TREATMENT PLANT (ETP) ENHANCEMENT

We commissioned an advanced Effluent Treatment Plant (ETP), boosting our wastewater treatment capabilities. This initiative has improved the quality of water discharged from our facility while also reducing the need for tanker trips for white water loading, which has minimized transportation-related emissions and resource use.

INTERNAL AND THIRD-PARTY MONITORING

To ensure ongoing compliance with water safety standards and environmental regulations, we implemented a robust monitoring system throughout 2024. This included quarterly third-party assessments and daily internal evaluations to ensure continuous water quality, efficiency, and long-term sustainability of our operations.

These initiatives resulted in lower consumption of both fresh and treated water in 2024 compared to 2023. Additionally, total water usage decreased, while the use of wastewater in tile production increased compared to the previous year. 45,900 M3 of water saved through waste water reutilization in Body Preparation. Through production initiative of increment in slip density we saved close to 8% of water consumption in the slip preparation process.

Water Sustainability Initiatives for 2025 and onwards

- **Planned Upgrade – Aeration System in Sewage Treatment Plant (STP):** In 2025, we plan to replace the outdated aeration system in our Sewage Treatment Plant (STP) with a new diffused aeration system. This upgrade will further enhance treatment efficiency, reduce power consumption, and contribute to a decrease in our overall energy usage and carbon emissions.
- **Upgraded SWRO Plant:** In 2025, we will also focus on upgrading our SWRO plant (500 m³/day) to improve its operational efficiency and better streamline our water management processes.

WASTE AND CIRCULARITY

We have made significant advancements in our production processes, leading to a notable reduction in fired loss. These improvements were achieved by increasing our use of recycled materials, minimizing leakages, and addressing day-to-day handling losses. By optimizing these aspects of our operations, we have enhanced both efficiency and sustainability across our production lines.

In addition, we have focused on reducing sludge generation from our Effluent Treatment Plants (ETPs). This was accomplished by improving the water recycling process within our ETPs, enabling a more efficient use of resources and minimizing waste.

In terms of packaging, we've introduced eco-wrap cartons for packing our final products, reducing our reliance on traditional packaging materials. To support operational efficiency, we've installed Variable Frequency Drives (VFDs) across multiple departments and plants, including in our sea water pump house and cooling water systems, contributing to both energy savings and enhanced equipment performance.

In terms of recycled content in our products, as part of our commitment to quality improvement, we have launched "Mission 98," a comprehensive initiative implemented across all our plants. This mission has significantly reduced fired rejection rates and improved overall production quality. Furthermore, we have increased the utilization of fired rejection materials, polishing sludge, and ETP waste by modifying formulas through a targeted approach. This innovation allows us to reintegrate the total waste generated back into our production processes, reinforcing our focus on sustainability and waste reduction.

A key achievement is our use of MUDA materials from Group Companies to create a 100% recycled body product. This approach helps reduce raw material consumption while promoting circular economy principles. In line with this, we've made significant upgrades to our crushing capacity, including modifying existing ceramic clay crushers and installing new crushers, which has optimized resource use and enhanced production efficiency.

Out of the 12 different types of generated MUDA from tiles manufacturing operations, we are currently utilizing 119% (out of which 19% consumption is from stock quantity.)

Recycled Input Materials (Generated from Tiles production & ETP only)	2022	2023	2024
ETP sludge	70~75%	85~90%	95%~98%
Fired tiles	90~95%	85~90%	190%~200%
Polishing sludge	85~90%	55~60%	80%~82%
Green tile	90~95%	95~100%	95%~98%
Squaring waste powder	85~90%	95~100%	82%~85%

In 2024, the recycling efficiency of ETP sludge improved significantly, reaching 95–98%.

Fired tiles achieved remarkable efficiency, with recycling rates reaching 190–200%. Also, Green tiles and squaring waste powder maintained high recycling efficiencies, at 95–98% and 82–85%, respectively.

RESOURCE SAVINGS

206,025 TONNES

Total MUDA consumption

RESOURCE SAVINGS

95-98%

of ETP sludge and Green Tile materials are recycled

WASTE AND CIRCULARITY INITIATIVES SUMMARY

INCREASE OF RECYCLED CONTENT IN GPG

The recycled content in GPG has increased by 7.82% in 2024 when compared to 2022 baseline, demonstrating a commitment to enhancing sustainability through higher recycling rates.

REDUCTION IN IMPORTED RAW MATERIALS AND INCREASE IN LOCAL MATERIAL USAGE

The initiative has successfully reduced the import of raw materials by 12.51% in 2024 when compared to 2022 baseline, which helps decrease the carbon footprint associated with transportation. The total local consumption of materials increased significantly, from 36,030 tons in 2023 to 54,838 tons in 2024, which reduces reliance on imported materials and minimizes waste.

THICKNESS STANDARDIZATION OF KEY SIZES

By standardizing the thickness of key sizes in Gres Porcelain from 9MM to 8.5MM, the initiative has led to an optimization in raw material consumption and packing costs, contributing to waste reduction.

CONVERSION OF TRAY CARTONS TO MULTIPACK CARTONS

This initiative has reduced packaging consumption by 502.16 tons in 2024, saving approximately 12,052 trees and avoiding water contamination equivalent to 10,040,000 gallons.

FRIT MANUFACTURING PLANT

The establishment of a frit manufacturing plant has reduced dependency on imports. Currently, 40% of materials for frit production are acquired locally.

Tiles (contd.)

TILES SUSTAINABLE PRODUCTS

KLIMA
This ceramic can be used both indoors and outdoors, and adapts to heat, ensuring comfort with minimal energy impact.

RAK-SANIT
Features antibacterial technology that is permanently integrated into the tile surface.

ORBIT 3R
These tiles are a recent innovation, using 95% recycled waste for sustainable, high-performance design.

LUCE
Translucent tiles suitable for sophisticated commercial and residential areas.

THROUGH BODY VEINS
Innovative replication of natural marble and stone veins that pass through the porcelain slab.

ANTI-SLIP BAREFOOT PLUS
Non slip technology that ensures safety, comfort, and grip for all floor applications.

RE-USE QUARTZ
The world's first 100% recycled tile, embodies sustainability through waste reduction, reuse, and recycling innovation.

COOKING-RAK
Innovative hidden induction cooktop, won the 2023 Archiproducts Design Award.

Waste and Circularity Initiatives for 2025 and onwards

- Resource Intensity: Reduce the resource intensity of our Gres Porcelain tiles.
- Effluent Treatment Plant (ETP): Continue to reduce ETP sludge generation.
- Granulate Production Group (GPG) Recycling: Focus on increasing the recycled content in GPG further, building on the progress made in 2024.

Sanitaryware

SANITARYWARE

Production Process	Sustainability Initiative
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Sanitaryware manufacturing	
Body Preparation	<ul style="list-style-type: none"> • 100% recycling of greenware rejects. • Recycling of final rejects from manufacturing
Glaze Preparation	<ul style="list-style-type: none"> • Recycling of waste glaze
Casting	<ul style="list-style-type: none"> • Utilisation of waste heat from the kilns in drying wares. • Use of High pressure, Medium pressure & Low pressure (Spagless) casting methods to reduce requirement of LNG for drying moulds and to use less water per unit produced.
Kiln	<ul style="list-style-type: none"> • Recycling of hot combustion air by using waste heat from kilns for energy saving • Use of energy efficient burners
Moulding	<ul style="list-style-type: none"> • Product engineering for reducing weight (raw material) and process losses.
Sorting	<ul style="list-style-type: none"> • Use of recycled water for functional testing of finished products
Electrical & Mechanical	<ul style="list-style-type: none"> • Maximized use of Variable Frequency Drives in plant equipment • Implement energy saving opportunities in the air compressors • Energy efficient motors for higher loads
Toilet Seat and Cover manufacturing	
ABS Seat & Cover	<ul style="list-style-type: none"> • 100% recycling of greenware rejected materials
Packing	<ul style="list-style-type: none"> • Use of recycled materials to make packaging products

Sanitaryware (contd.)

ENERGY EFFICIENCY

We are proud to lead the charge in pioneering energy efficiency within the sanitaryware production industry, driven by our commitment to innovation, quality, and sustainability. As we continue to shape the future of bathroom solutions, our focus remains on producing high-end, sustainably crafted products that not only meet the highest standards but also set new benchmarks for energy-efficient manufacturing.

In 2023, we significantly ramped up our efforts to operate more sustainably, undertaking key initiatives aimed at reducing power consumption. Among the most impactful was our investment in one of the largest tunnel kilns in the industry, coupled with retrofitting several of our existing kilns with cutting-edge technologies designed to reduce fuel consumption. These steps marked a significant leap forward in our pursuit of energy efficiency.

Building on this momentum, 2024 saw the introduction of several advanced solutions. We expanded our energy-saving initiatives with the installation of Variable Frequency Drives (VFDs) and the introduction of a new high-efficiency kiln. A major milestone was the transition from gas-fired burners to an indirect water heating system, which now powers our ECS burners. This shift not only improves energy efficiency by using water to transfer heat, but also reduces our reliance on gas, helping to lower overall energy consumption.

Additionally, we implemented a system to capture and reuse hot air from the TK-6 process using a heat exchanger. The recovered heat is repurposed to warm water, which then powers the ECS burners in the HPC cell and the slip tanks, further driving down energy waste and improving efficiency across our production lines.

Our energy reduction efforts didn't stop there. We also introduced smart technologies such as controlled compressors, energy-efficient motors, and blowers for casting, as well as an indirect water heating system for spagless casting cell. Further in-house modifications to equipment, including setters, control panels, conveyors, and moulding plates, allowed us to enhance both the productivity and energy performance of our manufacturing processes. These projects and other maintenance activities helped us achieve a total reduction of 1,671 metric tons of CO2.

The impact of these initiatives was clear. In 2024, we saw substantial improvements in our energy efficiency metrics. The energy intensity of sales (GJ / 000 AED) increased by 6%, and gas consumption per unit dropped by 28%.

These groundbreaking projects are not only a testament to our leadership in sustainable manufacturing but also underscore our ongoing dedication to pioneering innovative solutions that benefit both our business and the environment.

↑ 28%

Savings in gas consumption in production in 2024

1,671

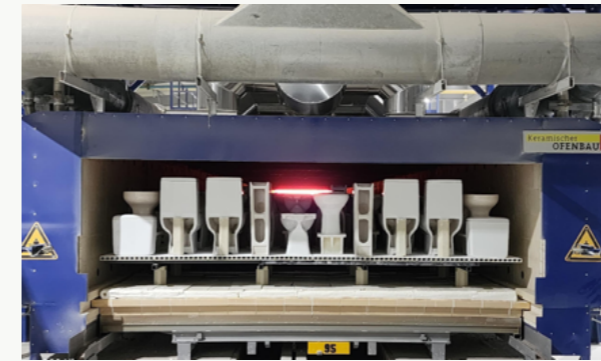
Metric tons of CO2 saved by enhancing productivity in operational processes

ENERGY EFFICIENCY - WORLD'S MOST EFFICIENT SANITARYWARE KILN

RAK Ceramics is proud to introduce the largest and most energy-efficient sanitaryware kiln in the world. Measuring 162 meters in length and 4 meters in width, this groundbreaking kiln can process up to 1.4 million units per annum. Designed with versatility in mind, it operates with adjustable cycle speeds (16, 18, or 20 hours) to align with varying production demands.

The kiln's specific fuel consumption is 715 Kcal/kg of ware, representing a 45% reduction compared to our existing tunnel kilns and a 70% decrease compared to shuttle kilns. In terms of electricity consumption, the kiln uses just 0.025 kWh/kg of ware, following a similar percentage reduction in energy use. This cutting-edge kiln is also future-ready, with the ability to be converted to 100% hydrogen fuel, further enhancing its sustainability credentials.

This installation marks a significant step in our manufacturing roadmap for a highly automated, high-efficiency plant, driving RAK Ceramics towards even more sustainable and innovative production processes.



Energy Efficiency Initiatives for 2025 and onwards

- Equipment Upgrades: Installation of VFDs, IE5 motors, and cooling tower to enhance energy efficiency.
- Sustainability Improvements: Airflow meters, air dryers, and efficient ceiling fans to optimize air and energy use.
- Energy Optimization: Improved plant lighting and burner runtime adjustments to reduce overall energy consumption.

WATER SUSTAINABILITY

In 2024, we made remarkable strides in advancing water sustainability within our sanitaryware production. Through a series of targeted initiatives aimed at improving efficiency and boosting the reuse and recycling of wastewater, we successfully reduced our total water consumption by 11.98% compared to 2023.

Our ongoing commitment to reducing water intensity in both production and sales remains at the forefront of our sustainability efforts. In 2024, we achieved a significant reduction in the water intensity of production by 15%, showcasing the success of our water efficiency strategies. However, we also observed an increase in the water intensity of sales by 29%.

These results reflect our continued dedication to optimizing water use and promoting sustainability across every aspect of our operations, further cementing our position as a leader in water-conscious manufacturing within the sanitaryware industry.

↑ 11.98%

Savings in water consumption for Sanitaryware production in 2024

↓ 15%

Decrease in water intensity in Sanitaryware production in 2024

Water Sustainability Initiatives for 2025 and onwards

- We will continue to work towards reducing the water intensity of production.
- We aim to further improve the reuse and recycling of our wastewater.

Sanitaryware (contd.)

Recycled Input Materials		2021	2022	2023	2024
Fired Sanitaryware	Re-used Fired Sanitaryware rejects (as % of production)	2%	2%	2%	2%
	Re-used Fired Sanitaryware rejects (Tons)	1,066	1,143	842.5	654.0
	Total Fired Sanitaryware rejects generated (Tons)	4,059	6,593	5,046	4,690
	Re-used Fired Sanitaryware rejects (as % of total generated)	26.3%	17.3%	16.7%	13.9%
Green Sanitaryware	Re-used Greenware Sanitaryware (as % of production)	20%	25%	25%	25%
	Re-used Greenware Sanitaryware (Tons)	13,332	19,210	14,154	12,553
	Total Green Sanitaryware rejects generated (Tons)	13,332	19,210	14,154	12,553
	Re-used Greenware Sanitaryware rejects (as % of total generated)	100%	100%	100%	100%
Raw Glazes	Re-used reclaimed glaze (as % of production)	45.94%	44.14%	40.02%	40.8%
	Re-used reclaimed glaze (Tons)	2,458	2,660	2,001	1,884
	Total reclaimed glaze generated (Tons)	Data not available	2,665	2,164	1,936
	Re-used reclaimed glaze (as % of total generated)		99.8%	92.5%	97.3%

In sanitaryware production: From the total waste generated from the sanitaryware plant, 100% Greenware Waste is recycled and reintroduced within sanitaryware raw material production. 13.9% of Fired ware rejects is reprocessed and reintroduced with raw material production, while the remaining fired wastes moved to Tiles plant process. In 2024, 97.3% reclaimed glaze was used, an increase of 4.8% more compared to 2023.

WASTE AND CIRCULARITY

In 2024, we took bold steps to enhance resource efficiency, minimize waste, and drive circularity within our sanitaryware production.

Our commitment to circularity is evident in the impressive waste recovery rates we achieved. On average to date we recycle 16.2% of the fired rejects we generate through addition into our product. This may go up to 39% after we increase addition, trials of which are in progress.

