

# FUJAIRAH CEMENT INDUSTRIES

(P.J.S.C)

## Integrated Report

2025



**To view the Integrated Report of the Company for the year 2025 please visit the following websites:-**

- [www.fujairahcement.com](http://www.fujairahcement.com)
- [www.adx.ae](http://www.adx.ae)

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates Directors' report

The Directors have pleasure in presenting their report and the audited consolidated financial statements for the year ended 31 December 2025.

#### Principal activities of the Group

The principal activities of Fujairah Cement Industries PJSC and its subsidiary are clinkers and hydraulic cements manufacturing, ready - mix and dry - mix concrete and mortars manufacturing, exporting and sand or pebble mines operation - crushers..

It was decided to cease the operations of the subsidiary by the Board of Directors at the meeting held on 9 January 2024, and the operations of the subsidiary has been discontinued completely from 1 February 2024. Accordingly, the results of the subsidiary has been shown as discontinued operations in this consolidated financial statements.

#### Financial review

The table below summarizes the results of the year 2025 and 2024.

	2025	2024
	AED	AED
Revenue	114,989,435	2,596,959
Direct expenses	(104,991,674)	(2,686,849)
Gross profit / (loss)	9,997,761	(89,890)
Gross profit / (loss) ratio	8.69%	(3.46)%
Net loss	(91,224,547)	(183,251,710)
Net loss ratio	(79.33)%	(7,056.40)%
Basic and diluted loss per share	(0.256)	(0.514)

#### Role of the Directors

The Directors are the Group's principal decision-making forum. The Directors have the overall responsibility for leading and supervising the Group for delivering sustainable shareholder value through their guidance and supervision of the Group's business. The Directors set the strategies and policies of the Group. They monitor performance of the Group's business, guide and supervise its management.

#### Going concern

The Group incurred a net loss of AED 91,224,547 for the year ended 31 December 2025 (2024: AED 183,251,710), accumulated losses of AED 243,246,568 (2024: AED 152,022,021), the current liabilities exceeded the current assets by AED 677,130,997 as at that date (2024: AED 539,262,130).

The Group had earlier declared the temporary suspension of sales and production until further notice effective from 1 May 2024, declared by the Board of Directors at the Annual General Meeting held on 25 April 2024 due to the Parent Entity's ongoing financial liquidity challenges. However, the Board of Directors, in their meeting held on 17 June 2025, announced that the Parent Entity had resumed production activities on 14 June 2025, and commenced cement dispatches on 23 June 2025. Hence, the accompanying consolidated financial statements have been prepared on a going concern basis.

#### Events after year end

Subsequent to the year end, in light of the geopolitical conditions, the management has assessed that the Group's core operations continue without any material interruption and that the Group remains financially sound. The Group also continues to adhere to prudent governance standards, disciplined risk management practices, and full compliance with all applicable regulatory requirements. The management confirms that as at the date of approval of these consolidated financial statements, no material financial impact has resulted from this incident.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates Directors' report (continued)

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### Auditor

M/s. Crowe Mak – Dubai, United Arab Emirates is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

### Statement of Directors' responsibilities

The applicable requirements require the Directors to prepare the consolidated financial statements for each financial year which present fairly in all material respects, the consolidated financial position of the Group and its financial performance for the year then ended.

The audited consolidated financial statements for the year under review have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the consolidated financial position of the Group and enables them to ensure that the consolidated financial statements comply with the requirements of the applicable statute. The Directors also confirm that appropriate accounting policies have been selected and applied consistently in order for the consolidated financial statements to reflect fairly, the form and substance of the transactions carried out during the year under review and reasonably present the Group's financial conditions and results of its operations.

The consolidated financial statements set out on pages 7 to 49, which have been prepared on the going concern basis were approved by the Directors on the date of these consolidated financial statements and signed on behalf of the Group by:



H.E. Mohamed Bin Hamad Saif Al Sharqi

Chairman

26 March 2026



Board Member

**Fujairah Cement Industries PJSC and its  
subsidiary**

**Fujairah, United Arab Emirates**

**Reports and Consolidated financial  
statements**

**For the year ended 31 December 2025**

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

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# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates General information

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Principal office address:

P.O. Box: 11477, Dibba,  
Fujairah, United Arab Emirates  
Website: [www.fujairahcement.com](http://www.fujairahcement.com)  
T: +971 9 244 4011  
F: +971 9 244 4016

The Manager:

Mr. Saeed Ahmed Ghareib Howaishil Alseredi,  
(Emirati)

The Directors:

Chairman: H.E. Mohamed Bin Hamad Saif Al  
Sharqi (Representative of Govt. Fujairah),  
(Emirati)  
Vice-chairman: Mr. Saad Abdullah AL Hanian,  
(Kuwaiti)  
Mr. Abdul Ghafour Hashem Abdul Ghafour  
Bahroozian  
(Representative of Govt. Fujairah), (Emirati)  
Mr. Mohamed Sharief Habib Mohamed Rafiee  
Alawadhi, (Emirati)  
Mr. Dhari Salfiq Ayed Al-Masoudi Al-Shammari  
(Representative of ISDB-KSA), (Saudi)  
Mr. Yagoub MUSAAD Yagoub Albuaian, (Kuwaiti)  
Mr. Abdoullateef Saad Abdoullateef Aldosari,  
(Kuwaiti)  
Mrs. Maryam Abdulla Mohamed Obaid  
Almatrooshi, (Emirati)  
Mr. Salem Mohamed Abdulla Mohamed Alzahmi,  
(Emirati)

The Auditor:

Crowe Mak  
P.O. Box: 6747  
Dubai, United Arab Emirates

The Banks:

National Bank of Fujairah  
Dubai Islamic Bank  
Emirates NBD  
Abu Dhabi Commercial Bank  
Commercial Bank of Dubai  
First Abu Dhabi Bank

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates Directors' report

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Direct expenses	<b>(104,991,674)</b>	(2,686,849)
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### Going concern

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The Group had earlier declared the temporary suspension of sales and production until further notice effective from 1 May 2024, declared by the Board of Directors at the Annual General Meeting held on 25 April 2024 due to the Parent Entity's ongoing financial liquidity challenges. However, the Board of Directors, in their meeting held on 17 June 2025, announced that the Parent Entity had resumed production activities on 14 June 2025, and commenced cement dispatches on 23 June 2025. Hence, the accompanying consolidated financial statements have been prepared on a going concern basis.

### Events after year end

Subsequent to the year end, in light of the geopolitical conditions, the management has assessed that the Group's core operations continue without any material interruption and that the Group remains financially sound. The Group also continues to adhere to prudent governance standards, disciplined risk management practices, and full compliance with all applicable regulatory requirements. The management confirms that as at the date of approval of these consolidated financial statements, no material financial impact has resulted from this incident.

**Fujairah - United Arab Emirates  
Directors' report (continued)**

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**Auditor**

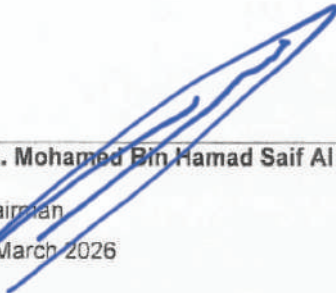
M/s. Crowe Mak – Dubai, United Arab Emirates is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

**Statement of Directors' responsibilities**


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The consolidated financial statements set out on pages 7 to 49, which have been prepared on the going concern basis were approved by the Directors on the date of these consolidated financial statements and signed on behalf of the Group by:



**H.E. Mohamed Bin Hamad Saif Al Sharqi**  
Chairman  
28 March 2026



**Board Member**

## Independent auditor's report

To,  
The Shareholders  
Fujairah Cement Industries PJSC  
P.O. Box: 11477  
Dibba, Fujairah, United Arab Emirates

### Report on the Audit of the Consolidated Financial Statements

#### Adverse Opinion

We have audited the consolidated financial statements of Fujairah Cement Industries PJSC (the "Parent Entity") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the 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 a summary of material accounting policy information and other explanatory information.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements do not present fairly the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the international Accounting Standards Board (IASB).

#### Basis for Adverse Opinion

As explained in Note 2 to the consolidated financial statements which states that the Group incurred a loss of AED 91,224,547 (2024: AED 183,251,710) for the year ended 31 December 2025, carries accumulated losses of AED 243,246,568 (2024: AED 152,022,021), the current liabilities exceeded the current assets by AED 677,130,997 (2024: AED 539,262,130) as at that date and failed to meet certain financial covenants and repayment of bank borrowings, during the year then ended, on its bank borrowings (Note 18) as per the bank facility letters. This situation indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Subsequent to the resumption of production after the 2024 shutdown, the Group incurred certain costs that were not appropriately assessed to determine whether they relate to production costs, inventory, or idle production costs. Consequently, all such costs were capitalized as part of inventory. In the absence of an adequate assessment, we were unable to determine the extent of any potential overstatement of inventory values and the resulting impact on the loss reported for the year.

Further, the Group has not performed impairment assessment on its plant, despite the presence of indicators of impairment, as the plant has remained idle until the Parent Entity had resumed the production activities on 14 June 2025. These factors trigger an impairment assessment under IAS 36 – Impairment of Assets and indicates that the recoverable amount of Property, Plant and Equipment and Right of Use assets might be lower than the carrying amount as stated in the consolidated financial statements. Absence of formal impairment assessment represents a departure from the requirements of IAS 36 – Impairment of Assets and the effect of the departure on the consolidated financial statements have not been determined.

Our opinion on the Group's consolidated financial statements as at and for the year ended 31 December 2025 is modified due to above matters.

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), as applicable to audits of consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated financial statements of public interest entities in United Arab Emirates. We have also 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 adverse opinion.



## Independent auditor's report (continued)

### To the Shareholders of Fujairah Cement Industries PJSC and its subsidiary Report on the Audit of Consolidated Financial Statements (continued)

#### Emphasis of matter

We draw attention to Note 16 that states that a portion of accumulated losses, as at 31 December 2024, of AED 161,750,412 has been set off against the available balance of the Statutory Reserve as at that date. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Except for the matter described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

#### Other Information

Management is responsible for the other information. The other information comprises the annual report but 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 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, 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.

#### 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, in compliance with the applicable provisions of the U.A.E. Federal Decree Law No. 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of 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 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 judgement 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 that are 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.



## Independent auditor's report (continued)

### To the Shareholders of Fujairah Cement Industries PJSC and its subsidiary Report on the Audit of Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of 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 auditor's 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 to 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 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

Because of the significance of the matters described in the Basis for Adverse Opinion section of our report, we are unable to report on other legal and regulatory requirements.

Crowe Mak

Basil Naser  
Partner  
Registered Auditor Number: 5507  
Dubai, United Arab Emirates  
26 March 2026



Fujairah Cement Industries PJSC and its subsidiary

Fujairah - United Arab Emirates

Consolidated statement of financial position as at 31 December 2025

	Notes	2025 AED	2024 AED
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	933,055,634	985,158,189
Right-of-use assets	7	65,979,983	75,469,017
<b>Total non-current assets</b>		<b>999,035,617</b>	<b>1,060,627,206</b>
<b>Current assets</b>			
Inventories	10	239,464,093	95,989,551
Trade and other receivables	11	4,857,628	10,229,671
Cash and cash equivalents	12	10,155,329	792,807
Net assets relating to discontinued operations	13	-	4,855,922
<b>Total current assets</b>		<b>254,477,050</b>	<b>111,867,951</b>
<b>Total assets</b>		<b>1,253,512,667</b>	<b>1,172,495,157</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	355,865,320	355,865,320
Revaluation reserve	15	34,747,500	34,747,500
Accumulated losses		(243,246,568)	(152,022,021)
<b>Total equity</b>		<b>147,366,252</b>	<b>238,590,799</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Employees' end-of-service benefits	17	389,316	129,830
Bank borrowings	18	109,391,664	192,894,526
Lease liabilities	19	63,859,137	85,258,657
Trade and other payables	20	898,251	4,491,264
<b>Total non-current liabilities</b>		<b>174,538,368</b>	<b>282,774,277</b>
<b>Current liabilities</b>			
Bank borrowings	18	424,512,596	340,190,398
Lease liabilities	19	76,060,908	51,558,670
Trade and other payables	20	427,678,208	259,381,013
Net liabilities relating to discontinued operations	13	3,356,335	-
<b>Total current liabilities</b>		<b>931,608,047</b>	<b>651,130,081</b>
<b>Total liabilities</b>		<b>1,106,146,415</b>	<b>933,904,358</b>
<b>Total equity and liabilities</b>		<b>1,253,512,667</b>	<b>1,172,495,157</b>

These consolidated financial statements were approved and authorised for issue on 26 March 2026.

The consolidated financial statements set out on pages 7 to 49, which have been prepared on the going concern basis were approved by the Directors on the date of these consolidated financial statements and signed on behalf of the Group by:

  
H.E. Mohamed Bin Hamad Saif Al Sharqi  
Chairman

  
Board Member

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

The report of the auditor is set out on pages 4 to 6.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025

	Notes	2025 AED	2024 AED
<b>Continuing operations</b>			
Revenue	21	114,989,435	2,596,959
Direct expenses	22	(104,991,674)	(2,686,849)
<b>Gross profit / (loss)</b>		<b>9,997,761</b>	<b>(89,890)</b>
Other income	23	1,459,936	2,065,767
Selling and distribution expenses	24	(5,086,608)	(1,243,414)
General and administrative expenses	25	(7,644,443)	(40,565,764)
Production idle cost	26	(42,020,193)	(95,070,342)
Finance cost	27	(46,915,960)	(46,356,847)
<b>Loss before tax</b>		<b>(90,209,507)</b>	<b>(181,260,490)</b>
Corporate tax expense	28	-	-
<b>Loss for the year from continuing operations</b>		<b>(90,209,507)</b>	<b>(181,260,490)</b>
<b>Discontinued operations</b>			
Loss for the year from discontinued operations	13	(1,015,040)	(1,991,220)
<b>Net loss for the year</b>		<b>(91,224,547)</b>	<b>(183,251,710)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive loss for the year</b>		<b>(91,224,547)</b>	<b>(183,251,710)</b>
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the Group		(91,224,547)	(183,251,710)
<b>Total comprehensive loss for the year</b>		<b>(91,224,547)</b>	<b>(183,251,710)</b>
<b>Basic and diluted loss per share</b>		<b>(0.256)</b>	<b>(0.514)</b>

The accompanying notes and policies form an integral part of these consolidated financial statements.  
The report of the auditor is set out on pages 4 to 6.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

#### Consolidated statement of changes in equity for the year ended 31 December 2025

	Share capital	Statutory reserve	Revaluation reserve	Accumulated losses	Total
	AED	AED	AED	AED	AED
As at 1 January 2024	355,865,320	161,750,412	34,747,500	(130,520,723)	421,842,509
Net loss for the year	-	-	-	(183,251,710)	(183,251,710)
Offset of losses against reserves (Note 16)	-	(161,750,412)	-	161,750,412	-
As at 31 December 2024	355,865,320	-	34,747,500	(152,022,021)	238,590,799
Net loss for the year	-	-	-	(91,224,547)	(91,224,547)
<b>As at 31 December 2025</b>	<b>355,865,320</b>	<b>-</b>	<b>34,747,500</b>	<b>(243,246,568)</b>	<b>147,366,252</b>

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

The report of the auditor is set out on pages 4 to 6.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Consolidated statement of cash flows for the year ended 31 December 2025