We recycle all of the clay rejects and 97.3% of raw glaze rejects. The proportion of glaze rejects cannot be 100% as it would affect the manufacturing efficiency due to chances of aesthetic defects in glazes. Our other major process waste is Gypsum (used plaster moulds – about 400 MT per month) which is expected to be used up by a cement manufacturer in a neighboring Emirate. Samples have been sent across for testing at their end.

We also focused on reducing waste at the end-user level. By reformulating our Fireclay products to be "craze" resistant, we've helped extend the lifespan of our products, reducing the likelihood of product defects and minimizing waste after sale. Our innovative "RAK Skin" project, which upcycles rejected products into decorative pieces by applying permanent ceramic decal stickers, is another exciting initiative. This project not only reduces waste but also gives new life to materials that would otherwise be discarded.

Through the improvements in our engobe efficiency, we've saved an impressive 86.27 tons of waste since 2022. Engobes, liquid clay coatings used for decorative or protective purposes, have been optimized for better performance, significantly reducing material waste during production.

In 2023, we further strengthened our waste reduction efforts by establishing the RAK Ceramics Sanitaryware Training Academy. This initiative empowered our employees with the skills and knowledge to improve yield, reduce defects, and minimize losses. Additionally, the introduction of the 5S improvement system has helped us maintain high standards of Health & Safety while reducing operational losses across the board.

Together, these initiatives represent a powerful commitment to sustainability, waste reduction, and the principles of circularity, ensuring that our products not only meet the highest quality standards but also contribute to a more sustainable future for the industry.

25%

Of total production are re-used
Greenware Sanitaryware

↑ 5%

Increase in recycled scrap ABS
(Acrylonitrile Butadiene Styrene) and
B-grade rejections

Waste and Recycling Initiatives for 2025 and onwards

- We will continue to work towards re-using fired sanitaryware rejects.

Tableware (contd.)

ENERGY EFFICIENCY

In 2024, our efforts to improve energy efficiency in tableware production yielded both successes and challenges. There was a significant decrease in total sales and production of tableware; down 6.13% and 11.19% respectively.

In 2024, we reduced our overall energy consumption by 10.06%, with fuel usage down 11.09% and electricity consumption decreasing by 4.36%, highlighting our continued efficiency improvements. Furthermore, we achieved a major milestone with the receipt of ISO 50001:2018 certification for our Energy Management System (EnMS) across Tiles, Sanitaryware and Tableware. This certification reinforces our commitment to improving energy performance and systematically reducing energy consumption across all operations.

Several key initiatives contributed to these results, including the installation of additional Variable Frequency Drives (VFDs) and enhanced heat recovery systems to 3 of our kilns. These upgrades played a vital role in driving energy savings, resulting in 3,797 MMBTU of natural gas savings and 321,840 kWh of electricity savings from these initiatives alone.

While energy intensity increased due to the operational scaling back, we remain dedicated to further optimizing our energy usage, reducing inefficiencies, and driving sustainability through continued innovation in energy management.

ENERGY SAVINGS

321,840 kWh

Savings due to installation of VFDs and other energy saving initiatives

NATURAL GAS SAVINGS

3,797 MMBTU

Savings due to enhanced heat recovery systems

Energy Efficiency Initiatives for 2025 and onwards

- VFD Installation : Our team is planning to install VFDs in more machines.
- Chiller Replacement : We are going to replace the chiller system with cooling tower for energy savings
- Exhaust fan replacement : We are planning to replace the roof exhaust fan with turbine ventilator fans to improve energy efficiency.
- Pneumatic diaphragm pump replacement : Our Team plans to replace the pneumatic diaphragm pump with electric operated pump for energy savings.

WATER SUSTAINABILITY

Achieving water sustainability in our Tableware production has been a journey defined by hard work, dedication, and a commitment to continuous improvement. In 2024, we took significant steps forward, driven by relentless effort to optimize our water usage and reduce our environmental impact.

Through rigorous planning and implementation of innovative strategies, we succeeded in decreasing the water intensity of production by 13.88%. This achievement reflects the tireless efforts of our team to enhance manufacturing processes and find more efficient ways to use water. But the story doesn't stop there—our overall total water consumption was reduced by an impressive 23.47%, thanks in large part to the advancements made in our Effluent Treatment Plant (ETP). The ETP, now capable of recycling 100% of the wastewater generated from our tableware production, became a cornerstone of our water-saving initiatives.

This achievement was the result of countless hours of hard work to upgrade and fine-tune the system, ensuring that we could maximize the use of recycled water and minimize our dependence on freshwater resources.

The use of recycled water played a critical role in minimizing the impact, and we knew that the work we were putting into maximizing the use of reclaimed water was helping to keep our operations more sustainable despite these challenges.

The effort behind these initiatives was not easy, but it paid off in the form of a remarkable saving of 47,753 m³ of freshwater. This wasn't just an achievement on paper—it was a testament to the determination and dedication of every team member involved. From upgrading the ETP to implementing new processes for wastewater recycling, our success was built on hard work, persistence, and a shared commitment to water sustainability. It's this unwavering effort that drives us forward, constantly pushing us to find better solutions and set new standards for efficiency and environmental responsibility.

The results speak for themselves, but it's the effort behind them that truly defines our journey toward a more sustainable future.

WATER SAVINGS

47,753 m³

savings of freshwater through optimization of wastewater recycling process

WATER SAVINGS

↓ 23.47%

reduction in water consumption due to advancements in ETP Plant

Water Sustainability Initiatives for 2025 and onwards

- Recycled Water: We have planned to save 280 m³ of fresh water per day by using recycled water

WASTE AND CIRCULARITY

A cornerstone of our sustainability efforts has been the introduction of a new carton packaging made from 80% recycled materials. This packaging not only incorporates a significant amount of recycled content but is also fully recyclable, reinforcing our commitment to minimizing waste and advancing the principles of a circular economy. By designing packaging with recycling in mind, we are helping to reduce the demand for virgin materials and close the loop in our production processes.

Additional achievements from 2023 which carried throughout 2024 include:

100%

Of all rejected pieces are reintroduced in Tableware production, with 20% being forwarded to tiles

7%

Recycled waste in products in 2024

We've introduced new carton packaging made from 80% recycled material and fully recyclable, supporting our commitment to waste reduction. Additionally, 100% of rejected plain and colored pieces are recycled, with 80% being reintroduced into production and 20% redirected to our Tiles division. This synergy between departments ensures that waste from one area is effectively utilized in another, maximizing resource efficiency across the board. These initiatives highlight our dedication to minimizing waste and fostering collaboration to improve sustainability throughout our operations.

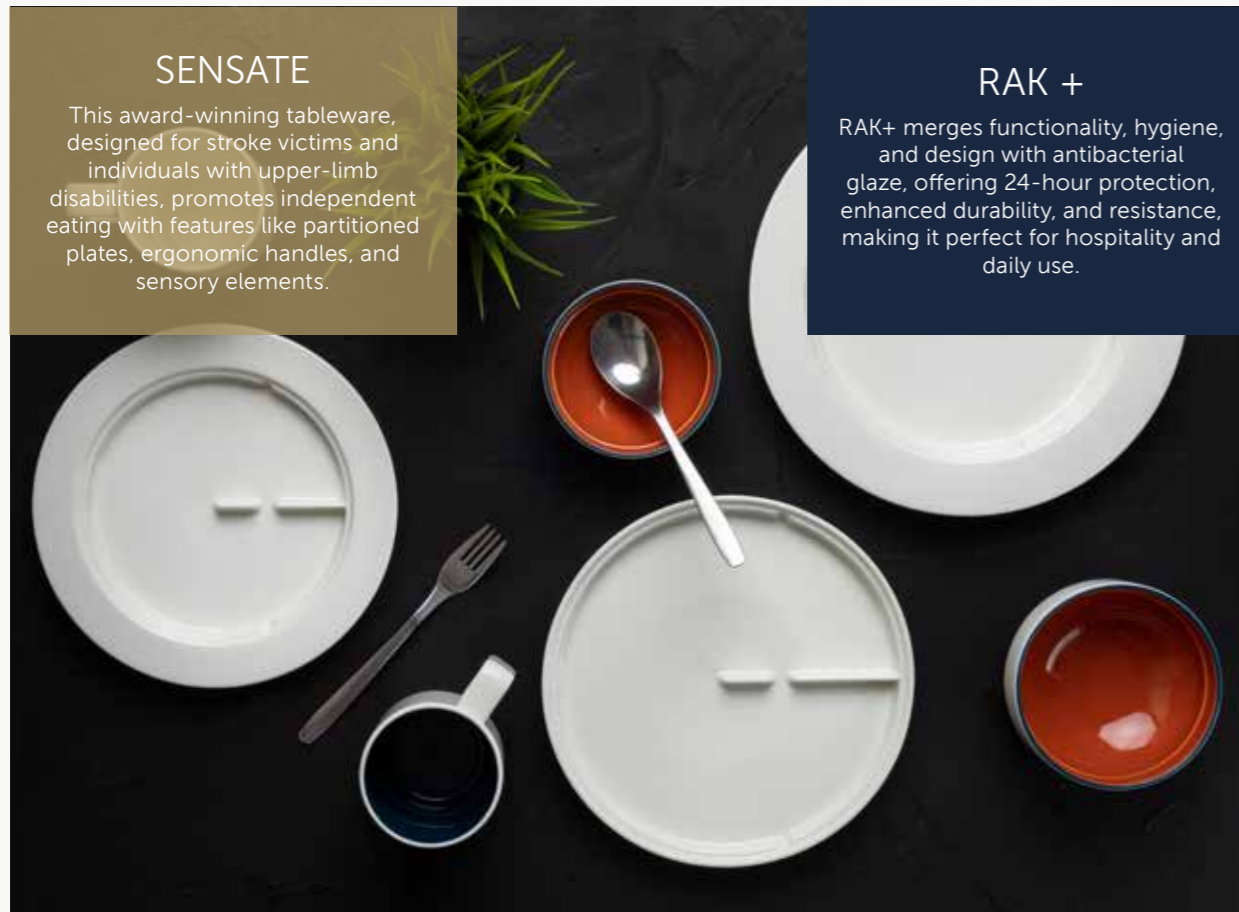
Waste and Circularity Initiatives for 2025 and onwards

- Expanding Product Recycling Program in 2025: Enhance circularity by increasing product recovery and recycling, reducing waste sustainably.

Through these actions, we are taking responsibility for the entire lifecycle of our products and contributing to a future where waste is minimized, and resources are continuously reused.

Tableware (contd.)

TABLEWARE SUSTAINABLE PRODUCTS



Faucets

FAUCETS

Production Process	Sustainability Initiative
Sand Core	<ul style="list-style-type: none"> Re-using the direct scrape sand from the machine by reprocessing and reducing the waste disposal
CNC	<ul style="list-style-type: none"> Peeling tools (Bull nose and ball nose) are replaced by insert tools thereby saving the cycle time. This advance process is applied for time-saving.
Grinding	<ul style="list-style-type: none"> In the grinding belt consumption of ~320 grit, production qty increased by double, therefore the waste belt disposal is reduced.
Electroplating	<ul style="list-style-type: none"> All machinery parts are equipped with sensors and control monitors for each level. Rejected parts are used for surface quality analysis. This will reduce the wastage or rework.
Effluent Treatment Plant	<ul style="list-style-type: none"> Implemented the water treatment system and reused the treated water.
Assembly	<ul style="list-style-type: none"> Lean process applied in our assembly process (01 table for now) for more productivity with timesaving to direct savings in return.
Packing	<ul style="list-style-type: none"> Some cartons are re-used for sample packing. Use only recyclable, compostable, and reusable materials for packaging.
All waste disposals	<ul style="list-style-type: none"> All wastes are separated by category and disposing by proper source. (General, Special & hazardous waste)
Electrical Overall	<ul style="list-style-type: none"> Almost all the departments are equipped with Variable Frequency Drives installations in all plants across different departments
Assembly – Accessories Packing	<ul style="list-style-type: none"> Reduced manpower to 2 persons from 4 person at accessories packing section by introducing automatic packing machine.

Faucets (contd.)

ENERGY EFFICIENCY

In our faucets production division, we continue to make strides toward enhancing energy efficiency, even as we face the challenges of increased production and rising energy demands. In 2024, we experienced a 50% increase in the energy intensity of sales and a 9.52% rise in the energy intensity of production. These increases were primarily driven by a significant boost in chrome production productivity, which, while contributing to higher output, also led to greater energy consumption per unit.

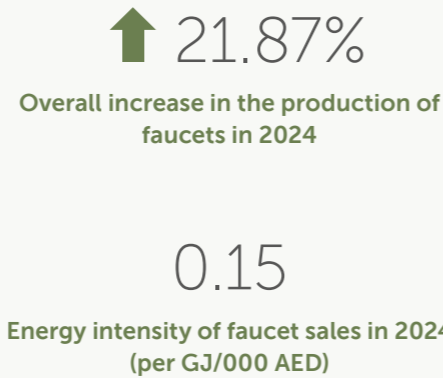
At the same time, we saw impressive growth, with overall production increasing by 21.87% and sales growing by 15.86%. This expansion naturally led to higher energy demands, but we view this not as a setback, but as a natural part of scaling operations to meet growing market demand. While the rise in energy intensity was inevitable due to these factors, it is important to note that it was not solely due to inefficiencies, but also a result of our commitment to meeting the needs of a dynamic market.

Looking ahead, we are focused on continuous improvement and have already put plans in place for 2025 to enhance energy efficiency even further. A key initiative will be the implementation of a solar energy conversion system, which will significantly reduce our reliance on non-renewable energy sources. This initiative aligns with our long-term sustainability goals and will play a critical role in reducing overall energy consumption, improving energy efficiency, and further advancing our environmental responsibility.

Our journey of energy efficiency is one of constant learning and progress, and we are proud of the work we've accomplished so far. As we continue to grow, we are committed to adopting innovative solutions that reduce our environmental footprint while supporting our business objectives. Every step forward represents our ongoing dedication to not just meeting, but exceeding, our sustainability goals.

Energy Efficiency Initiatives for 2025 and onwards

- All lights will be converted to LED lights.



WATER SUSTAINABILITY

In 2024, our water sustainability efforts within the faucets production division were met with a series of challenges. The increase in production volumes, coupled with the addition of new machinery, led to a rise in overall water consumption by 27.54%. While this presented an obstacle, we remained determined to find solutions that would allow us to continue advancing our sustainability goals. Despite these challenges, we are proud to report that the water intensity of production remained steady, aligning with 2023 levels, thanks to our ongoing commitment to optimizing water use.

A standout achievement amidst these difficulties was the successful reuse of 406 m³ of wastewater each month. Through innovative recycling initiatives—repurposing water from washroom flush tanks, as well as from chiller and boiler systems—we were able to significantly reduce our reliance on freshwater, all while maintaining the efficiency and pace of production. This accomplishment highlights our resilience and ability to adapt and innovate even when faced with complex challenges.

Water Sustainability Initiatives for 2025 and onwards

- Water efficiency: Optimize water use, ensuring sustainable growth without increasing consumption.

WATER INTENSITY



INCREASE IN PRODUCTION



WASTE AND CIRCULARITY

In our faucets production division, we are proud of the significant strides we've made in waste reduction and advancing circularity. We have successfully achieved a 100% reuse rate for all rejected pieces, reintegrating them back into the production process, ensuring that no material goes to waste. This approach reflects our dedication to creating a circular production model where every piece of material is valued and repurposed.