	Notes	2025 AED	2024 AED
Net loss for the year from continuing operations		(90,209,507)	(181,260,490)
Net loss from discontinued operations	13	(1,015,040)	(1,991,220)
Adjustments for:			
Depreciation of property, plant and equipment	6	52,224,821	53,249,848
Depreciation of right-of-use asset	7	9,489,034	9,535,212
Trade receivables written off	13	(259,057)	-
Employees' end-of-service benefits	17	382,493	822,480
Finance cost	27	43,813,242	42,972,423
Loss on disposal of property, plant and equipment		510,917	1,483,022
Interest expense on lease liabilities	27	3,102,718	3,574,393
Provision for expected credit loss of trade receivables	11	-	305,836
Allowance for slow-moving and obsolete inventories	10	-	30,064,704
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>18,039,621</b>	<b>(41,243,792)</b>
(Increase) / decrease in inventories	10	(143,334,255)	2,255,076
Decrease in trade and other receivables	11	6,612,957	49,113,950
Increase / (decrease) in trade and other payables	20	130,584,647	(10,345,348)
<b>Cash generated from / (used in) operating activities</b>		<b>11,902,970</b>	<b>(220,114)</b>
Employees' end-of-service benefits paid	17	(123,007)	(10,766,495)
<b>Net cash generated from / (used in) operating activities</b>		<b>11,779,963</b>	<b>(10,986,609)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(304,736)	(17,393)
Proceeds from sale of property, plant and equipment		2,826,111	12,227,575
<b>Net cash generated from investing activities</b>		<b>2,521,375</b>	<b>12,210,182</b>
<b>Cash flows from financing activities</b>			
Net receipts in trust receipts and overdrafts	18	819,336	1,514,249
Finance costs paid	27	(9,941,413)	(3,530,187)
Proceeds from term loans	18	-	1,547
Repayment of term loans	18	-	(146,465)
Repayment of principal portion of lease liabilities	19	-	(1,126,837)
<b>Net cash used in financing activities</b>		<b>(9,122,077)</b>	<b>(3,287,693)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>5,179,261</b>	<b>(2,064,120)</b>
Cash and cash equivalents included in discontinued operations		(1,587)	(4,184,848)
Cash and cash equivalents at the beginning of the year		4,977,655	7,041,775
<b>Cash and cash equivalents at the end of the year</b>	12	<b>10,155,329</b>	<b>792,807</b>

The accompanying notes and policies form an integral part of these consolidated financial statements.  
The report of the auditor is set out on pages 4 to 6.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 1 General information

Fujairah Cement Industries PJSC (the "Parent Entity") is a public joint stock company incorporated in the Emirate of Fujairah, United Arab Emirates by an Amiri Decree issued by His Highness the Ruler of Fujairah on 20 December 1979. The Parent Entity's ordinary shares are listed in the Abu Dhabi Securities Exchange.

The Parent Entity is domiciled in Fujairah and its registered address is P.O. Box: 11477, Dibba, Fujairah, United Arab Emirates.

The principal activities of Parent Entity and its subsidiary (collectively referred to as the "Group") are clinkers and hydraulic cements manufacturing, ready - mix and dry - mix concrete and mortars manufacturing, exporting and sand or pebble mines operation - crushers.

The management is vested with Mr. Saeed Ahmed Ghareib Howaishil Alsereidi, Manager, Emirati national and control is vested with the Board of Directors.

These consolidated financial statements incorporate the operating results of the industrial license no. 80001.

These consolidated financial statements of the Parent Entity as at and for the year ended 31 December 2025 comprise the Parent Entity and its subsidiary. The details of the subsidiary is as follows.

<b>Sr. No</b>	<b>Name of subsidiary</b>	<b>License no</b>	<b>Legal and effective interests</b>	<b>Activities</b>
1	Fujairah Cement Industries P.J.S.C FZE, United Arab Emirates	4203	100%	Ready mixed concrete manufacturing

#### 2 Going concern

The Group incurred a net loss of AED 91,224,547 for the year ended 31 December 2025 (2024: AED 183,251,710), accumulated losses of AED 243,246,568 (2024: AED 152,022,021), the current liabilities exceeded the current assets by AED 677,130,997 as at that date (2024: AED 539,262,130).

Additionally, the Board of Directors, at the meeting held on 9 January 2024, had resolved to terminate the operations of the subsidiary with effect from 1 February 2025. The results for the period and balances as of 31 December 2025 related to the subsidiary are disclosed as discontinued operations.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The Group had earlier declared the temporary suspension of sales and production until further notice effective from 1 May 2024, declared by the Board of Directors at the Annual General Meeting held on 25 April 2024 due to the Parent Entity's ongoing financial liquidity challenges. However, the Board of Directors, in their meeting held on 17 June 2025, announced that the Parent Entity had resumed production activities on 14 June 2025, and commenced cement dispatches on 23 June 2025. Hence, the accompanying consolidated financial statements have been prepared on a going concern basis.

**Fujairah Cement Industries PJSC and its subsidiary**  
**Fujairah - United Arab Emirates**  
**Notes to the Consolidated Financial Statements for the year ended 31 December**  
**2025**

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**3 Application of new and revised Standards**

**3.1 New and amended Standards that are effective for the current period**

In the current period, the Entity has applied a number of 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 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

**New and revised Standards**

**Effective for annual periods beginning on or after**

Amendments to IAS 21 Lack of exchangeability

1 January 2025

Management has adopted the new and amended IFRS standards in the current period and believes that these standards do not have material impact on these financial statements unless mentioned above.

**3.2 New and revised Standards in issue but not yet effective**

The Entity has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

**New and revised Standards**

**Effective for annual periods beginning on or after**

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of assets between an Investor and its Associate or Joint Venture:

No effective date set

Annual Improvements to IFRS Accounting Standards - Volume 11

1 January 2026

Amendments to IFRS 9 Financial Instruments and IFRS 7 Contracts Referencing Nature-dependent Electricity

1 January 2026

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

1 January 2026

IFRS 18 Presentation and Disclosure in Financial Statements

1 January 2027

IFRS 19 Subsidiaries without Public Accountability: Disclosures

1 January 2027

Management anticipates that these standards will not have any significant impact on these financial statements.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information

##### 4.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

##### 4.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

###### *Current/Non-current classification*

The Group presents assets and liabilities in consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

Expected to be realised or intended to sold or consumed in normal operating cycle or held primarily for the purpose of trading or expected to be realised within twelve months after the reporting year, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting year, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year.

The Group classifies all other liabilities as non-current.

###### *Fair value measurement*

Fair value is the price that would be received to sell 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 a 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 realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies are set out below.

##### 4.3 Basis of consolidation

The consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries. Control is achieved when the Parent:

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

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information (continued)

##### 4.3 Basis of consolidation (continued)

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group 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.

##### 4.4 Functional currency

These consolidated financial statements are presented in Arab Emirati Dirham (AED), which is the Group's functional currency.

##### 4.5 Revenue recognition

The Group has applied the following accounting policy in the preparation of its financial statements.

For contracts determined to be within the scope of revenue recognition, the Group is required to apply a five-step model to determine when to recognise revenue, and at what amount.

The Group recognises revenue from contracts with customers based on the five step model set out in IFRS 15:

Step 1: Identify the contract(s) with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify the performance obligation in the contract

A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price

The transaction price is the amount of consideration the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract

For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

The Group satisfies a performance obligation and recognises revenue over time, when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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### 4 Material accounting policy information (continued)

#### 4.5 Revenue recognition (continued)

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.

#### *Performance obligation*

#### *Sale of goods*

Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables and the right to recover returned goods is included in inventory. The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

#### *Sale of scrap materials*

The revenue from sale of scrap materials is recognized at the point in time when the control of those items are transferred to the customer, generally on delivery of the materials.

#### 4.6 Leases

The Group leases various lands and vehicles. Rental contracts are typically made for fixed periods of 25 years and 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

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 Group's incremental borrowing rate can be used.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentive receivables,
- variable lease payment that are based on an index or a rate,
- 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.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information (continued)

##### 4.6 Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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 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 the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- 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 by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the year.

The lease liability is presented as a separate line in the statement of financial position.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration 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 recognised and measured under IAS 37. 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 using straight-line method from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The right-of-use assets are presented as a separate line in the statement of financial position.

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.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in the statement of profit or loss.

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.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information (continued)

##### 4.7 Foreign currencies

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items 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 retranslated 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 on monetary items are recognised in profit or loss in the period in which they arise.