A key milestone in 2024 was our achievement in reducing carton waste by an impressive 20 tons per month. This was driven by the implementation of improved packaging practices and enhanced waste management systems. This accomplishment has had a major positive impact on the environment, supporting our broader sustainability objectives by significantly reducing the waste generated by our production processes.

Furthermore, we took steps to increase the efficiency of our material use by introducing a process to reuse scrap sand. By reprocessing this material, we have been able to achieve approximately 20% savings per month. Not only does this reduce waste, but it also optimizes our resource usage, demonstrating our commitment to the principles of a circular economy.

These achievements showcase the progress we've made and the hard work we continue to put into creating a more sustainable and circular production process. With each step, we are advancing toward a future where waste is minimized, resources are maximized, and our environmental footprint is continually reduced.



Waste and Circularity Initiatives for 2025 and onwards

- Waste Reduction: Aim to boost productivity, reduce grinding belt waste, and cut special waste by 1 ton monthly for sustainability.

Sustainable Logistics

At RAK Ceramics, we're committed to reducing our environmental impact through smarter logistics and procurement. In 2024, we saved around 856,000 kilometers through improved boggy trip performance, which also led to diesel savings of IG 30,000.

By shifting to multimodal transport for raw materials, we have significantly reduced road transport for export containers. Annually, our use of rail freight has cut road distance by 1.2 million kilometers, avoiding 2,328.44 tCO₂e emissions. Additionally, our transition to sea freight has replaced 28,671 nautical miles of road transport, preventing approximately 1.1 million tCO₂e emissions.

In 2024, we further enhanced sustainability by replacing a diesel forklift with a battery-operated model in our carpentry shop, cutting annual diesel consumption by 300 Imperial gallons.

Looking forward, we're exploring carbon capture and biogas generation from solid waste, with plans for implementation in 2025.

↓ 1.2M km

Reduction in road movement by using rail transport saving

2,328.44 tCO₂e emissions

↑ 28,671 Nautical Miles

Savings in annual travel of raw material transportation by sea freight compared to road in 2024 saving

1.1 million tCO₂e emissions

↑ 30,000 IG

Of Diesel Savings in 2024 through improved boggy trip performance

Air Pollution

As part of our ongoing commitment to sustainability, we have made significant strides in reducing our environmental footprint, particularly in the area of air pollution. One of the key pollutants we have focused on reducing is Nitrous Oxides (NOx), which are primarily produced during combustion processes. Over the past year, we are proud to report a notable decrease in NOx emissions, thanks to the implementation of advanced technologies and optimization of our operations. This reduction is a clear reflection of our dedication to minimizing harmful air pollutants and mitigating the impacts of climate change. The decrease in NOx is also significant in reducing the formation of ground-level ozone, a key contributor to smog, as well as improving air quality in surrounding communities.

However, the increase in Sulfur Oxides (SOx), Total Suspended Particles (TSP), and Carbon Monoxide (CO) presents a challenge that we must address moving forward. These increases are primarily due to the rise in production volumes driven by increasing market demand. As production capacity expands, certain emissions have risen as a natural byproduct of this growth. SOx emissions have increased as a result of higher fuel consumption in our manufacturing processes, while TSP and CO levels have been affected by intensified operational activities.

While these increases are a reflection of the growing demand for our products, we are actively working to find solutions to mitigate these emissions. We are exploring the adoption of cleaner technologies and renewable energy sources to power our operations. Additionally, we are reviewing our production processes to identify areas where energy efficiency can be improved and emissions can be reduced.

Pollutants	mg/Nm ³ Ave./hr.	
	2023	2024
NOx	2351.03	2,138.15
SOx	346.68	810.22
Total Suspended Particles (TSP)	446.24	738.6
CO	1946.87	2276.76

Emissions

OVERVIEW

Understanding our responsibility in minimizing emissions, we are committed to addressing climate change. Therefore, we focus on enhancing environmental stewardship across our value chain, sourcing raw materials sustainably, and optimizing manufacturing efficiency. Our approach to equipment and production processes prioritizes resource reduction and effective management.

EMISSIONS RESULTS 2023-24

We have been reporting our carbon emissions since 2019. In 2022, we updated our emission calculation methodology to align with the UNFCCC calculator. In 2023 and for 2024, we calculated our emissions as per this methodology as well. In 2023-24, our total operational emissions decreased by 7.22% and emissions intensity of sales decreased slightly by 0.19%. Key highlights on our emissions from 2023-24 are discussed below:

SCOPE 1 EMISSIONS

Between 2023 and 2024, our Scope 1 emissions saw a decrease of 6.53%, driven by several key initiatives:

- **Natural Gas:** As the largest contributor to our Scope 1 emissions, natural gas usage decreased by 6.57% (Kt CO2e) compared to 2023. This reduction was achieved through the replacement of heavy fuel oil engines with natural gas engines, along with improvements in Variable Frequency Drives (VFDs) and enhanced heat recovery systems in our kilns. Additionally, our two cogeneration plants, which utilize gas turbines and exhaust air for ceramic spray dryers, have played a significant role in further reducing natural gas consumption.
- **Diesel:** We reduced diesel usage by enhancing boggy trip performance and transitioning from diesel forklifts to battery-operated models.
- **Fuel Oil:** Following the conversion of all engines to natural gas in 2023, our fuel oil consumption was reduced to zero.
- **Petrol:** The most notable reduction came from petrol consumption, which dropped by 68.41% from 2023 to 2024. This was primarily driven by the shift from road to rail for transporting goods.
- **Refrigerants:** Emissions from refrigerants declined by 2.74% (Kgs), thanks to investments in more efficient and advanced HVAC systems.

Emissions in 2022-24 by Scope (kt CO2e)

Emission Sources	Unit	2022	2023	2024	2023-24 % Change
Natural Gas	kt CO2e	353.20	387.18	361.76	-6.57%
Diesel	kt CO2e	11.70	7.69	7.18	-6.63%
Fuel Oil	kt CO2e	0.76	0		0%
Petrol	kt CO2e	0.03	0.11	0.03	-68.41%
Refrigerants	kt CO2e	5.31	5.11	4.97	-2.74%
Total Scope 1	kt CO2e	371.01	400.08	373.96	-6.53%
Electricity purchased	kt CO2e	11.92	10.11	6.60	-30.11%
Total Scope 2	kt CO2e	11.92	10.11	6.60	-34.72%
Total Operational Emissions	kt CO2e	382.93	410.19	380.56	-7.22%
Total Revenue	Billion AED	3.52	3.45	3.14	-8.99%
Emissions Intensity	kg CO2e / 000 AED	108.79	160.65	165.59	3.08%

↓ 34.72 %

Decrease in Scope 2 emissions compared to 2023

↓ 7.22 %

Decrease in Total Operational emissions compared to 2023

SCOPE 2 EMISSIONS

Between 2023-24, our Scope 2 emissions decreased by 34.72%. In our Scope 2, we only calculate electricity purchased, and exclude electricity generated from our power plant, as the natural gas used to fuel the power plant, is included in our Scope 1 emissions.

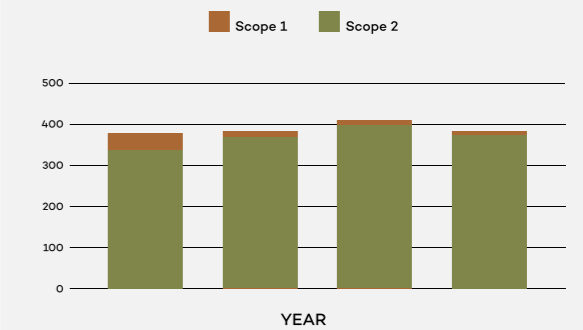
PROGRESS TOWARDS CLIMATE ACTION

We have taken several strides in the last few years to reduce and optimize our energy consumption, which includes, but is not limited to setting up 3 cogeneration plants, undertaking heat recovery, and replacing our chillers with cooling towers. We aim to continue these efforts in the future, with all our divisions exploring and undertaking the latest energy efficiency measures on an annual basis.

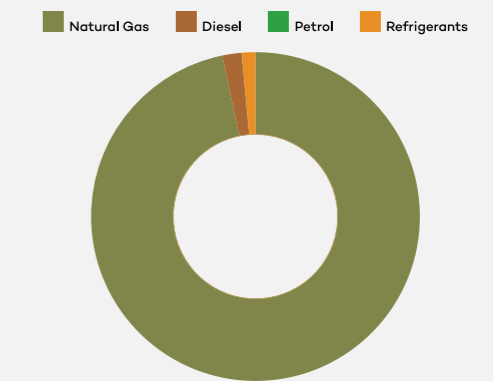
CARBON CAPTURE UTILIZATION AND STORAGE (CCUS)

Furthermore, we are actively developing Carbon Capture, Utilization, and Storage (CCUS) within an industrial symbiosis framework, with the goal of making it operational in the coming years.

TOTAL EMISSIONS FROM 2021-24 (ktCO2e)



SCOPE 1 EMISSION SOURCE BREAKDOWN IN 2024 (ktCO2e)



Initiatives for 2025

- **Global and Scope 3 Carbon Calculations:** Continue to work towards capturing our global carbon footprint, and Scope 3 emissions.
- **Energy Efficiency:** Continue our efforts & investments towards energy savings across all our product lines.
- **CCUS:** Continue to work towards CCUS operationalization.



**PILLAR 2:
PEOPLE & COMMUNITY**

Diversity & Inclusion | Emiratization

OVERVIEW

RAK Ceramics employs approximately 5,184 individuals across the Group, with a strong commitment to creating a diverse and inclusive workplace where every employee has the opportunity to contribute to the company's growth. We ensure equal employment opportunities, fair advancement prospects, and equitable remuneration, regardless of age, race, color, religion, gender, or disability. In 2024, we successfully onboarded 478 new employees in UAE, further strengthening our workforce to support increased production capacities and drive continued business success.



5,184

Employees across the Group

EMIRATIZATION

We remain committed to strengthening our workforce with national talent in support of the UAE's Emiratization goals outlined in the 2021 vision, and in line with the Federal Decree-Law No. 33 of 2021 Regarding the Regulation of Employment Relationship, which outlines various aspects of labor relations, including Emiratization targets. Our Human Resources team collaborates closely with the Ministry of Human Resources and Emiratization to enhance the representation of Emiratis within our organization. In 2024, Emiratis made up 10.8% of our administrative workforce, reflecting our ongoing dedication to this important initiative.

10.80%

Employees of local nationality in alignment with the Emiratization law

2.64

Gender pay ratio in 2024

30%

Females in Administrative Roles

DIVERSITY & INCLUSION

In 2024, women made up 30% of administrative employees, an increase from 2023. Gender diversity in Sales and Advocacy functions improved from 1W:3M to 1W:2M, and despite a reduction in overall headcount, female employees increased to 204. We maintain a zero-tolerance policy on gender pay gaps, with women earning 2.64 times more than men on average. Additionally, ethnic diversity in Sales & Advocacy, B2B, and Retail Sales was enhanced to improve representation and meet local market language needs.

Ratio of Total Remuneration – Women to Men		
	2023	2024
Band 1 (para professionals)	2.46	2.55
Band 2 (professionals)	1.67	1.71
Band 3 (middle management)	1.09	1.09
Total Gender Pay Ratio	2.56	2.64

Initiatives for 2025

- ASCEND program: ASCEND roll out is scheduled for Q1 2025, draft has been submitted and presented to businesses. The ASCEND program at RAK Ceramics reflects our commitment to fostering employee development and promoting sustainable advancement.
- Gender Diversity: Enhancing gender diversity at the Senior Management level is a key priority for 2025 and onwards.

Employee Safety & Wellbeing

EMPLOYEE HEALTH & SAFETY OVERVIEW

At RAK Ceramics, we prioritize the safety and well-being of our employees, recognizing that a secure and healthy workplace is essential for their happiness and productivity. Below is an overview of our Health & Safety Framework:

- 1. Health and Safety Policy:** Our comprehensive policy aligns with UAE Regulations, including ISO 45001 and OSHAD Code of Practice, alongside international best practices. It extends to all employees, contractors, and visitors across our production units, office buildings, workers' accommodations, and workshops, aiming to prevent accidents, injuries, and occupational illnesses.
- 2. Health & Safety Governance:** Our dedicated EHS and Facility Management team oversee the day-to-day management of our health and safety systems. A Safety Committee comprising representatives from various departments meets regularly to address safety concerns and propose necessary controls.
- 3. Monitoring & Audits:** Our NEBOSH certified safety officers and technical team conduct daily monitoring, semi-annual internal audits, and routine inspections to identify hazards, control risks, and identify areas for improvement. All machinery moving parts are properly guarded, and regular risk assessments and plant inspections are conducted.
- 4. Safety Protection, Trainings & Awareness:** We prioritize employee safety through comprehensive safety induction training for all employees, visitors, and contractors. Strategic display of safety bulletins and hazard posters enhances awareness, while provision of dust masks and earplugs mitigates health risks associated with dust, noise, and silica exposure. Regular safety trainings further enhance awareness and knowledge. This year, we increased the topics of Environmental, health and safety tool box talks.
- 5. Employee Reporting:** Our EHS team operates a 24-hour hotline for reporting unsafe conditions, accidents, or incidents. Upon receiving a report, internal investigations are promptly conducted, and appropriate control measures are implemented to prevent recurrence.

6 Managing Specific Safety Risks: Measures to mitigate specific safety risks include air quality testing, dust collector systems, and provision of personal protective equipment (PPE) such as dust masks for respiratory protection against dust and chemical exposure. Installation of silencers and provision of earplugs address high noise levels to prevent hearing problems.

The number of major work-related injuries in 2024 was 24, while recorded minor work-related injuries was 178. This increase, and the increase of TRIR of RAK Porcelain (1.91 to 2.54) and Kludi RAK (0.87 to 2.72) is the result of thorough data capturing and enhancement training for incidents accident reporting. Our audits have identified and resolved 2,218 EHS hazards in 2024.

Through our initiatives and continuous improvement, we remain committed to fostering a safe and healthy workplace for all our employees.

Department	Work Related Injuries (TRIR*)		
	2023	2024	% change
Tiles	2.92	2.71	-7.21%
Sanitaryware	1.75	1.53	-13%
Kludi	0.87	2.72	68%
Porcelain	1.91	2.54	25%
Overall	1.86	2.21	21.5%

EHS Hazards identified & resolved in 2024

*TRIR: Number of incident / Total number of employee hours worked in a year X 200,000

Initiatives for 2025

Health and Safety Framework: Continue to make efforts towards our Health & Safety framework, by identifying & resolving hazards, and eliminating work related injuries.

Employee Safety & Wellbeing (contd.)

EMPLOYEE WELLBEING OVERVIEW

At RAK Ceramics, we firmly believe that our employees are our most valuable asset, and their safety and well-being are our top priorities. We are unwavering in our commitment to providing comprehensive medical insurance to all staff and implementing a range of healthcare initiatives throughout the year. By consistently prioritizing the health and welfare of our team, we foster a supportive and thriving work environment where employees can excel. This dedication goes beyond supporting our workforce—it is integral to our broader vision of becoming a global leader in delivering innovative ceramic lifestyle solutions.