##### 4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

##### 4.9 Employee benefits

###### *End of service indemnity*

Provision is made for the full amount of end of service indemnity due to non-U.A.E. national employees in accordance with the applicable Labour Law and is based on current remuneration and their period of service at the end of the reporting year.

##### 4.10 Taxation

Corporate tax expense represents the sum of the tax currently payable and deferred tax.

###### *Current tax*

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

###### *Deferred tax*

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

Deferred tax liabilities are recognised for taxable temporary differences associated with 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 recognised 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 liabilities and assets are measured at the tax rates that are expected to apply in the period in

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 4 Material accounting policy information (continued)

##### 4.10 Taxation (continued)

which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Directors of the Group reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the Directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

##### *Current and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised 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.

##### 4.11 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income when incurred.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

	<u>Useful lives</u>
Land	
Factory buildings and leasehold improvements	5 to 35 years
Plant and machinery	2 to 35 years
Furniture and fixtures	2 to 4 years
Vehicles and mobile plant	4 to 7 years
Tools and equipment	2 to 4 years
Quarry development	6 to 20 years
Factory civil structures	5 to 35 years

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information (continued)

##### 4.11 Property, plant and equipment (continued)

Capital work in progress

Properties in the course of construction for production, supply or administrative purposes or for purposes not yet determined are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for the intended use.

##### 4.12 Intangible assets

*Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The following useful lives are used in the calculation of amortization:

	<u>Useful lives</u>
Software	5 years

##### 4.13 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, 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 indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication 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.

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. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### 4.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information (continued)

##### 4.14 Inventories (continued)

###### *Raw material, stores and spares and semi-finished goods purchased*

The cost includes insurance, freight and other incidental charges incurred in acquiring the inventories and bringing them to their present location and condition. Valuation is determined on a weighted average basis.

###### *Raw materials produced locally, work in progress and finished goods*

The cost includes cost of direct materials and direct labour plus an appropriate share of production overheads based on normal operating capacity. Valuation is determined on a weighted average basis.

##### 4.15 Provisions

Provisions are recognised 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 the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When 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, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### 4.16 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

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 recognised immediately in profit or loss.

##### 4.17 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way 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 recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

###### *Classification of financial assets*

Financial instruments that meet the following conditions are measured subsequently at amortised 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.

Financial 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).

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information (continued)

##### 4.17 Financial assets (continued)

###### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, amounts due from customers under construction contracts, 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 always recognises lifetime ECL for trade receivables, amounts due from customers under construction contracts (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 time value of money where appropriate.

For all other financial instruments, the Group recognises 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. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

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.

###### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

###### *Receivables*

Receivables were non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables (including trade and other receivables), bank balances and cash and others were measured at amortised cost using the effective interest method, less any impairment.

###### *Derecognition of financial assets*

The Group derecognises a financial asset 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 party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises 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 recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity was recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that was no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income was allocated between the part that continues to be recognised and the part that was no longer recognised on the basis of the relative fair values of those parts.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information (continued)

##### 4.18 Financial liabilities and equity instruments

###### *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 recognised at the proceeds received, net of direct issue costs.

###### *Financial liabilities*

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

###### *Financial liabilities measured subsequently at amortised cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised 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 amortised cost of a financial liability.

###### *Loans and other borrowings*

Loans and other borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted on accrual basis and are added to the carrying value of the instruments to the extent that they are not settled in the period in which they arise.

###### *Trade and other payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

###### *Derecognition of financial liabilities*

The Group derecognises 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 derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information (continued)

##### 4.18 Financial liabilities and equity instruments (continued)

###### *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### 5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, which are described in note 4 to these consolidated financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements and estimates made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

##### 5.1 Critical judgements in applying accounting policies

###### *Judgements in determining the timing of satisfaction of performance obligations*

In making their judgement, the Directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Group had transferred control of the goods to the customer. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the Directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

###### *Business model assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 4.17). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

##### 5.2 Key sources of estimation uncertainty

###### *Fair value measurement of financial instruments*

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The Group has an established control framework with respect to the measurement of fair values. This includes a management team that has overall responsibility for overseeing all significant fair value measurements.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 5 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### 5.2 Key sources of estimation uncertainty (continued)

###### *Useful lives of property, plant and equipment*

Property, plant and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

###### *Useful lives of intangible assets*

Intangible assets is amortised over its estimated useful life, which is based on expected usage of the asset. The management has not considered any residual value as it is deemed immaterial.

###### *Impairment losses on property, plant and equipment*

The Group reviews its property, plant and equipment to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recognised in profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is a reduction in the carrying value of property, plant and equipment. Accordingly, provision for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property, plant and equipment.

###### *Provision for inventories*

The Group reviews its inventory to assess loss on account of obsolescence and any write down for net realizable value adjustment on a regular basis. In determining whether a provision for obsolescence 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 saleability of the product and the net realizable value for such product. Provision for net realizable value write down is made where the net realizable value is less than cost based on best estimates by management. The provision for obsolescence of inventory is based on its ageing and the past trend of consumption.

###### *Discounting of lease payments [applicable from 1 January 2019]*

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 3.50%.

Management has applied judgements and estimates to determine the IBR at the commencement of lease.

###### *Calculation of loss allowance*

When measuring ECL 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.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates Notes to the Consolidated Financial Statements for the year ended 31 December 2025

6	Property, plant and equipment	Factory buildings and leasehold improvements											
		Land	Plant and machinery	Furniture and fixtures	Vehicles and mobile plant	Tools and equipment	Quarry development	Factory structures	Civil work-in-progress	Capital work-in-progress	Total		
		AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
<b>Cost</b>													
As at 1 January 2024		34,997,500	30,712,750	2,040,704	517	4,436,778	36,429,897	13,632,309	31,949,125	130,362,068	13,286,787	2,336,511	731
Additions during the year		-	-	-	-	4,680	-	12,713	-	-	-	-	17,393
Disposals during the year		-	-	(15,910,749)	-	-	(210,500)	-	-	-	-	-	(16,121,249)
Transfers related to discontinued operations		-	-	(4,430,595)	(18,026)	(11,905,129)	(129,108)	-	-	(1,075,382)	(12,189,888)	(29,748,128)	-
As at 31 December 2024		34,997,500	30,712,750	2,020,363	173	4,423,432	24,314,268	13,515,914	31,949,125	129,286,686	1,096,899	2,290,659	747
Additions during the year		-	-	250,000	5,700	-	(994,373)	14,670	-	-	34,365	304,735	-
Disposals during the year		-	-	-	-	-	-	-	-	-	-	-	(994,373)
<b>As at 31 December 2025</b>		<b>34,997,500</b>	<b>30,712,750</b>	<b>2,020,613</b>	<b>173</b>	<b>4,429,132</b>	<b>23,319,895</b>	<b>13,530,584</b>	<b>31,949,125</b>	<b>129,286,686</b>	<b>1,131,265</b>	<b>2,289,970</b>	<b>1,110</b>
<b>Accumulated depreciation</b>													
As at 1 January 2024		-	15,711,833	1,132,756	395	4,151,473	29,742,039	13,404,536	27,677,364	48,581,411	9,230,880	1,281,255	931
Depreciation expense		-	746,323	46,581,642	-	215,924	577,086	89,101	926,081	4,113,691	-	53,249,848	-
Disposals during the year		-	-	(10,808,045)	-	-	(210,500)	-	-	-	-	-	(11,018,545)
Transfer of assets related to discontinued operations		-	-	(1,841,811)	(18,026)	(5,989,689)	(129,106)	-	-	(776,164)	(9,230,880)	(17,985,676)	-
As at 31 December 2024		-	16,458,156	1,166,688	181	4,349,371	24,118,936	13,364,531	28,603,445	51,918,938	-	1,305,501	558
Disposals during the year		-	-	-	-	(811,903)	-	-	-	-	-	-	(811,903)
Depreciation expense		-	746,323	46,306,570	57,221	57,221	9,037	68,762	926,081	4,110,827	-	52,224,821	-
<b>As at 31 December 2025</b>		<b>-</b>	<b>17,204,479</b>	<b>1,212,994</b>	<b>751</b>	<b>4,406,592</b>	<b>23,316,070</b>	<b>13,433,293</b>	<b>29,529,526</b>	<b>56,029,765</b>	<b>-</b>	<b>1,356,914</b>	<b>4,476</b>

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates Notes to the Consolidated Financial Statements for the year ended 31 December 2025

6	Property, plant and equipment (continued)										
		Land	Factory buildings and leasehold improvements	Plant and Furniture and fixtures	Vehicles and mobile plant	Tools and equipment	Quarry development structures	Factory civil structures	Capital work-in-progress	Total	
		AED	AED	AED	AED	AED	AED	AED	AED	AED	
	As at 31 December 2024	34,997,500	14,254,594	853,674,992	74,061	195,332	151,383	3,345,680	77,367,748	1,096,899	985,158,189
	<b>As at 31 December 2025</b>	<b>34,997,500</b>	<b>13,508,271</b>	<b>807,618,422</b>	<b>22,540</b>	<b>3,825</b>	<b>97,291</b>	<b>2,419,599</b>	<b>73,256,921</b>	<b>1,131,265</b>	<b>933,055,634</b>

#### Carrying amount

#### Notes:

- Land amounting to AED 34,997,500 is stated at fair value based on valuation by Land and Property Management, Dibba Municipality, Government of Fujairah, and the difference amounting to AED 34,747,500 was credited to revaluation reserve.
- Part of the factory buildings and improvements, factory civil structures and plant and machinery are constructed/erected on leased land obtained from the Dibba Municipality, Government of Fujairah.
- There is a registered chattel mortgage (being executed) over the Waste Heat Recovery based captive power plant expansion project included in plant and machinery mentioned above and an assignment of insurance policy covering the project in favour of the bank against bank borrowings (Note 18).
- Insurance policy covering movable assets is assigned in favor of a bank against bank borrowings (Note 18).
- Commercial mortgage over thermal power plant included in plant and machinery mentioned above, assignment of insurance policies covering the cement factory and thermal power plant and assignment of leasehold rights over the land on which the thermal power plant is located are provided as securities against bank borrowings (Note 18).
- There is a registered mortgage and assignment of insurance policy over specific machinery upgraded (Note 18) included in plant and machinery mentioned above.
- Depreciation is fully charged to cost of sales.
- Cost of fully depreciated property, plant and equipment that was still in use, at the end of the reporting period amounted to AED 375,714,532 (2024 : AED 374,335,299).

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 6 Property, plant and equipment (continued)

j) Leasehold rights (between the Group & Dibba Municipality) over the land on which the thermal power plant is located are assigned against bank borrowings (Note 18).

#### 7 Leases (the Group as Lessee)

##### *Right-of-use assets*

Movement of the recognised right-of-use assets during the year:

	<b>Property</b>	<b>Total</b>
	<b>AED</b>	<b>AED</b>
<b>Cost</b>		
As at 1 January 2024	139,281,274	139,281,274
Transfer of assets related to discontinued operations (Note 13)	<u>(6,878,051)</u>	<u>(6,878,051)</u>
As at 31 December 2024	132,403,223	132,403,223
<b>As at 31 December 2025</b>	<b><u>132,403,223</u></b>	<b><u>132,403,223</u></b>
<b>Accumulated depreciation</b>		
As at 1 January 2024	49,685,779	49,685,779
Transfer of assets related to discontinued operations (Note 13)	<u>(2,240,607)</u>	<u>(2,240,607)</u>
Charge for the year	<u>9,489,034</u>	<u>9,489,034</u>
As at 31 December 2024	56,934,206	56,934,206
Charge for the year	<u>9,489,034</u>	<u>9,489,034</u>
<b>As at 31 December 2025</b>	<b><u>66,423,240</u></b>	<b><u>66,423,240</u></b>
<b>Carrying amount</b>		
<b>As at 31 December 2025</b>	<b><u>65,979,983</u></b>	<b><u>65,979,983</u></b>
As at 31 December 2024	<u>75,469,017</u>	<u>75,469,017</u>
<i>Amounts recognised in profit or loss</i>		
	<b>2025</b>	2024
	<b>AED</b>	AED
Depreciation expense on right-of-use assets (25 & 26)	<b>9,489,034</b>	9,489,034
Interest expense on lease liabilities (Note 27)	<b><u>3,102,718</u></b>	<u>3,400,118</u>

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

<b>8</b>	<b>Intangible assets</b>	<b>Software</b>
		<b>AED</b>
	<b>Cost</b>	<u>                    </u>
	As at 31 December 2024	249,517
	<b>As at 31 December 2025</b>	<u><b>249,517</b></u>
	<b>Accumulated amortisation</b>	
	As at 1 January 2024	<u>249,517</u>
	As at 31 December 2024	<u>249,517</u>
	<b>As at 31 December 2025</b>	<u><b>249,517</b></u>
	<b>Carrying amount</b>	
	<b>As at 31 December 2025</b>	<u><u>-</u></u>
	As at 31 December 2024	<u><u>-</u></u>

### 9 Related party balances and transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24 Related Party Disclosures. Related parties comprise companies and entities under common ownership and/or common management and control, key management personnel, shareholders and the ultimate controlling party. The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges.

#### a) Transactions

During the year, the Group entered into the following transactions with the related parties:

	<b>2025</b>	2024
	<b>AED</b>	AED
Sales	<u><b>52,500</b></u>	<u>109,785</u>
	<u><b>52,500</b></u>	<u>109,785</u>

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 9 Related party balances and transactions (continued)

##### b) Compensation of key management personnel

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

	2025	2024
	AED	AED
Salaries and other benefits of key management staff	<u>2,418,013</u>	<u>1,995,718</u>

c) At the statement of consolidated financial position date, balances of related parties are as follows:

	2025	2024
	AED	AED
<b>Balances due from related parties</b>		
(Included in trade receivables)	8,203	-
<b>Balances due to related parties</b>		
(Included in trade payables)	264,568	14,568

#### 10 Inventories

	2025	2024
	AED	AED
Spare parts	125,319,802	130,400,046
Semi-finished products	72,009,202	31,333,113
Burning media	59,131,531	60,904,562
Raw materials	8,895,641	10,129,392
Finished goods	4,777,695	803,127
Bags and packing materials	<u>1,580,173</u>	<u>397,626</u>
	<u>271,714,044</u>	<u>233,967,866</u>
Allowance for slow moving / obsolete inventories	(110,736,215)	(140,581,233)
Goods in transit	<u>78,486,264</u>	<u>2,602,918</u>
	<u>239,464,093</u>	<u>95,989,551</u>

Insurance policy against the inventories are assigned against bank borrowings (Note 18).

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 10 Inventories (continued)

*Movement in allowance for slow moving and obsolete inventories*

	2025	2024
	AED	AED
Balance at the beginning of the year	140,581,233	110,516,529
Amounts written off during the year	(29,845,018)	-
Charge during the year	-	30,064,704
<b>Balance at the end of the year</b>	<b>110,736,215</b>	<b>140,581,233</b>

#### 11 Trade and other receivables

	2025	2024
	AED	AED
Trade receivables	56,636,383	60,824,536
Less: Allowance for expected credit losses	(56,211,524)	(56,211,524)
	424,859	4,613,012
Advances to suppliers	1,214,512	1,155,777
VAT receivable-net	571,882	2,562,316
Deposits	333,614	337,575
Prepayments	295,585	316,101
Staff loan and advances	168,756	23,069
Other receivables	1,848,420	1,221,821
	4,857,628	10,229,671

After business operations resumed during the year, the Parent Entity implemented revised credit terms, resulting in all sales for the year being made on an advance-payment basis.

Trade receivables are assigned against bank borrowings (Note 18).

Trade receivables include AED 56,636,383 (2024: AED 60,824,536) which is past due and out of this AED 350,000 (2024: AED 350,000) is secured.