Employee Benefits	Description
Life Insurance	All employees are covered under the Company's Group life insurance policy, which covers disabilities due to work accidents or a work-related demise.
Medical Insurance	All employees are provided with medical insurance covering all work-related and non work-related ill health or injuries and free health check-ups.
Workman Compensation Insurance	All employees are covered under the Company's Group Workman Compensation Insurance, which covers loss of salary due to a work-related accident/injury.
Annual Health Screening	We partner with RAK Medical Center to provide annual health screening and eye examinations for those employees who work in hazardous conditions inside the factories. Any individuals who are identified as "high risk" are provided with one-on-one counselling and briefed on how to improve their health and lifestyle.
Monthly Wellness Campaigns	We organize monthly awareness campaigns on a variety of topics including how to avoid heatstroke, and the common signs of Hepatitis A and C.
Employee Welfare Fund	A welfare fund has been established by the company to help and support employees in serious need of monetary help due to accidents, medical emergencies for self and/ or immediate family members and other approved expenses to the extent not covered by insurance or any other source. The welfare fund is managed by a committee formed for this purpose who shall be the authority for sanctioning of financial help for those in need. The management of the welfare fund shall be governed by the Employee Welfare Fund Policy
Transportation and Accommodation	Employees are provided with accommodation in accordance with the Accommodation Policy. If no accommodation is provided, employees are provided with an accommodation allowance determined by their respective pay grades. Free transportation is provided to all employees residing in Ras Al Khaimah, United Arab Emirates.
Other Leave	All female employees are eligible for 90 days of maternity leave in accordance with UAE Laws (45 days paid and 45 days unpaid). We also provide special leave for Haji/Umrah and on a case-by-case basis.
End of Service Benefits	Employees are provided end of service compensation in accordance with UAE Laws.
Travel Allowance	All employees are granted leave travel allowance, graded according to their Company designation, paid at prevalent market rates.
Counselling for employees	Counselling of employees as per requirement
Sports Activities	We provide recreational facilities including a gym, basketball, volleyball, badminton courts and a football field and organize regular sports tournaments.

Employee Training

OVERVIEW

At RAK Ceramics, we are dedicated to fostering a culture of continuous learning and development to empower our employees across all levels. In 2024, we focused on key training areas such as Manufacturing Excellence, Managerial Effectiveness, the Code of Conduct, and Induction Training. These programs were designed to enhance both technical and leadership capabilities, ensuring that every employee is equipped with the skills needed to contribute to the company's success. We also conducted regular performance reviews to align individual goals with organizational objectives, supporting personal growth and professional advancement. With training programs tailored for both administrative and factory roles, we remain committed to building a highly skilled, efficient, and responsible workforce.

RECRUITMENT POLICY - GRADUATE ENGINEER TRAINEES (GETS) AND MANAGEMENT TRAINEES (MTs)

Continuing from 2023, when we implemented a Recruitment Policy for Graduate Engineer Trainees (GETs) and Management Trainees (MTs) to diversify our workforce, we continue to strive to bring fresh perspectives to our workforce. By developing structured 3 to 4-year career plans, this initiative attracts top graduates from leading global universities. Through continuous investment in their growth, we shape future leaders who embody our values of excellence and innovation, reinforcing our commitment to talent development and long-term success.

PROFESSIONAL TRAININGS FOR CAREER ADVANCEMENT

In 2024, we reinforced our commitment to employee development by significantly investing in training initiatives across our manufacturing plants. These comprehensive programs focused on enhancing both technical and behavioral competencies, fostering a culture of excellence and innovation. By prioritizing technical skill development, we equipped our workforce with the expertise needed to excel in an evolving industry landscape. With a focus on technical competencies, including Lean manufacturing principles, Six Sigma, and Total Productive Maintenance, coupled with programs targeting soft skills such as Sales & Service Excellence (continued from 2023) and Manufacturing Excellence, Managerial Effectiveness, the Code of Conduct, and Induction Training in 2024. We also developed a skill development academy to develop casters in-house. Our training efforts totaled to 109,254 man-hours, reaching 2,645 unique participants. Our dedication to continuous learning and employee growth remains steadfast, driving both long-term success and sustainable progress.

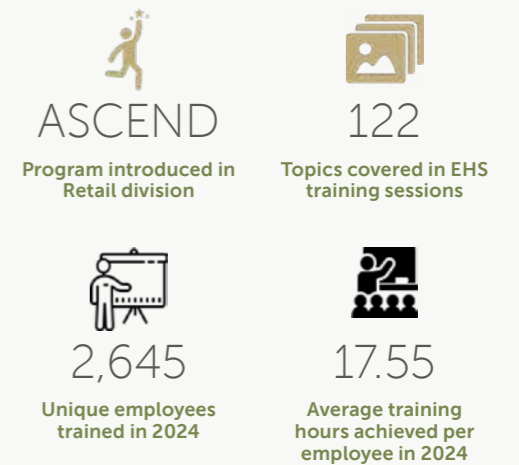
ASCEND: DRIVING SUSTAINABLE PROGRESS

The ASCEND program at RAK Ceramics embodies our dedication to empowering employee growth and driving sustainable progress. Introduced to support career

advancement in our Retail division, ASCEND offers clear pathways for employees, encouraging professional development through two distinct career paths: Managerial and Specialist. By investing in employee growth, ASCEND fosters a culture of continuous learning and inclusivity, promoting equal access to opportunities and strengthening organizational resilience. As a cornerstone of our commitment to sustainable business practices, ASCEND enhances employee engagement, retention, and productivity, contributing to a more dynamic and agile workforce. This program will be scaled to all divisions in 2024.

ENVIRONMENT, HEALTH & SAFETY TRAININGS

In 2024, we maintained a strong focus on ensuring the safety and well-being of our workforce through comprehensive training sessions covering environmental, health, and safety protocols. With 122 topics covered in our training sessions in 2024, compared to 78 in 2023, we provided essential knowledge and skills to navigate potential risks effectively, encompassing areas such as hazard identification, emergency procedures, and general maintenance, reinforcing our commitment to upholding the highest standards of workplace safety.



Initiatives for 2025

- Number of Training Manhours: For 2025, RAK Ceramics has partnered with a leading online provider with a target of 10,000 manhours for Sales and Administrative staff, this will be on top of the trainings conducted for Manufacturing. The target number of training manhours per person will be 20.
- Expand ASCEND: Progress with Purpose to all divisions in the company.

Community Investment

OVERVIEW

In line with our Company's strategic goals and our dedication to Corporate Social Responsibility (CSR), we continue to focus on advancing our CSR initiatives and community development efforts. We are excited to share that in 2024, we have maintained strong progress in our CSR activities, making notable strides across all strategic areas. In fact, we invested 0.29% of our net profit into CSR initiatives to support local communities. Our ongoing commitment to improving the quality of life for those we serve and promoting responsible, sustainable innovation remains a key driver of our business growth.

EMPLOYEE ENGAGEMENT IN OUR COMMUNITY

This year, we prioritized employee engagement through a variety of cultural, health, and wellness initiatives that fostered unity and inclusivity across our workforce. We celebrated key events such as UAE National Day, Christmas, International Women's Day, and the arrival of Ramadan, creating meaningful connections through shared experiences. Sporting events like Chess and Table Tennis tournaments encouraged teamwork, while our sustainability-focused Christmas celebration highlighted environmental consciousness. These events were complemented by health initiatives, including participation in the Terry Fox Run and awareness campaigns on Cancer and Heart Health, reinforcing our commitment to employee well-being.

In addition to internal engagement, we deepened our commitment to social responsibility through impactful CSR initiatives. Our employees participated in the Joy of Giving campaign with the Red Crescent, contributed to the UAE Stands with Lebanon campaign, and marked Earth Day with sustainability-focused activities. These initiatives demonstrate our ongoing dedication to both social and environmental causes, ensuring that our corporate culture extends beyond the workplace to create positive, meaningful change in the community and the world at large.



UAE Flag Day Celebration



Student Knowledge Sharing - Georgetown and Westford Universities



UAE Clean Up Day



Health awareness program conducted for blue collars



'For Our Emirates We Plant' with Emirates Environmental Group (EEG)



Earth Day Annual Tree Planting



**PILLAR 3:
GOVERNANCE**

Corporate Governance

OVERVIEW

We believe that strong corporate governance is fundamental to operating a responsible, profitable, and sustainable business that delivers value. Our commitment to corporate governance enhances management accountability, safeguards the interests of shareholders and stakeholders, and supports our broader community. To uphold these principles, we have implemented a comprehensive set of governance policies and procedures aligned with global best practices and fully compliant with UAE regulations, including Resolution No. 3 of 2020 issued by the Securities and Commodities Authority (SCA) on Corporate Governance Rules and Corporate Discipline Standards. This ensures the highest level of oversight by our Board of Directors, Executive Management, and employees.

BOARD

The Board is accountable to the Company's shareholders for creating and delivering sustainable value through prudent management of its business and associated

risks. In particular, the Board is responsible for strategic direction, supervision of management, and ensuring adequate controls to drive success and long-term value creation. The Board plays a central role in the Corporate Governance Framework by ensuring compliance with legal and regulatory obligations, the Company's Memorandum and Articles of Association, and its duties toward shareholders.

COMPOSITION OF THE BOARD OF DIRECTORS

The current Board consists of seven members:

- The Chairman (Non-Executive, Independent)
- The Vice Chairman (Non-Executive, Non-Independent)
- Two Non-Executive & Non-Independent Directors
- Three Non-Executive & Independent Directors

INDEPENDENCE OF BOARD MEMBERS

The Board comprises four non-executive & independent members and three non-executive & non-independent members, meeting the requirements of Article (9/5) of Resolution No. 3 R.M of 2020 issued by the Securities and Commodities Authority (SCA) concerning Corporate Governance.

Board members are elected every three years. In the event of a vacancy, the Nomination and Remuneration Committee (NRC) recommends candidates for Board selection. The term of the current Board Members expires on 25 March 2027.

BOARD COMMITTEES

The Board has two permanent committees that enhance governance and oversight:

- Audit & Risk Committee (ARC) – Provides oversight of financial reporting, internal controls, and risk management.
- Nomination and Remuneration Committee (NRC) – Handles Board appointments, executive remuneration, and succession planning.

Additionally, the Board oversees the Insider Trading Committee and the Disclosure Committee as part of its governance responsibilities.

BOARD DIVERSITY

Our Board consists of six male members and one female member. The female Board member serves as the Chairperson of the Audit and Risk Committee, reflecting the Company's commitment to diversity and inclusivity at the highest governance level.

BOARD PERFORMANCE

The Board conducts regular self-evaluations to assess performance, identify areas for improvement, and enhance governance effectiveness.

CONFLICT OF INTEREST

The Company has a robust Conflict of Interest Policy applicable at both the Board and workforce levels. Potential conflicts among employees are investigated and reported to the Board as needed.

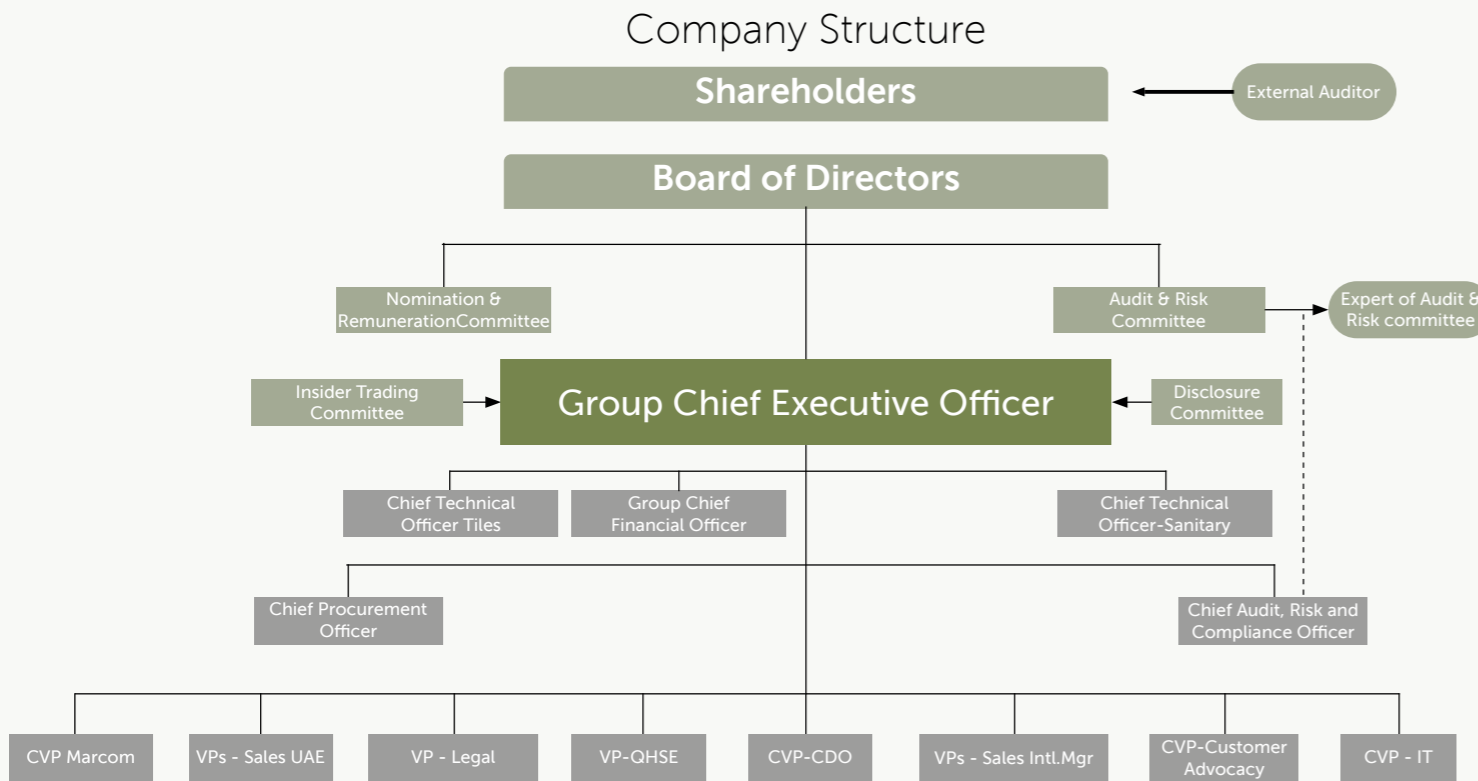
Board members must disclose any potential conflicts of interest before Board meetings, ensuring transparency and accountability.

SUSTAINABILITY GOVERNANCE

There is a structured two-way communication process for sustainability matters, including impacts and critical concerns. The Executive Management escalates key issues to the Board, while the Board provides strategic direction and guidance to address these matters, delegating responsibilities as necessary. These communication channels operate on a quarterly and annual basis, complementing performance discussions, with additional meetings convened as needed. Continuous monitoring and feedback mechanisms ensure progress aligns with the Board's directives on sustainability. Additionally, the ESG Report is regularly presented to the Board for review and oversight.

REMUNERATION POLICIES

We maintain a comprehensive and transparent Remuneration Framework to determine the compensation of different bands and grades of employees.



RAK CERAMICS ORGANIZATIONAL CHART

FURTHER INFORMATION ABOUT OUR CORPORATE GOVERNANCE IS DETAILED IN OUR CORPORATE GOVERNANCE REPORT.