Of the trade receivables as at 31 December 2025 there are 6 customers (2024: 6 customers) which represent 97% (2024: 97%) of the total receivables.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 11 Trade and other receivables (continued)

##### *Geographical details of trade receivables*

	2025	2024
	AED	AED
<b>Primary Geographical Markets</b>		
Within U.A.E.	<b>53,213,109</b>	57,400,775
Outside U.A.E. - G.C.C.	<b>2,930,639</b>	2,930,589
Other countries	<b>492,635</b>	493,172
	<b>56,636,383</b>	60,824,536

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix 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 debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 99% against all receivables over 360 days past due because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable 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, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

Fujairah Cement Industries PJSC and its subsidiary

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Notes to the Consolidated Financial Statements for the year ended 31 December  
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11 Trade and other receivables (continued)

31 December 2025	<u>Trade receivables – ageing analysis</u>				Total
	Not past due	Less than 180 days	180-360 days	More than 360 days	
	AED	AED	AED	AED	AED
Expected credit loss rate	-%	-%	-%	99.25%	
Estimated total gross carrying amount at default	-	-	-	56,636,383	56,636,383
Lifetime ECL	-	-	-	56,211,524	56,211,524
					424,859

31 December 2024	<u>Trade receivables – ageing analysis</u>				Total
	Not past due	Less than 180 days	180-360 days	More than 360 days	
	AED	AED	AED	AED	AED
Expected credit loss rate	-%	-%	-%	92.41%	
Estimated total gross carrying amount at default	-	-	-	60,824,536	60,824,536
Lifetime ECL	-	-	-	56,211,524	56,211,524
					4,613,012

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 11 Trade and other receivables (continued)

	Total AED
Balance as at 1 January 2024	58,033,713
Amounts written off	(2,128,025)
Provision during the year	305,836
<b>Balance as at 31 December 2024</b>	<b>56,211,524</b>
<b>Balance as at 31 December 2025</b>	<b>56,211,524</b>

	Expected credit loss rate %	Gross trade receivables AED	Expected credit loss AED
<b>2025</b>			
Secured trade receivables against bank guarantees and letters of credit		350,000	-
Unsecured trade receivables	99.25%	56,636,383	56,211,524
		-	-
		<b>56,986,383</b>	<b>56,211,524</b>
<b>2024</b>			
Secured trade receivables against bank guarantees and letters of credit		350,000	-
Unsecured trade receivables	92.42%	60,474,536	56,211,524
		<b>60,824,536</b>	<b>56,211,524</b>

#### 12 Cash and cash equivalents

	2025 AED	2024 AED
Bank balances	8,593,218	489,642
Cash on hand	1,562,111	303,165
	<b>10,155,329</b>	792,807

The bank balances are also subject to impairment requirements of IFRS 9, however, balances with banks are assessed to have low credit risk of default.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 13 Discontinued operations

The Board of Director has decided to terminate the operations of its 100% subsidiary Fujairah Cement Industries PJSC FZE which provides ready mixed concrete manufacturing services with effect from 01 February 2024, at the meeting held on 09 January 2024 and having registered office at Umm Al Qwain Bank Building, Mezzanine Floor-2(M2), Office No-203, Hamad Bin Abdulla Road, Fujairah, United Arab Emirates. Revenue and expenses, gains and losses relating to the discontinuation of this subsidiary have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item in the consolidated statement of profit or loss.

	2025	2024
	AED	AED
Revenue	-	519,047
Direct expenses	-	(878,429)
	-	(359,382)
Finance cost	-	(189,970)
General and administrative expenses	(836,440)	(1,161,405)
Trade receivables written off	259,057	-
Loss on disposal of property, plant and equipment	(510,917)	-
Other income / (expenses)	73,260	(280,463)
	<b>(1,015,040)</b>	<b>(1,991,220)</b>

	2025	2024
	AED	AED
<b>Cash flows from discontinued operations</b>		
Net cash inflows / (outflows) from operating activities	162,784	(2,708,294)
Net cash inflows from investing activities	2,026,000	8,258,000
Net cash outflows from financing activities	(6,372,045)	(1,955,476)
<b>Net cash (outflows) / inflows</b>	<b>(4,183,261)</b>	<b>3,594,230</b>

	2025	2024
	AED	AED
<b>Assets</b>		
Property, plant and equipments	-	3,154,558
Right-of-use assets	4,406,064	4,406,064
Inventory	-	140,287
Trade and other receivables	290,197	1,272,054
Cash and bank balances	1,587	4,184,848
<b>Liabilities</b>		
Lease liabilities	(4,652,893)	(4,652,893)
Trade and other payables	(3,401,290)	(3,648,996)
	<b>(3,356,335)</b>	<b>4,855,922</b>

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 14 Share capital

	2025	2024
	AED	AED
Authorised, issued and paid up share capital: 355,865,320 shares of AED 1.00 each	<u>355,865,320</u>	<u>355,865,320</u>

#### 15 Revaluation reserve

	2025	2024
	AED	AED
Balance at the beginning	<u>34,747,500</u>	<u>34,747,500</u>
	<u>34,747,500</u>	<u>34,747,500</u>

The Land mentioned in Note 6 of AED 34,997,500 is stated at valuation by Land and Property Management - Dibba Municipality - Government of Fujairah and the difference amounting to AED 34,747,500 was credited to the revaluation reserve.

#### 16 Statutory reserve

	2025	2024
	AED	AED
Balance at the beginning of the year	-	161,750,412
Offsetting of loss for the period against statutory reserve	<u>-</u>	<u>(161,750,412)</u>
<b>Balance at the end of the year</b>	<u>-</u>	<u>-</u>

According to the Articles of Association of the Parent Entity and UAE Federal Law No. 32 of 2021, 10% of annual net profits is allocated to the statutory reserve. The transfer to statutory reserve may be suspended, when the reserve reaches 50% of the paid-up capital. This reserve is not available for distribution.

The Board of Directors resolved to offset the losses and/or the accumulated losses of the Group against the statutory reserve as on 12 September 2024. The reserve has been completely utilized to offset the partial loss as on 31 December 2024.

#### 17 Employees' end-of-service benefits

	2025	2024
	AED	AED
Balance at the beginning of the year	129,830	10,073,845
Charge for the year	382,493	822,480
Payments during the year	<u>(123,007)</u>	<u>(10,766,495)</u>
<b>Balance at the end of the year</b>	<u>389,316</u>	<u>129,830</u>

Amounts required to cover end of service indemnity at the consolidated statement of financial position date are computed pursuant to the applicable Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of reporting year.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 18 Bank borrowings

	2025	2024
	AED	AED
Term loan	376,803,260	376,803,260
Trust receipts	82,357,603	82,357,603
Short term loans	40,000,000	40,000,000
Overdraft	34,743,397	33,924,061
	<u>533,904,260</u>	<u>533,084,924</u>

	2025	2024
	AED	AED
Term loans movement during the year		
Balance at the beginning of the year	376,803,260	376,948,178
Received during the year	-	59,383
Restructuring from short term loan	-	-
Repaid during the year	-	(204,301)
<b>Balance at the end of the year</b>	<u>376,803,260</u>	<u>376,803,260</u>

	2025	2024
	AED	AED
Short term loans movement during the year		
Balance at the beginning of the year	40,000,000	40,000,000
<b>Balance at the end of the year</b>	<u>40,000,000</u>	<u>40,000,000</u>

*Presented in the consolidated statement of financial position as:*

	2025	2024
	AED	AED
Bank borrowings - non-current	109,391,664	192,894,526
Bank borrowings - current	424,512,596	340,190,398
	<u>533,904,260</u>	<u>533,084,924</u>

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 18 Bank borrowings (continued)

Securities:

- a). Registered charge over Thermal Power Plant (including machinery).
- b). Registered chattel mortgage (to be executed) over the Waste Heat Recovery based captive power plant expansion project.
- c). Assignment of insurance policy for AED 437.4 million covering factory on a pari passu basis.
- d). Assignment of insurance policy for AED 236.9 million covering the Thermal Power Plant on a pari passu basis.
- e). Assignment of insurance policy for AED 124.4 million covering the Waste Heat Recovery based captive power plant expansion project.
- f). Assignment of insurance policies covering moveable assets on pari passu basis.
- g). Assignment of leasehold rights (between the Group & Dibba Municipality) over the land on which the Thermal Power Plant is located.
- h). Assignment of insurance policy over inventories on pari passu basis.
- i). General assignments of trade receivables in favor of the bank.
- j). Registered mortgage and assignment of insurance policy over specific machinery upgraded.
- k). Promissory note.
- l). As at 31 December 2025, the Group failed to meet the below financial covenants as per bank facility letters:

#### *Dubai Islamic Bank*

- a). To maintain minimum tangible net worth of not less than AED 780 million.
- b). To maintain leverage ratio not exceeding 1.5:1 at all times.

#### *Emirates NBD PJSC*

- a). The ratio of EBITDA to debt services in respect of any relevant testing period shall not be less than 1.1:1.

#### *National bank of Fujairah*

- a). To maintain leverage ratio not exceeding 1.5:1 or below.

#### *Abu Dhabi Commercial Bank*

- a). Tangible net worth must not be less than AED 830 million.
- b). Total liabilities to tangible net worth ratio must not be more than 1.20:1.
- c). Total debt to EBITDA ratio must not be more than 8:1.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 18 Bank borrowings (continued)

m) Break-up of bank - term borrowings are as follows:

	<b>Maturity date</b>	<b>2025 AED</b>	<b>2024 AED</b>
<b>Loan</b>			
Term loan 1	January 2030	44,920,369	44,920,369
Term loan 2	December 2028	13,187,699	13,187,699
Term loan 3	November 2026	84,807,679	84,807,679
Term loan 4	December 2028	74,400,000	74,400,000
Term loan 5	December 2024	5,591,114	5,591,114
Term loan 6	December 2025	31,000,000	31,000,000
Term loan 7	December 2028	60,000,000	60,000,000
Term loan 8	June 2026	28,042,864	28,042,864
Term loan 9	October 2027	34,853,535	34,853,535
		<b>376,803,260</b>	<b>376,803,260</b>

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 18 Bank borrowings (continued)

##### Term loan 1

During 2017, the Group entered into an Islamic financing arrangement (Ijarah) from a bank operating in the United Arab Emirates for AED 114,445,987 to settle the existing term loan. During November 2017, the outstanding balance of AED 101,240,681 were rescheduled to be repaid in 22 equal quarterly installments of AED 3,000,000 each commenced in January 2018 and ending in April 2023 and the remaining amount of AED 35,240,681 to be settled in July 2023. During 2021, the existing Ijarah balance has been refinanced by the same bank to be repaid in 31 equal quarterly installments of AED 1,664,063 commencing from April 2022 and the remaining amount of AED 1,654,728 to be settled in January 2030. During 2023, the existing Ijarah balance has been refinanced by the same bank to be repaid in 6 quarterly installments of AED 1,200,000 commencing from April 2024, followed by 17 Quarterly installments of AED 224,000 and 1 installment of AED 1,304,431 to be settled in January 2030.

##### Term loan 2

During 2017, the Group entered into an Islamic financing arrangement (Mudaraba) from a bank operating in the United Arab Emirates for AED 30,000,000 of which AED 21,893,199 was drawn down, to finance the upgrade of the raw mill/slag grinding project. Out of the outstanding amount of AED 19,407,168, the Group paid AED 54,391 in January 2020 and the balance is scheduled to be repaid in 27 equal quarterly installments of AED 716,769 each commencing in April 2020 and ending in August 2026. In 30 June 2021, the outstanding amount of AED 15,768,929 is rescheduled to be repaid in 30 quarterly installments commencing from July 2021 and ending December 2028. During 2023, the outstanding amount of AED 13,187,698 is rescheduled to be repaid in 16 quarterly installments of AED 577,000 for 4 years and the remaining AED 3,955,699 in 2028.

##### Term loan 3

During 2017, the Group was sanctioned this loan from a bank operating in the United Arab Emirates for a maximum amount of AED 209,680,000 of which AED 209,607,679 was drawn down, to refinance the existing liabilities with other banks. Repayment of this loan is in 26 equal quarterly installments of AED 7,700,000 each commenced in May 2018 and ending in August 2024 and the remaining amount of AED 9,407,679 to be settled in November 2024. In September 2021, the outstanding amount of AED 101,807,679 is rescheduled to be repaid in 20 quarterly installments commencing from February 2022 and ending in November 2026. In November 2022, the outstanding amount of AED 94,307,679 is rescheduled to be repaid in 17 quarterly installments commencing from November 2022 and ending in November 2026.

##### Term loan 4

During 2018, the Group sanctioned and entered into an Islamic financing arrangement (Mudaraba) from a bank operating in United Arab Emirates for AED 100,000,000 to settle existing liabilities with other banks. In 2023, the agreement is renewed and amended. The outstanding of AED 74,400,000 is repayable in 20 quarterly installments, commencing in March 2024 and ending in December 2028.

The installment details are as below:

- 16 installments of AED 3,255,000
- 4 installments of AED 5,580,000

##### Term loan 5

During the year 2023, the Group entered into a loan agreement from a bank operating in the United Arab Emirates for an amount of AED 10,000,000 to reschedule the outstanding under short term advance to a medium term loan facility of AED 10,000,000. The loan is repayable in 24 monthly installments commencing from January 2023. The loan is subject to annual review and the next review is due on or before December 2023.

##### Term loan 6

During the year 2022, the Group sanctioned and entered into a loan agreement from a bank operating in the United Arab Emirates for an amount of AED 35,000,000 to settle the existing short - term loan and trust receipts with the same bank. The loan is repayable in 12 quarterly installments commencing from March 2023 and ending in December 2025.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 18 Bank borrowings (continued)

##### Term loan 7

During the year 2023, the Group entered into a loan agreement from a bank operating in the United Arab Emirates for an amount of AED 60,000,000 to refinance outstanding conventional short term loans outstanding of AED 60,000,000. The loan is repayable in 20 quarterly installments of AED 3,000,000 commencing from March 2024 and ending on December 2028.

##### Term loan 8

During the year 2023, the Group entered into a loan agreement from a bank operating in the United Arab Emirates for an amount of AED 28,042,865 to renew outstanding loan. The loan is to be settled within June 2026. The outstanding is repayable in 8 equal installments of AED 3,505,358.

##### Term loan 9

During the year 2023, the Group entered into a loan agreement from a bank operating in the United Arab Emirates for an amount of AED 37,000,000 to refinance entire outstanding utilisation under credit facility extended by the bank. The loan is repayable in 2 installments of AED 1,000,000 commencing from May 2023, 15 installments of AED 1,750,000 and the remaining amount by October 2027.

#### 19 Lease liabilities

Lease liabilities recognized and maturity analysis:

	2025	2024
	AED	AED
<i>Amount due for settlement within 12 months</i>		
Not later than 1 year (shown under current liabilities)	<b>76,060,908</b>	51,558,670
<i>Amount due for settlement after 12 months</i>		
Later than 1 year and not later than 5 years	<b>63,859,137</b>	85,258,657
	<b>139,920,045</b>	136,817,327

*The movement in lease liabilities is as follows:*

	2025	2024
	AED	AED
As at the beginning of the year	<b>136,817,327</b>	139,203,612
Amortization of interest expense during the year (Note 27)	<b>3,102,718</b>	3,400,118
Repayment of lease liabilities during the year	-	(379,204)
Transfers related to discontinued operations	-	(5,407,199)
<b>As at the end of the year</b>	<b>139,920,045</b>	136,817,327

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 20 Trade and other payables

	2025	2024
	AED	AED
Trade payables	207,404,261	206,591,419
Accrued expenses	109,762,320	7,541,838
Interest payable	79,288,484	45,416,655
Advances from customers	28,900,098	1,116,270
Dividends payable	3,158,634	3,158,634
Other payables	62,662	47,461
	<u>428,576,459</u>	<u>263,872,277</u>

*Presented in the consolidated statement of financial position as:*

	2025	2024
	AED	AED
Trade and other payables - non-current	898,251	4,491,264
Trade and other payables - current	<u>427,678,208</u>	<u>259,381,013</u>
	<u>428,576,459</u>	<u>263,872,277</u>