Ethics

From a corporate governance perspective, the main focus in 2024 was to ensure continuing compliance with the applicable laws of the United Arab Emirates, regulations governed by the Securities and Commodities Authority (SCA), the Abu Dhabi Securities Exchange (ADX) and the Articles of Association of the Company (AoA). We regularly update our policies, such as the Code of Conduct, Conflict of Interest, Whistleblowing Policies, and Dividend Policy. We are committed to respecting the rights of all stakeholders through the adoption of the highest standards of governance resulting in transparency and integrity in all our dealings and disclosures.

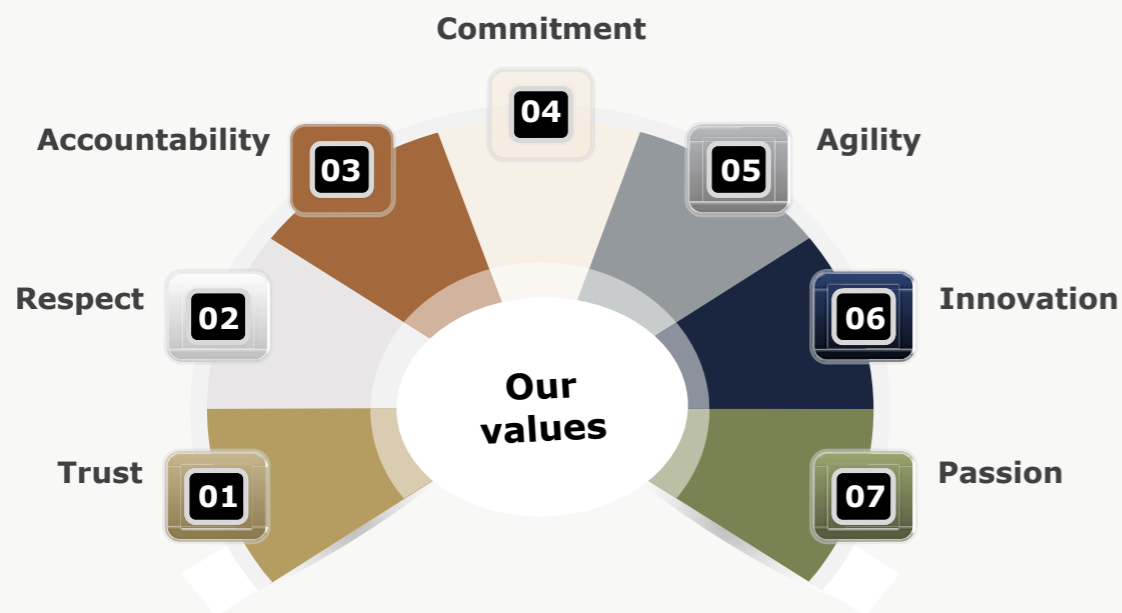
Members of the Board of Directors, executive management and employees ("Our People") in the Company are aware of the Anti-Corruption Policies and must adhere to the guidelines noted in the Anti-Corruption Policies during their employment with our Company. In particular, the Company's Code of Conduct outlines the minimum standards of business and ethical conduct that we expect our people to adhere to, in order to maintain our vision of zero corruption. The Code of Conduct does not cover all possible situations that may occur, but provides guidance on day-to-day activities, so that our people can 'do the right thing'. Any person who fails to comply with the Anti-corruption Policies will be subject to disciplinary measures, including but not limited

to warning, or termination. To emphasize the importance of the Anti-Corruption policies, management routinely communicates the key details from the Anti-Corruption Policies, through emails, memos and in Company meetings.

We maintain a comprehensive grievance reporting mechanism that is accessible to all our employees. We ensure that employees are made aware of this mechanism and the process of utilizing it to report concerns.

List of aspects covered in our Code of Conduct

- Purpose of global code of conduct
- Guiding principles
- Statutory compliance, rules and regulations
- Conflict of interest
- Corporate commitment
- Customer relation
- Dealing with suppliers
- Accounting records maintenance
- Public communications

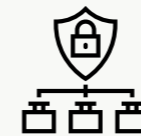


Data Protection

At our company, we are committed to driving sustainable growth through digital transformation across all of our plants. We are enhancing operational efficiency and contributing to our Environmental, Social, and Governance (ESG) goals by leveraging cutting-edge technologies that promote sustainability and transparency. For example, our enhanced GPS pallet tracking system helps optimize warehouse logistics, reducing energy consumption and waste while improving inventory management accuracy. We've also introduced Proof of Delivery (POD) systems and ERP enhancements to streamline operations, ensuring efficient production, timely deliveries, and improved customer satisfaction. In our pursuit of sustainability, we've implemented a barcode system for sanitaryware products, ensuring better traceability, resource management, and improved quality control, all of which reduce waste and promote responsible production practices. Additionally, through innovations like our automated Financial Consolidation process and demand forecasting systems, we are ensuring the efficient use of resources and reducing operational waste across multiple levels of the company.

The focus on sustainability extends beyond our production processes. We've standardized network infrastructure to enhance security and minimize environmental impact, as

well as optimized our printer fleet to reduce print volumes and waste. Our commitment to reducing our carbon footprint is also evident in our investments in renewable technologies and efficient systems, such as the Helpme portal for IT requests and RAKCARE's digital warranty program, which promote transparency and accountability. Moreover, we are empowering our workforce with tools that enable smarter decision-making, like the robotic automation of supplier orders, and improving customer engagement with innovations like RAKSCAN, which provides quick and easy access to product details. Furthermore, we've standardized website technologies and optimized cloud hosting across Kludi, RAK Ceramics, and RAK Porcelain. This alignment of e-commerce platforms and hosting infrastructure not only ensures greater integration and efficiency but also supports a more sustainable digital footprint by improving energy use and minimizing the environmental impact of our online services. By integrating these technologies, we not only improve internal processes but also contribute to long-term environmental and social sustainability. With these efforts, we are continuously evolving to ensure that sustainability is at the core of our business practices, aiming for a greener, more efficient future.



Network Security

Protect networks from attack, filter out unauthorized access and malicious content.



User Education & Awareness

Educating users on security policies and create awareness of cyber risk.



Managing user Privileges

Limit the number of privileged accounts, user privileges plus monitor and control user activity.



Incident management

Incident response and disaster recovery capability.



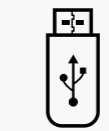
Home and Mobile Working

Protect data both in transit and at rest.



Malware Prevention

Anti-malware defenses across the organisation.



Removable media Controls

Control all access to removable media. Scan all media for malware before importing onto the corporate system.



Patch Management

Keeping software on computers and network devices up to date and capable of resisting low-level cyber attacks.



Monitoring

Continuously monitoring all systems and networks. Analyze logs for unusual activities.



Risk Management

Risk identification and migration.



**PILLAR 4:
RESPONSIBLE BUSINESS &
RESPONSIBLE EMPLOYER**

Sustainable & Responsible Procurement

OVERVIEW

Our raw materials are procured locally from Ras Al Khaimah, and from Europe, India, Indonesia, Thailand & Malaysia. We focus on procuring raw materials of the highest standard that meet our sustainability criteria. Our Sustainable & Responsible Procurement efforts are focused on 4 different streams.

- First, we ensure verification of all our new suppliers through self assessment questionnaires to ensure our requirements for quality, health & safety and labour practices are being met, such as zero child labour. Further, we conduct audits of all our strategic suppliers.
- Second, we work towards increasing the % of our local suppliers and local raw materials.
- Third, we undertake R&D to reduce the volume of imports in our production.
- Fourth, we place a heavy focus on procuring packaging material that is recycled or recyclable.

1. SUPPLIER VERIFICATION & AUDITS

We place high importance on dealing with suppliers who conduct ethical business practices and our focus is ensuring that at a minimum our suppliers have adequate health and safety stands in place and do not partake in child labor. Prior to becoming a supplier for our Company, it is mandatory for all key suppliers to complete a Supplier Assessment Questionnaire, which outlines the minimum requirements for quality, environmental practices, health and safety and ethical standards. We will continue to work on our supply chain strategy, so it continues to meet the demands of the business and is in line with our stakeholder values.

Questions are related to availability of Health and Safety Policy, risk assessments, monitoring, MSDS, accident reporting and records, PPE, evacuation procedures, on-site machinery safeguards, first aid, fire & safety precautions, noise pollution control and worker training. We also conduct audits of all our strategic suppliers such as our high volume and high risk suppliers

2. LOCAL PROCUREMENT

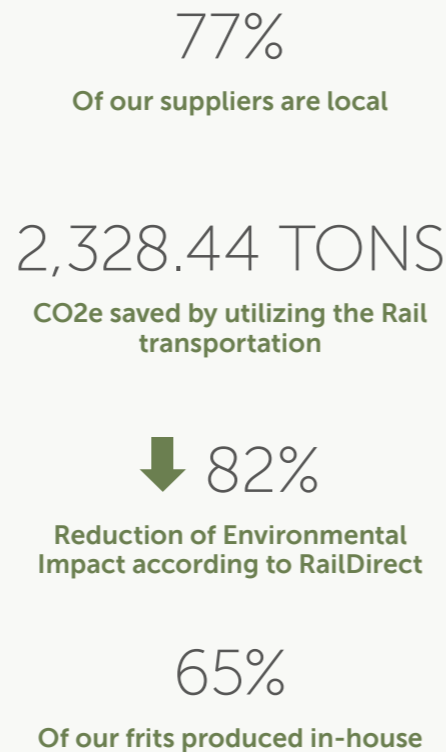
77% of our suppliers were local in 2024. reducing transportation emissions by shifting raw material sourcing closer to our production facilities—cutting over 28,000 nautical miles in transport.

3. RAIL TRANSPORTATION

By choosing rail over road for the transportation of goods, we have significantly reduced CO2 emissions. We avoided 2,328.44 tCO2e of CO2 emissions, with only 511.14 tCO2e emitted. This results in an 82% reduction in environmental impact.

4. IN-HOUSE FRIT PRODUCTION

In 2024, we also began producing 65% of our frits in-house, reducing imports and supporting a circular economy. We're reusing around 200,000 MT of waste material annually, which helps minimize raw material usage.



Initiatives for 2025

Supplier Guiding Principles: We are currently working towards developing Supplier Guiding Principles to improve sustainability within our supply chains.

Technological Innovation in Production

WORLD'S MOST EFFICIENT SANITARY KILN

We consistently invest in cutting-edge manufacturing technologies and sustainability initiatives, as detailed in the Environment section of this report. Our key priorities include enhancing energy and water efficiency while expanding circular economy practices across our operations.

This year has been a milestone for innovation and sustainability, with significant investment in this state-of-the-art kiln, reinforcing our commitment to energy efficiency, advanced automation, and a greener manufacturing future.

At 162m long and 4m wide, this kiln processes 1.4 million units annually and is adaptable to 100% hydrogen fuel. Its versatile cycle speeds adjust to production demand. With 45% lower fuel consumption than tunnel kilns and 70% lower than shuttle kilns, it operates at 715 Kcal/kg ware and 0.025 kWh/kg ware, ensuring significant energy savings.

DIGITAL TRANSFORMATION ROADMAP

In 2024, we made significant strides in driving sustainable growth through digital transformation across all our plants. By leveraging cutting-edge technologies to enhance efficiency, transparency, and environmental responsibility, we actively contributed to our Environmental, Social, and Governance (ESG) goals.

This year, we introduced an advanced GPS pallet tracking system to optimize warehouse logistics, reducing energy consumption and waste while improving inventory management accuracy. We also implemented Proof of Delivery (POD) systems and ERP enhancements to streamline operations, ensuring efficient production, timely deliveries, and enhanced customer satisfaction. Furthering our commitment to sustainability, we launched a barcode system for sanitary ware products, improving traceability, resource management, and quality control—ultimately minimizing waste and promoting responsible production practices. Additionally, innovations such as our automated Financial Consolidation process and demand forecasting systems strengthened resource efficiency and reduced operational waste across multiple levels of the company.

Our commitment to sustainability extended beyond production. In 2024, we standardized network infrastructure to enhance security while minimizing environmental impact and optimized our printer fleet to reduce print volumes and waste. Our efforts to lower our carbon footprint were further reflected in investments in renewable technologies and efficient systems, including the Helpme portal for IT requests and RAKCARE's digital warranty program, which enhanced transparency and accountability.

Empowering our workforce remained a priority, and in 2024, we introduced robotic automation for supplier orders, ensuring smarter decision-making and efficiency. On the customer engagement front, we launched RAKSCAN, a tool that provides quick and easy access to product details. Additionally, we standardized website technologies and optimized cloud hosting across Kludi, RAK Ceramics, and RAK Porcelain. This alignment of e-commerce platforms and hosting infrastructure enhanced integration, improved energy efficiency, and minimized the environmental impact of our digital operations.

By integrating these technologies, we not only improved internal processes but also reinforced our long-term commitment to environmental and social sustainability. As we move forward, sustainability remains at the core of our business, driving us toward a greener, more efficient future.

Quality and Product Compliance

OVERVIEW

At RAK Ceramics, delivering the highest quality products while maintaining a strong commitment to sustainability is at the core of our operations. We are dedicated to not only meeting but exceeding global standards and guidelines in quality, compliance, and environmental responsibility. Our focus on sustainability drives us to continuously improve our processes and ensure that we are minimizing our environmental footprint throughout our operations. To uphold these values, we actively pursue industry-leading certifications and participate in key platforms that align with international best practices for sustainability and responsible business conduct.

In our pursuit of excellence, we work towards obtaining certifications that reflect our dedication to producing sustainable and high-quality products. These certifications, along with our active participation in global sustainability platforms, ensure that we adhere to rigorous environmental and ethical standards. By aligning our practices with recognized global frameworks, we ensure that our products meet the highest quality benchmarks while supporting long-term environmental sustainability. The following section highlights the key certifications we have achieved and the platforms we are involved in, demonstrating our commitment to upholding responsible and sustainable practices in all aspects of our business.

KEY ACHIEVEMENTS FROM 2024

Quality & Sustainability Certification	Description
	ISO 5001:2018 Energy Management System is a voluntary standard for designing, implementing and maintaining an energy management system.
	ISO 27001 ensures the highest standards of information security management.
	ECO Label Certification is a voluntary method of environmental performance certification and labelling that is practiced around the world for products or services proven to be environmentally preferable within a specific category. RAK Ceramics was the first company in the UAE to receive the EcoLabel award by the RAK Environmental Protection and Developmental Authority
	SCS Global - Certain Series of tiles are manufactured with 100% recycled materials from wastes generated during the manufacturing process of ceramic tiles, sanitaryware and tableware.
	International standard that assesses the sustainability and environmental impact of ceramic tiles, ensuring compliance with eco-friendly production, resource efficiency, and social responsibility criteria.

CERTIFICATIONS / PLATFORMS MAINTAINED IN 2024

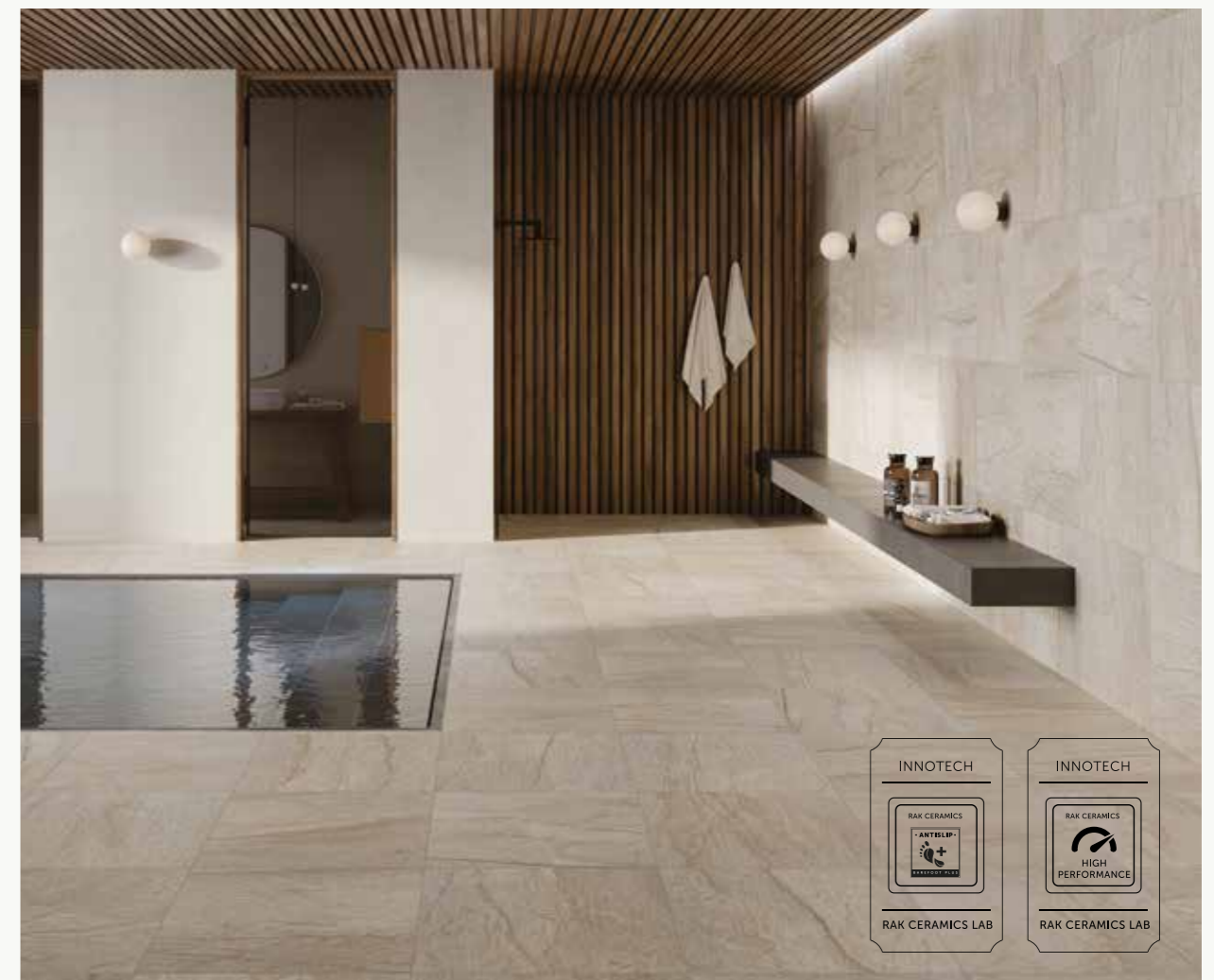
Quality & Sustainability Certification	Description
	All RAK Ceramics Tiles & sanitaryware s products have Environmental Product Declarations (EPD) following the CEN Norm EN 15804 standard, serves as the core PCR. Independent verification of the declaration according to ISO 14025 and ISO 21930, verified and certified by a third party. The product life cycle analysis was concluded following ISO 14040:2006, ISO 14044:2016, ISO 21930:2017 in line with the requirements of product category rules (PCR) regarding EN 15804 +A2:2019. In 2024, we updated our EPDs, to include environmental impact of product end-of-life, recovery and recycling. Our EPD results for 2023 indicate that we reduced the emissions of our product lifecycle by 98.91% from 516 to 5.61 kg CO2e.
	Platform to measure, monitor and take action on Scope 1, 2 and 3 emissions. We are now a part of this platform and utilize their tools to support our emission reduction efforts.
	Ecovadis focuses on supply chain sustainability, and provide a range of solutions, including assessing suppliers on sustainability performance and rating them on the same. In 2023, we participated in the Ecovadis supplier rating system as well.
	Kingfisher Packaging Sustainability Application is a platform that assess the sustainability of packaging materials. In 2023, we participated on the Kingfisher Platform as well.
	ISO 9001:2015 by internationally recognized UK certification body Ceramic Research Institute Certification Scheme for ceramic tiles and sanitaryware . This certification verifies that we have a quality management system in place that is compliant with the requirements of the standard, which covers design, development, production and supply of ceramics and sanitaryware .
	ISO 13006, EN 14411 and ANSI A137.1. We manufacture ceramic tiles in accordance with these standard specifications from the UK, Europe and USA.
	Our testing laboratory operates in accordance with ISO/IEC 17025 accredited by the National Association of Testing Authorities, Australia.
	Given for Ceramic, Porcelain Tiles, sanitaryware s. The Health Product Declaration (HPD) Open Standard provides for the disclosure of product contents and potential associated human and environmental health hazards. Hazard associations are based on the HPD Priority Hazard Lists, the GreenScreen List Translator, and when available, full Green Screen assessments.

Quality and Product Compliance (contd.)

Quality & Sustainability Certification	Description
	Given for Tiles, sanitaryware & Kludi: RAK Ceramics declarable substances list is regularly reviewed to include applicable regulations and customer requirements and to ensure that our suppliers are in line with our rules regarding the use of chemicals and hazardous substances. It defines RAK Ceramics declarable substances that our suppliers and subcontractors have to report in addition to regulated substances declarations.
	COY Certiquality Certification: DT55 ED 100915 (ISO/IEC 17067:2013) – This certification is given to construction products with a specified percentage of recycled materials. This has been awarded to Porcelain tiles produced from waste generated during the manufacturing process of tiles.
	NFPA 285: Standard Fire Test Method for Evaluation of Fire Propagation Characteristics of Exterior Wall Assemblies Containing Combustible Components.
	FloorScore: FloorScore is an independent certification program that test and certifies hard surface flooring and the materials they are made with, to ensure they are in compliance with stringent indoor air quality emissions.
	ISO 14001:2015 Environmental Management System, is a voluntary standard for designing, implementing and maintaining an environmental management system
	SMETA is the world's most widely used audit. Businesses use SMETA to understand and make improvements to working conditions and standards of labour, health and safety, environmental performance, and ethics in their business and supply chain. RAK Ceramics has completed the SMETA audit.
	The National In-Country Value (ICV) Program is a UAE government initiative designed to boost the local economy by prioritizing local suppliers and businesses in government procurement, fostering job creation, industrial growth, and economic diversification. In 2024 we received a score of 54.21%, meaning that 54.21% of our total spending contributes to the UAE economy, including local procurement, Emirati workforce employment, local investments, and manufacturing. This indicates moderate compliance with the National In-Country Value (ICV) Program.
	SCS Global certifies companies on Water Stewardship. Criteria includes responsible planning and management of water resources and using water in a way that is socially equitable, environmentally sustainable and economically beneficial. We are currently working towards this certification and aim to achieve this in 2024.

Sustainable Products

Our strategic initiatives in providing our customers with sustainable and innovative products and solutions that improve their quality of life centers on the principle of constant change and improvement. Our innovative prowess can be seen in the wide range of products we offer, which spans product types, styles, designs and price points to cater to the varying requirements and preferences of our customers. Some of our sustainable product offerings are discussed below:



Sustainable Products (contd.)

BATHROOM SOLUTIONS



RIMLESS TECHNOLOGY

- Hygienic and easy cleaning
- Water saving
- Efficient design
- Silent flush
- No ledges or rim



RAK-ProTeK, ANTIBACTERIAL AND HYGIENIC GLAZE

RAK-ProTeK is the innovative ceramic glaze developed to protect wash basin, toilets and urinals, to make them more hygienic and easier to clean. RAK-ProTeK, which is baked into the ceramic during firing, results to a smoother surface, unlike standard ceramic with irregular surface.

RAK JOY

The RAK-Joy wooden furniture collection respects the environment and the life of the furniture itself. All particleboard and mdf used in the construction of this striking furniture collection comes from responsible sources certified, respecting the forests, the people and wildlife who call them home.



TOUCHLESS FLUSHING

It utilizes emerging sensing technology, which projects an electromagnetic field that is both extremely accurate and reliable. This type of sensor detects the user in the projected field and initiates the dual flush: 6 Liters keeping the hand above the spot, or 3 Liters waving the hand.



RAK ECOFIX

Invisible built-in flushing systems combine functionality and aesthetics, saving space in every bathroom. The new and elegant push plates integrate perfectly with any style and design of dual flush systems to reduce water consumption.



RAK REEL FLUSH - THE "REEL FLUSH"

RAK Reel Flush is an innovative flushing system introduced in the latest RAK-Remal collection. It represents a leap forward in hygiene and toilet comfort. With its spiral water flush, it enhances the already excellent rimless system while reducing noise and achieving significant water savings.

Sustainable Products (contd.)

BATHROOM SOLUTIONS



RAKSOLITE

RAKSOLITE is an innovative material manufactured from a similar mix of natural minerals and resins but lighter than our durable solid surface material RAKSOLID. RAK-Ether is one of the finest innovation shower trays in RAKSOLITE which present slate like aesthetical characteristics while granting anti-slip safety.



RAK-MAXXFLUSH

This product enables water saving by allowing users to choose using the full flush or the half flush, with different flushing volumes: 6 Liters for the full and 3 Liters for the half flush. The cisterns can also be adjusted to flush with a reduced full flush volume at 4.5 Liters.

MICA

A new finish named MICA was introduced to the market and applied on the washbasin collection RAK-Batu and bathroom solution RAK-Plano. Mica is an artistic glaze obtained by innovation process of adding mix particles of Mica (a family of minerals of which muscovite is part).



RAK-CLEON

RAK-Cleon is our newest bathroom solution. It is integrated with bidet functionality for improved personal comfort and cleansing. It is an all-in-one solution that combines design and technology, enabling superior hygiene standards for bathrooms.



Sustainable Products (contd.)

SURFACE



RAK-SANIT, A SAFE CHOICE

It reduces bacterial contamination and contributes to a healthier living and working environment owing to its antibacterial properties given by silver nitrate compounds. RAK-Sanit antibacterial collection of wall and floor tiles features antibacterial technology that is permanently integrated into the tile surface.



Orbit 3R

Orbit 3Rs is one of the latest innovations created by RAK Ceramics R&D laboratories which produces sustainable and high performance tiles that contributes to the reduce, reuse and recycle concept. The tiles are manufactured with up to 95% recycled materials from wastes generated during the manufacturing process of ceramic tiles.

ANTISLIP BAREFOOT PLUS

The Antislip Barefoot + technology gives porcelain tiles excellent non-slip performance and a pleasant feel, with a special roughness imperceptible to the touch. With their technical characteristics that increase the safety and functionality of floors, they are ideal for indoor and outdoor applications for both commercial and residential settings.



THROUGH BODY VEINS

Through-Body Veining is RAK Ceramics' innovative breakthrough in reproducing natural marble and stone veins that pass through the thickness of the porcelain slab's body. This technology gives porcelain slab a unique design feature, having a consistent marble veining, from the surface to the body until the base - a total synchronization.



RE-USE QUARTZ

Re-use Quartz is the world's first tile with 100% recycled material. In our R&D laboratories, we continuously work towards improving the sustainability of our operations and focus on circularity through reduce, reuse and recycle of waste materials. Re-use Quartz is our latest innovation from these efforts. The tiles are manufactured from wastes generated in our production processes.



Cooking-RAK

Cooking-RAK is an innovative hidden induction cooktop from RAK Ceramics. In 2023, Cooking-RAK won the internationally acclaimed design competition, the Archiproducts Design Awards.

Sustainable Products (contd.)

SURFACE



KLIMA

Klima is a new generation ceramic that, thanks to special materials, is able to absorb and repel heat according to individual needs. Suitable for both indoor and outdoor applications, for flooring or external walls, to achieve maximum comfort with minimum energy impact.

LUCE - TRANSLUCENT TILES FOR SPECIAL ENVIRONMENTS

Maximus Luce translucent slabs, with its varied graphics and colours inspired by the most precious marbles and onyx, plus its exceptional feature of transmitting light through, Luce is the perfect solution for sophisticated commercial and residential applications



TABLEWARE



SENSATE

This innovative product series enables stroke victims and individuals with upper-limb disabilities to eat independently. The multi-award-winning tableware designed by Sahar Madanat, features a functional plate partition that allows users to cut food into any size, promoting pride and independence. Sensory elements guide users, enhancing the dining experience. The ergonomic handle suits all hand sizes, with a slanted line offering complete support for larger hands. The bowl's curvature aids scooping, while a slight inner edge serves as a visual indicator for those with impairment. The partition's gap allows one-handed cutting, and an indent on the plate's rim helps users locate the partition easily. The depth and partition combine to make scooping effortless.

RAK +

RAK+ is a collection designed to merge functionality, hygiene, and design. Its silver ion-enriched anti-bacterial glaze eliminates 99% of bacteria within 24 hours, preventing pathogen growth and ensuring continuous protection. While not replacing regular dishwashing, it provides 24-hour antibacterial defense, maintaining hygiene without compromising the aesthetic and quality of RAK Porcelain. Made with high-strength Polaris porcelain, it undergoes rigorous testing for abrasion resistance, high-temperature stability, and mechanical shock resilience. The smooth, non-porous glaze and careful underside polishing enhance durability and hygiene, making it ideal for hospitality use.



Sustainability Engagements and Thought Leadership

RAK Ceramics Honored by DHL Global Forwarding and RailDirect for Sustainable Logistics Excellence

DHL Global Forwarding has recognized our efforts at RAK Ceramics for a major achievement in sustainable logistics. Working closely with RailDirect, a joint venture between Etihad Rail and DHL Global Forwarding, we successfully dispatched over 1,000 containers using an intermodal road/rail transport solution in January 2024. By the end of the year, this figure reached 2,700 containers—a milestone we're truly proud of.

What makes this accomplishment even more rewarding is the significant environmental impact we've been able to make. Between January and November 2024, our logistics strategy helped avoid 2,328.44 tons of CO₂e emissions, with an impressive 82% lower impact compared to conventional road transport, as certified by RailDirect.

On January 12, 2024, it was an honor for our CEO, Abdallah Massaad, and our Chief Procurement Officer, Shakti Arora, to receive this prestigious recognition from Ralf Schreiber and Torsten Schulze of DHL Global Forwarding. This moment was more than just an award—it symbolized our ongoing commitment to sustainability and innovation.

As we move forward, we remain dedicated to exploring new ways to drive sustainability across our operations. This achievement inspires us to continue striving for a balance between operational excellence and environmental responsibility, ensuring that we leave a positive impact for future generations.

RAK Energy Summit 2024

RAK Ceramics was proud to be a Strategic Partner at the RAK Energy Summit 2024, held on 27-28 November. As a leader in sustainable manufacturing, we remained committed to driving innovation in energy efficiency and circular solutions. Our Group CEO, Mr. Abdallah Massaad, took center stage in a fireside chat on "Upcycling Waste to Create Circular and Low-Carbon Building Materials" on 27 November, where he highlighted our efforts in energy recycling and sustainable production. Through our participation, we reinforced our dedication to shaping a greener future in the ceramics industry.

Collaborating for a Greener Future: Our Partnership with Emirates Green Building Council

In line with our commitment to sustainability and innovation, we proudly partnered with Emirates Green Building Council (EmiratesGBC) to support the development of the Sustainability Lounge—a pioneering co-working space designed to foster green building practices. This initiative reflects our dedication to creating environmentally responsible solutions that contribute to a more sustainable built environment.

As part of this collaboration, we supplied our ReUse Series—100% recycled tiles, reinforcing our commitment to circular design and responsible manufacturing. Our sustainable flooring solutions played a key role in supporting EmiratesGBC's goal of achieving WELL Certification for the space, ensuring a healthier, more productive, and environmentally conscious workplace.

This initiative not only highlights our expertise in sustainable materials but also underscores our efforts in advancing the adoption of green building solutions across industries. By working together with organizations like EmiratesGBC, we continue to drive meaningful change, aligning with global sustainability goals and shaping the future of responsible design.

Driving Sustainable Growth: Knowledge Sharing at RAK Ceramics during the RAK Investment & Business Summit 2024

Our CEO, Mr. Abdallah Massaad, participated as a key panelist at the Ras Al Khaimah Investment & Business Summit 2024. During the panel discussion on "Ras Al Khaimah's Manufacturing Ecosystem: Challenges and Collaborative Solutions," held on December 10th at the Al Hamra International Exhibition & Conference Center, he shared valuable insights on tackling industry challenges and emphasized the importance of fostering collaboration to drive innovation and sustainable growth in the region. The event provided a fantastic platform for knowledge sharing and meaningful discussions that will influence the future of manufacturing in Ras Al Khaimah.

Transforming the Supply Chain Through Circularity: Insights from the Emirates Green Building Council's 13th Annual Congress

Our CEO, Mr. Abdallah Massaad, participated in a pivotal panel at the Emirates Green Building Council's 13th Annual Congress 2024, held under the patronage of the Ministry of Energy and Infrastructure (MOE UAE). The panel, titled "The Supply Chain Through the Lens of Circularity," took place on June 12, 2024, at the Grand Hyatt Dubai Hotel. During the session, he had the opportunity to discuss how the supply chain can be transformed through circular economy principles, driving both innovation and sustainability.



Conclusion: Sustainability Leader in the Industry

OUR FORWARD-LOOKING STATEMENT

OVERVIEW

In 2024, RAK Ceramics continued its unwavering commitment to sustainability, striving to set new standards in ceramic manufacturing while prioritizing environmental responsibility and social impact. Building upon the foundation laid in previous years, our focus remained on integrating sustainable practices into every aspect of our operations. Through this exercise, we have identified various areas of improvement. As we forge ahead into the future, RAK Ceramics remains steadfast in our commitment to advancing sustainability across all facets of our operations, building upon the progress achieved in 2024.

ENVIRONMENTAL IMPACT

As part of our unwavering commitment to minimizing environmental impact, we continue to advance lean, sustainable, and efficient manufacturing practices.

Water Efficiency: We ensure 100% of our wastewater is treated on-site, meeting the highest regulatory standards. This is achieved through key initiatives such as the installation of a Seawater Reverse Osmosis system, three Effluent Treatment Plants, and a Sewage Treatment Plant—reinforcing our dedication to water conservation.

Waste and Circularity: In our commitment to a circular economy, we prioritize resource efficiency across all production lines. Our tiles are manufactured entirely from 100% pre-consumer recycled materials, reducing waste and promoting sustainability. Within our sanitaryware operations, all clay rejects are fully recycled, while 97.3% of raw glaze rejects are recovered and reused. In tableware production, 100% of rejected pieces are reintegrated, with 20% redirected to tile manufacturing. For faucets, we have successfully achieved a 100% reuse rate, ensuring all rejected pieces are seamlessly reintegrated into production.

Energy Efficiency: Our energy conservation efforts are strengthened by cutting-edge technologies, including the largest and most energy-efficient sanitaryware kiln, which achieves a 70% reduction in energy consumption compared to shuttle kilns and a 45% reduction in specific fuel consumption versus existing tunnel kilns.

By integrating these sustainable innovations into our operations, we continuously enhance water and waste management, improve energy efficiency, and uphold our commitment to environmental stewardship.

PEOPLE & COMMUNITY

People are the heart of RAK Ceramics, and we are unwavering in our commitment to fostering a thriving, diverse, and skilled workforce. In 2024, we achieved 10.8% Emirati representation in our administrative workforce, which aligns with the UAE's Emiratization goals. Our commitment to gender equality is reflected in the fact that women make up 30% of our administrative employees, earning, on average, 2.64 times more than men. Employee safety and well-being remain a top priority, with comprehensive healthcare initiatives, including medical insurance for all staff. Through continuous training and development, we empower our employees, dedicating 93,152 man-hours to enhancing both technical and leadership skills, with 2,645 employees participating. These efforts reflect our ongoing commitment to diversity, inclusion, and fostering a culture of growth, innovation, and learning, all of which are key drivers of our sustainable growth and long-term success. Additionally, we continue to invest in the communities in which we operate, reinforcing our dedication to social responsibility and sustainable development.

GOVERNANCE

The ESG governance structure is currently distributed between Executive Management and the Board. A more comprehensive three-tier governance structure has been envisaged, which will come into effect at various levels within the organization (RAK Ceramics). This structure is expected to be operational progressively in the coming future as RAK Ceramics progresses with the implementation of our 2024-2030 sustainability strategy.

RESPONSIBLE BUSINESS & RESPONSIBLE EMPLOYER

As responsible business owners and employers, we are committed to driving sustainability throughout our supply chains and integrating it into our procurement processes. Our ongoing focus on technological innovation in production has significantly improved both efficiency and sustainability. This commitment extends to product quality and compliance, as demonstrated by the continuous enhancement of our Quality Management System, which effectively addresses market needs, risks, and opportunities. We are dedicated to designing and developing products and processes that use resources responsibly, advancing our commitment to environmental stewardship and sustainable practices at every level of our business. In addition, by standardizing our network infrastructure, we've strengthened security while reducing our environmental impact, further aligning our digital and operational strategies with our sustainability goals.



ESG Data Tables

Material Topic	KPIs	2022	2023	2024	Units	% Change 2023-24
Pillar: Environmental Impact						
Energy Efficiency	Total Energy Consumption	6.53	7.04	6.40	PJ	-9.09%
	Energy Intensity of Sales	1.86	2.04	2.04	GJ / 000 AED	-0.19%
	Natural Gas consumption	6,168,143	6,761,550	6,163,929	MMBTU	-8.84%
	Diesel consumption	4,323,913.87	2,843,169.80	2,700,429.49	litres	-5.02%
	Petrol consumption	14,302	11,973	14,253.87	litres	19.05%
	HFO consumption	240,8640	0	0	litres	0%
	Total Direct Energy Consumption	6.40	6.94	6.50	PJ	-6.34%
	Direct Energy Intensity of Sales	1.82	2.01	2.02	GJ / 000 AED	0.14%
	Total Electricity Consumption	261,205,647	292,645,802	264,690,320	kWh	-9.55%
	Electricity Consumption Intensity of Sales	74.21	84.82	86.97	kWh / 000 AED	2.53%
	Electricity purchased	33,726,086.31	28,609,300	19,995,840	kWh	-30.11%
	% of Total Energy - Natural Gas	95.63%	85.96%	86.01%	%	0.06%
	% of Total Energy - Diesel	2.36%	10.45%	1.38%	%	-86.79%
	% of Total Energy - Petrol	0.01%	0.01%	0.01%	%	-0%
	% of Total Energy - HFO	0.15%	0%	0%	%	0%
	% of Total Energy - Electricity purchased	1.86%	10.30%	12.61%	%	22.43%
	Electricity generated	227,479,560.69	264,036,502	244,694,480	kWh	-7.33%
	% of electricity purchased	12.91%	9.78%	7.55%	%	-22.80%
	% of electricity generated	87.09%	90.22%	92.45%	%	2.47%
	Energy Intensity of Tiles Production (Fuel) (GP)	0.070	0.077	0.076	MMBTU / m2	-1.30%
Energy Intensity of Tiles Production (Electricity) (GP)	4.405	4.291	4.444	kWh / m2	3.57%	
Energy Intensity of Tiles Production (Fuel) (Red Body)	0.047	0.045	0.051	MMBTU / m2	13.33%	
Energy Intensity of Tiles Production (Electricity) (Red Body)	2.21	2.252	2.301	kWh / m2	2.18%	
Total Energy Intensity of Tiles Production	0.06	0.05	0.06	GJ / m2	20%	
Total Energy Intensity of Tiles Sales	2.43	2.11	2	GJ / 000 AED	-5.21%	

Material Topic	KPIs	2022	2023	2024	Units	% Change 2023-24
Pillar: Environmental Impact (Contd.)						
Energy Efficiency	Energy intensity of Sanitary Ware Production (Fuel)	0.26	0.25	0.18	MMBTU / unit	-28%
	Energy intensity of Sanitary Ware Production (Electricity)	9.24	11.88	12.376	kWh / unit	4.18%
	Total Energy intensity of Sanitaryware Production	0.29	0.30	0.044	GJ / unit	-85.33%
	Total Energy intensity of Sanitaryware Sales	1.96	1.56	0.242	GJ / 000 AED	-84.49%
	Energy intensity of Tableware Production	0.0172	0.0161	0.02	GJ / unit	24.22%
	Energy intensity of Tableware Sales	1.22	1.18	1.65	GJ / 000 AED	39.83%
	Energy intensity of Faucets Production	41	21	23	GJ / unit	9.52%
	Energy intensity of Faucets Sales	0.092	0.10	0.15	GJ / 000 AED	50%
	Water Sustainability	Water Consumption	2,588,000	2,745,787	3,142,854	m3
Water Intensity of Sales		0.74	0.80	1.00	m3 / 000 AED	25.02%
Desalination Water Treated		896,504	1,253,180	1,944,259	m3	55.15%
Water Purchased		567,643	269,240	69,584	m3	-74.16%
Effluent Treatment Plant Water Treated		937,955	1,035,286	938,897	m3	-9.31%
Sewage Treatment Plant Water Treated		223,074	188,081	190,124	m3	1.09%
Total wastewater treated		1,161,029	1,223,367	1,129,011	m3	-7.71%
Waste & Circularity	Input / material consumption	1,165,668	1,233,528	893,545	tons	-27.56%
	Waste (non-hazardous)	62,415	41,041	43,423	tons	5.80%
	Waste (hazardous)	33.62	287.70	220.43	tons	-23.38%
	Waste Intensity of Sales	17.73	11.90	13.82	kg / 000 AED	16.16%
	Raw material intensity of sales	331.16	357.54	284.57	kg / 000 AED	-20.41%
Sustainable Logistics	Emissions savings from reduction in road movement	1,844.9	1,844.9	2,328.44	tons CO2e	26.21%
Air Pollution	NOX	3,713.10	2,351.03	2,138.15	mg/Nm3 Ave./hr.	-9.05%
	SOX	417.86	346.68	810.22	mg/Nm3 Ave./hr.	133.71%
	Total Suspended Particles (TSP)	425.17	446.24	738.6	mg/Nm3 Ave./hr.	65.52%
	CO	1,417.50	1,946.87	2276.76	mg/Nm3 Ave./hr.	16.94%

ESG Data Tables (contd.)

Pillar: Environmental Impact								
Material Topic: Emissions Reduction - Emissions Breakdown								
Emission Sources	Amount Units	2022		2023		2024		% change (2023-24)
		Amount	kt CO ₂ e	Amount	kt CO ₂ e	Amount	kt CO ₂ e	
Scope 1								
Natural Gas	m ³	105,332,629	212.91	191,545,325.78	387.18	168,689,901	361.76	-6.57%
Natural Gas Power Plant	m ³	69,402,291	140.29	75,818,418.32	144.06	73,372,440.4	139.41	-3.23%
Diesel	litres	4,323,913.87	11.70	2,843,169.80	7.69	2,700,429.49	7.18	-6.63%
Fuel Oil	litres	240,864	0.76	0	0	0	0	0
Petrol	litres	14,302	0.03	11,973	0.11	14,253.87	0.03	-68.41%
Refrigerants	kgs	2,899.10	5.31	2,774.90	5.11	26,90,70	4.97	-2.74%
Total Scope 1			371.01		400.08		373.96	-6.53%
Electricity purchased	kWh	33,726,086.31	11.92	28,609,300	10.11	19,995,840	6.60	-34.72
Total Scope 2			11.92	28,609,300	10.11	19,995,840	6.60	-34.72
Total Operational Emissions			382.93		554.25		519.97	-6.19
Emissions Intensity of Sales	kg CO ₂ e / 000 AED		108.79		160.65		165.59	3.08%

ESG Data Tables (contd.)

Material Topic	KPIs	2022	2023	2024	Units	% change (2023-24)
Pillar: Our People & Community						
Employees	Total employees	6,064	5,530	5,184	No	-6.26%
	% of Full Time Equivalent (FTE) Employees	100	100	100	%	0%
Health & Safety	Total injuries Minor	167	208	178	No	-14.42%
	Total injuries Major	12	12	24	No	100%
Emiratisation	% of Emiratis	11%	10%	10.8%	%	8%
	Increase in % of Emiratis in Administrative roles	8%	15%	13%	%	13%
Employee Turnover	Total New Employees	1404	319	529	No	65.83%
	Employees that have left	677	762	715	No	-6.17%
Employee Training	Administrative Trainings	213	1,914	2196	hours	14.73%
	Factory Training	10,584	107,650	109,254	hours	1.49%
Community Investment	Amount invested in the community, as a percentage of company revenues.	0.02%	0.06%	0.02%	%	-67%
Gender Headcount	Total Employees - Male	5,874	5,330	4,980	No	-6.57%
	Total Employees - Female	190	200	204	No	2%
	Number of Employees - Admin - Female	171	182	189	No	3.85%
	Number of Employees - Admin - Male	403	426	431	No	1.18%
	Number of Employees - Plant - Female	19	18	15	No	-16.67%
	Number of Employees - Plant - Male	5,471	4,904	4548	No	-7.25%
	% of females in Administration	29.79%	29.93%	30%	%	0.23%
	Entry level & Middle Management - Female	8.17%	8.8%	8%	%	-9.09%
	Entry level & Middle Management - Male	91.83%	91.2%	92%	%	0.88%
	Senior management - Women	0	0	0	No	0%
Middle Management, Senior Management & Executives - Male	45	50	51	No	2%	

Material Topic	KPIs	2022	2023	2024	Units	% change (2023-24)
Pillar: Our People & Community (Contd.)						
Gender Pay Ratio	Band 1 Para Professionals	2.34	2.46	2.55	Ratio	3.66%
	Band 2 Professionals	1.62	1.67	1.71	Ratio	2.40%
	Band 3 Middle Management	1.11	1.09	1.09	Ratio	0%
	Total Gender Pay Ratio	2.56	2.56	2.64	Ratio	3.13%
Pillar: Governance & Best Practices						
Pillar: Governance						
CEO Compensation	Ratio of CEO total compensation to median FTE total compensation	88	83	84	Ratio	1.2%
Pillar: Responsible Business, Responsible Employer						
Local Procurement	Total tons of imports substituted with local procurement per annum	256,265	276,265	175,990	ton	-36.30
	Total nautical miles reduced from local procurement per annum	21,715	23,523	28,000	nautical miles	3.13
	Total emissions saved from substituting imports with local procurement per annum	35,170.6	36,297.9	23,638.2	tons CO2e	-34.88%

Note: All People data refers to information for RAK Ceramics PJSC & Group Companies. They do not include RAK Porcelain and KLUDI.

ADX ESG Disclosures

ESG Metric	GRI Standards	Calculation	2022	2023	2024	Units	% change (2023-24)	Comments / Discloser
Category: Environmental								
E1 GHG Emissions	GRI 305: Emissions 2016	E1.1) Total amount in CO2 equivalents, for Scope 1	371.01	400.08	373.96	kt CO2e	-6.53	Data tables (Pillar: Environmental Impact, Topic: Emissions Reduction)
		E1.2) Total amount, in CO2 equivalents, for Scope 2	11.92	10.11	6.60	kt CO2e	-34.72%	Emissions Reduction & Data tables (Pillar: Environmental Impact, Topic: Emissions Reduction)
E2 Emissions Intensity	GRI 305: Emissions 2016	E2.1) Total GHG emissions per output scaling factor	108.79	160.65	165.59	kg / 000 AED	3.08%	Emissions Reduction & Data tables (Pillar: Environmental Impact, Topic: Emissions Reduction)
E3 Energy Usage	GRI 302: Energy 2016	E3.1) Total amount of energy directly consumed	6.40	6.94	6.60	PJ	-4.87%	Data tables (Pillar: Environmental Impact, Topic: Energy Efficiency)
		E3.2) Total amount of energy indirectly consumed	0.12	0.10	0.07	PJ	-30.11%	Data tables (Pillar: Environmental Impact, Topic: Energy Efficiency)
E4. Energy Intensity	GRI 302: Energy 2016	Total direct energy usage per output scaling factor	1.82	2.01	2.02	GJ / 000 AED	0.14%	Data tables (Pillar: Environmental Impact, Topic: Energy Efficiency)
E5. Energy Mix	GRI 302: Energy 2016	Percentage: Energy usage by generation type						
		% of electricity purchased	12.91%	9.78%	7.55%	%	-22.73%	Data tables (Pillar: Environmental Impact, Topic: Energy Efficiency)
		% of electricity generated	87.09%	90.22%	92.45%	%	2.46%	
E6. Water Usage	GRI 303: Water and Effluents 2018	E6.1) Total amount of water consumed	2.50	2.70	3.10	Million m3	14.81%	Data tables (Pillar: Environmental Impact, Topic: Water Sustainability)
		E6.2) Total amount of water reclaimed	1.10	1.20	1.10	Million m3	-8.33	Data tables (Pillar: Environmental Impact, Topic: Water Sustainability)
E7. Environmental Operations	GRI 103: Management Approach 2016*	E7.1) Does your company follow a formal Environmental Policy? Yes/No						Yes, Policies & Sustainability Governance
		E7.2) Does your company follow specific waste, water, energy, and/ or recycling policies? Yes/No						Yes, Policies & Sustainability Governance
		E7.3) Does your company use a recognized energy management system?						Yes, Policies & Sustainability Governance
E8. Environmental Oversight	GRI 102: General Disclosures 2016	Does your Management Team oversee and/or manage sustainability issues? Yes/No						Yes, Policies & Sustainability Governance
E9. Environmental Oversight	GRI 102: General Disclosures 2016	Does your Board oversee and/ or manage sustainability issues? Yes/No						Yes, Policies & Sustainability Governance
E10. Climate Risk Mitigation		Total amount invested, annually, in climate-related infrastructure, resilience, and product development	4.5	16.9	22.9m	AED Million	35.5%	Yes, Commitments towards Material Topics

ADX ESG Disclosures (contd.)

ESG Metric	GRI Standards	Calculation	2022	2023	2024	Units	% change (2023-24)	Comments / Discloser	
Category: Social									
S1. CEO Pay Ratio	GRI 102: General Disclosures 2016	S1.1) Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation	88	83	84	Ratio	1.2%	Data tables (Pillar: Governance)	
		S1.2) Does your company report this metric in regulatory filings? Yes/No	-	-	-	-	-	No	
S2. Gender Pay Ratio	GRI 405: Diversity and Equal Opportunity 2016	Ratio: Median male compensation to median female compensation	2.56	2.56	2.64	Ratio	3.13%	Data tables (Pillar: Social)	
S3. Employee Turnover	GRI 401: Employment 2016	S3.1) Percentage: Year-over-year change for full-time employees	6,064	5,530	5184	No	-6.26%	Data tables (Pillar: Social)	
		S3.2) Percentage: Year-over-year change for part-time employees	-	-	-	-	-	N/A	
		S3.3) Percentage: Year-over-year change for contractors/ consultants	-	-	-	-	-	N/A	
S4. Gender Diversity	GRI 102: General Disclosures 2016 GRI 405: Diversity and Equal Opportunity 2016	S4.1) Percentage: Total enterprise headcount held by men and women						Data tables (Pillar: Social, Topic: Gender Headcount)	
		Female	3.13%	3.62%	3.94%	%	8.84%		
		Male	96.87%	96.38%	96.06%	%	-0.33%		
		S4.2) Percentage: Entry- and mid-level positions held by men and women							
		Female	8.17%	8.8%	8%	%	-9.09%		
		Male	91.83%	91.20%	92%	%	0.88%		
		S4.3) Percentage: Senior- and executive- level positions held by men and women							
S5. Temporary Worker Ratio	GRI 102: General Disclosures 2016	S5.1) Percentage: Total enterprise headcount held by part-time employees	0	0	0	No	-	N/A	
S5.2) Percentage: Total enterprise headcount held by contractors and/or consultants		0	0	0	No	-	N/A		
S6. Non-Discrimination	GRI 103: Management Approach 2016*	Does your company follow non- discrimination policy? Yes/No						Yes, Ethics	
S7. Injury Rate	GRI 403: Occupational Health and Safety 2018	Percentage: Frequency of injury events relative to total workforce time						Data tables (Pillar: Social, Topic: Health & Safety)	
		Total injuries Minor	167	208.00	178	No	-14.42%		
		Total injuries Major	12	12.00	24	No	100.00%		
S8. Global Health & Safety	GRI 403: Occupational Health and Safety 2018	Does your company follow an occupational health and/or global health & safety policy? Yes/ No						Yes, Employee Safety & Wellbeing	
S9. Child & Forced Labour		S9.1) Does your company follow a child and/or forced labor policy? Yes/No						Yes, Sustainable & Responsible Procurement	
S9.2) If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No								Yes, Sustainable & Responsible Procurement	
S10. Human Rights		S10.1) Does your company follow a human rights policy? Yes/No						No. We do not have a formal Human Rights Policy in place, but we operate in accordance with all UAE Laws governing human rights.	
		S10.2) If yes, does your human rights policy also cover suppliers and vendors? Yes/No						Yes, Sustainable & Responsible Procurement	
S11. Nationalisation	Percentage of national employees	Percentage of national employees	11.0%	10%	10.80%	%	8%	Yes, Emiratization	
S12. Community Investment	Amount invested in the community, as a percentage of company revenues.	Amount invested in the community, as a percentage of company revenues.	0.02%	0.06%	0.02%	%	-67%	Data tables (Pillar: Social, Topic: Community Investment)	

ADX ESG Disclosures (contd.)

ESG Metric	GRI Standards	Calculation	2022	2023	2024	Units	% change (2023-24)	Comments / Discloser
Category: Governance								
G1. Board Diversity	GRI 405: Diversity and Equal Opportunity 2016	G1.1) Percentage: Total board seats occupied by men and women						
		Women	14.29%	14.29%	14%	No	-2%	Section: Corporate Governance, Report pg 51-52
		Men	85.71%	85.71%	86%	No	0.00%	
G2. Board Independence		G1.2) Percentage: Committee chairs occupied by men and women						
		Women	25%	50%	50%	No	0%	
		Men	75%	50%	50%	No	0%	
		G2.1) Does company prohibit CEO from serving as board chair? Yes/No						Yes
		G2.2) Percentage: Total board seats occupied by independent board members	85.71%	85.71%	57.14%	%	-33%	Section: Corporate Governance, Report pg 51-52
G3. Incentivized Pay		Are executives formally incentivized to perform on sustainability						Under evaluation
G4. Supplier Code of Conduct		G4.1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/ No						No
		G4.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?						N/A
G5. Ethics & Prevention of Corruption		G5.1) Does your company follow an Ethics and/or Prevention of Corruption policy? Yes/No						Yes
		G5.2) If yes, what percentage of your workforce has formally certified its compliance with the policy						100%
G6. Data Privacy		G6.1) Does your company follow a Data Privacy policy? Yes/No						Yes, Data Protection
		G6.2) Has your company taken steps to comply with GDPR rules? Yes/No						Yes
G7. Sustainability Reporting		Does your company publish a sustainability report? Yes/No						Yes
G8. Disclosure Practices		G8.1) Does your company provide sustainability data to sustainability reporting frameworks? Yes/No						Yes, GRI 1 Foundation 2021
		G8.2) Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No						Yes, Alignment with SDG Targets
		G8.3) Does your company set targets and report progress on the UN SDGs? Yes/ No						Yes, Alignment with SDG Targets
G9. External Assurance	GRI 103: Management Approach 2016 is to be used in combination with the topic specific Standards	Are your sustainability disclosures assured or verified by a third-party audit firm? Yes/ No						No external assurance was sought for this report.

GRI Content Index

GRI Standard	Disclosure	Location
Material topics		
GRI 2: General Disclosures 2021	2-1 Organizational details	About RAK Ceramics, Pg 14
	2-2 Entities included in the organization's sustainability reporting	About this Report, Pg 8
	2-3 Reporting period, frequency and contact point	About this Report, Pg 8
	2-4 Restatements of information	We have made 5 Restatements in our 2024 ESG Report. <ul style="list-style-type: none"> • 2023 Total Scope 2 Emissions - In 2023 we reported this as 0.01 kt CO2e • 2023 Scope 2 Electricity purchased - In 2023 we reported this as 28,609 as this was the figure in MWh, in kWh the figure is 28,609,300 kWh • 2023, % of Electricity purchased - In 2023 we reported this as 0.01% • 2023, % of Electricity generated - In 2023 we reported this as 99.99% • 2023 Total electricity consumption - In 2023 we reported this as 264,065,111 kWh
	2-5 External assurance	No external reassurance was sought for this report.
	2-6 Activities, value chain and other business relationships	About RAK Ceramics, Pg 14 & Product Lines, Pg 16
	2-7 Employees	Diversity & Inclusion, Pg 80
	2-9 Governance structure and composition	Corporate Governance, Pg 88
	2-10 Nomination and selection of the highest governance body	Corporate Governance, Pg 88
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance, Pg 88
	2-13 Delegation of responsibility for managing impacts	Policies & Sustainability Governance, Pg 36
	2-22 Statement on sustainable development strategy	Our Sustainability Commitment, Pg 28
	2-23 Policy commitments	Commitments towards Material Topics, Pg 34
	2-24 Embedding policy commitments	Policies & Sustainability Governance, Pg 36
	2-25 Processes to remediate negative impacts	Policies & Sustainability Governance, Pg 36
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	2-28 Membership associations	Associations, Pg 37
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	GRI 3: Material Topics 2021	3-1 Process to determine material topics
3-2 List of material topics		Our Sustainability Pillars & Material Topics, Pg 31-33

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GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Performance 2024, Pg 18
Procurement practices		
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Anti-corruption		
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	205-2 Communication and training about anti-corruption policies and procedures	Ethics, Pg 90
Materials		
GRI 3: Material Topics 2021	3-3 Management of material topics	Waste & Circularity, Pg 58-59 & Data Tables (Topic: Waste & Circularity)
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Waste & Circularity, Pg 58-59 & Data Tables (Topic: Waste & Circularity)
	301-2 Recycled input materials used	Waste & Circularity, Pg 58-59 & Data Tables (Topic: Waste & Circularity)
	301-3 Reclaimed products and their packaging materials	Waste & Circularity, Pg 58-59 & Data Tables (Topic: Waste & Circularity)
Energy		
GRI 3: Material Topics 2021	3-3 Management of material topics	Energy Efficiency in Production, Pg 76-77 & Data Tables (Topic: Energy Efficiency)
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Efficiency in Production, Pg 76-77 & Data Tables (Topic: Energy Efficiency)
	302-3 Energy intensity	Energy Efficiency in Production, Pg 76-77 & Data Tables (Topic: Energy Efficiency)
	302-4 Reduction of energy consumption	Energy Efficiency in Production, Pg 76-77 & Data Tables (Topic: Energy Efficiency)
	302-5 Reductions in energy requirements of products and services	Energy Efficiency in Production, Pg 76-77 & Data Tables (Topic: Energy Efficiency)
Water and effluents		
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Sustainability, Pg 57-63 & Data Tables (Topic: Water Sustainability)
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	Water Sustainability, Pg 57-63 & Data Tables (Topic: Water Sustainability)
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GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Emissions Reduction, Pg 76-77 & Data Tables (Topic: Emissions Reduction)
	305-2 Energy indirect (Scope 2) GHG emissions	Emissions Reduction, Pg 76-77 & Data Tables (Topic: Emissions Reduction)
	305-4 GHG emissions intensity	Emissions Reduction, Pg 76-77 & Data Tables (Topic: Emissions Reduction)
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Waste		
GRI 3: Material Topics 2021	3-3 Management of material topics	Waste & Circularity, Pg 58-59 & Data Tables (Topic: Waste & Circularity)
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste & Circularity, Pg 58-59 & Data Tables (Topic: Waste & Circularity)
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Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pillar 2: People & Community Pg 80-85
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Data Tables (Topic: Employee Turnover)
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Safety & Wellbeing, Pg 81-82 (Note: we do not have part-time employees)
	401-3 Parental leave	Data Tables (Topic: Parental Leave)
Training and education		
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Training, Pg 83
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Training, Pg 83
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Training, Pg 83
Diversity and equal opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Diversity & Inclusion, Pg 80
GRI 405: Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	Diversity & Inclusion, Pg 80 & Data Tables (Topic: Gender Pay Ratio)

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Occupational health and safety			
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GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Employee Safety & Wellbeing, Pg 81-82	
	403-2 Hazard identification, risk assessment, and incident investigation	Employee Safety & Wellbeing, Pg 81-82	
	403-3 Occupational health services	Employee Safety & Wellbeing, Pg 81-82	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employee Safety & Wellbeing, Pg 81-82	
	403-5 Worker training on occupational health and safety	Employee Safety & Wellbeing, Pg 81-82 & Employee Training Pg 83	
	403-6 Promotion of worker health	Employee Safety & Wellbeing, Pg 81-82	
	403-9 Work-related injuries	Employee Safety & Wellbeing, Pg 81-82	
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	Local communities		
	GRI 3: Material Topics 2021	3-3 Management of material topics	Community Investment, Pg 84-85
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Community Investment, Pg 84-85	
	413-2 Operations with significant actual and potential negative impacts on local communities	Community Investment, Pg 84-85	
Supplier social assessment			
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GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainable & Responsible Procurement, Pg 94	

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