#### 21 Revenue

	2025	2024
	AED	AED
<b>Disaggregation of revenue – at a point in time</b>		
Cement	84,992,798	2,596,959
Clinker	29,996,637	-
	<u>114,989,435</u>	<u>2,596,959</u>

	2025	2024
	AED	AED
<b>Primary Geographical Markets</b>		
Within U.A.E.	88,880,845	2,293,273
Outside U.A.E. - GCC	973,471	303,686
Other countries	25,135,119	-
	<u>114,989,435</u>	<u>2,596,959</u>

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

22	Direct expenses	2025	2024
		AED	AED
	Cement	79,071,269	2,686,849
	Clinker	25,920,405	-
		<u>104,991,674</u>	<u>2,686,849</u>
23	Other income	2025	2024
		AED	AED
	Renting of facilities	976,506	665,793
	Scrap sales	477,102	1,304,363
	Canteen facilities and others	6,328	95,611
		<u>1,459,936</u>	<u>2,065,767</u>
24	Selling and distribution expenses	2025	2024
		AED	AED
	Export expenses	2,268,449	10,478
	Haulage	1,965,873	13,049
	Salaries and related benefits	812,501	1,002,056
	Travelling expenses	1,077	4,019
	Selling fee and charges	42	9,359
	Others expenses	38,666	204,453
		<u>5,086,608</u>	<u>1,243,414</u>

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 25 General and administrative expenses

	2025	2024
	AED	AED
Salaries and related benefits	3,884,993	4,252,618
Legal, license and professional	1,293,741	2,095,002
Insurance	367,831	825,288
Communication	237,278	275,157
Repairs and maintenance	223,377	630,450
Travelling	213,905	59,986
Utilities	162,874	191,982
Depreciation on right-of-use assets (Note 7)	109,530	109,531
Provision for spare parts of inventory (Note 10)	-	30,064,704
Short term leases	-	247,321
Export expenses	-	1,416
Allowance for expected credit losses	-	305,836
Social contribution	302	136
Others	1,150,612	1,506,337
	<b>7,644,443</b>	<b>40,565,764</b>

Social contribution mentioned above comprise AED 302 (2024: AED 136) to the recognized institutions.

#### 26 Production idle cost

	2025	2024
	AED	AED
Depreciation (Note 6)	23,869,345	52,838,894
Electricity	9,512,686	19,037,819
Depreciation on right-of-use assets (Note 7)	3,426,780	6,853,563
Wages and related benefits	3,149,617	10,717,927
Workshop services	624,965	2,400,639
Insurance	523,206	1,009,210
Repairs and maintenance	492,083	877,601
Others	421,511	1,334,689
	<b>42,020,193</b>	<b>95,070,342</b>

Production idle cost represent the unallocated fixed production overheads incurred when the factory was shut down temporarily till June 2025. Apart from the normal shutdown costs applicable to the plant, there were no other unallocated fixed production overheads during the year 2025.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 27 Finance cost

	2025	2024
	AED	AED
Interest on borrowings (Note 18)	43,813,242	42,956,729
Interest expense on lease liabilities (Note 19)	3,102,718	3,400,118
	<u>46,915,960</u>	<u>46,356,847</u>

#### 28 Corporate tax

##### *Current tax*

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "Law") to enact a Federal corporate tax regime in the UAE. Furthermore, on 16 January 2023, a Cabinet Decision was published specifying the threshold of AED 375,000 of taxable income above which taxable entities would be subject to a 9% corporate tax rate. The Group has incurred a net loss for the year. Accordingly, no provision for corporate tax has been recognized in these consolidated financial statements.

##### *Deferred tax*

Due to Group's current financial performance and the absence of sufficiently reliable forecasts demonstrating probable future taxable profits, management has concluded that the recognition criteria under IAS 12 are not met. Accordingly, no deferred tax asset has been recorded as at the reporting date under Federal Decree-Law No. 47 of 2022.

#### 29 Basic and diluted loss per share

	2025	2024
	AED	AED
Loss for the year (AED)	(91,224,547)	(183,251,710)
Weighted average number of shares	355,865,320	355,865,320
Basic and diluted loss per share	(0.256)	(0.514)

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding at the end of the reporting period. The Group has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

#### 30 Financial instruments and risk management

##### *Material accounting policy information*

Details of material policies information and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in Note 4 to the consolidated financial statements.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 30 Financial instruments and risk management (continued)

##### Categories of financial instruments

##### 31 December 2025

	<b>Financial assets</b>	<b>Financial liabilities</b>
	<b>Amortised cost</b>	<b>Amortised cost</b>
	<b>AED</b>	<b>AED</b>
Trade and other receivables (Note 11)	2,606,893	-
Cash and cash equivalents (Note 12)	10,155,329	-
Bank borrowings (Note 18)	-	533,904,260
Lease liabilities (Note 19)	-	139,920,045
Trade and other payables (Note 20)	-	399,676,361
	<b>12,762,222</b>	<b>,073,500,666</b>

##### 31 December 2024

	<b>Financial assets</b>	<b>Financial liabilities</b>
	<b>Amortised cost</b>	<b>Amortised cost</b>
	<b>AED</b>	<b>AED</b>
Trade and other receivables (Note 11)	6,172,408	-
Cash and cash equivalents (Note 12)	792,807	-
Bank borrowings (Note 18)	-	533,084,924
Lease liabilities (Note 19)	-	136,817,327
Trade and other payables (Note 20)	-	262,756,007
	<b>6,965,215</b>	<b>932,658,258</b>

##### Fair value measurements

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Fair value is the price that would be received to sell 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.

Management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 30 Financial instruments and risk management (continued)

##### *Financial risk management objectives*

The Group's financial risk management policies set out the Group's overall business strategies and risk management philosophy. The Group's overall financial risk management program seeks to minimise potential adverse effects to the financial performance of the Group. The management carries out overall financial risk management covering specific areas, such as market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk and investing excess cash.

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

The Group does not hold or issue derivative financial instruments for speculative purposes.

##### *Interest risk*

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rate is fixed until the maturity of the instrument.

	Effective interest rate	
	2025	2024
Bank loans	2.5% p.a. + 3 months EIBOR 3% p.a. + 3 months EIBOR 3.5% p.a. + 3 months EIBOR Finance House Base Rate (13%) minus 5.5% or 7.5% p.a, whichever is higher.	2.5% p.a. + 3 months EIBOR 3% p.a. + 3 months EIBOR 3.5% p.a. + 3 months EIBOR Finance House Base Rate (13%) minus 5.5% or 7.5% p.a, whichever is higher.
Short-term loans	1 month EIBOR + 1.75% p.a. 1 month Term SOFR / LIBOR +1.75% p.a. in respect of USD	1 month EIBOR + 1.75% p.a. 1 month Term SOFR / LIBOR +1.75% p.a. in respect of USD
Overdraft	1 month EIBOR + 1.75% to 2.5% p.a.	1 month EIBOR + 1.75% to 2.5% p.a.
Trust receipts	1 month EIBOR + 1.75% p.a. Applicable LIBOR/Term SOFR plus 3%p.a in respect of USD 6 months EIBOR + 1.75% p.a.	1 month EIBOR + 1.75% p.a. Applicable LIBOR/Term SOFR plus 3%p.a in respect of USD 6 months EIBOR + 1.75% p.a.

##### *Market risk*

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

##### *Foreign currency risk*

The Group does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in United Arab Emirates Dirham.

##### *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2025, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 30 Financial instruments and risk management (continued)

from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has tasked its management to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

#### *Liquidity risk*

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

The table below summarises the maturity profile of the Group's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements was as follows:

Particulars	Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	
<b>As at 31 December 2025</b>				
<b>Financial liabilities</b>				
Bank borrowings	-	424,512,596	109,391,664	<b>533,904,260</b>
Lease liabilities	-	76,060,908	63,859,137	<b>139,920,045</b>
	-	<b>500,573,504</b>	<b>173,250,801</b>	<b>673,824,305</b>

Particulars	Non-interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	
<b>As at 31 December 2025</b>				
<b>Financial assets</b>				
Trade and other receivables	-	2,606,893	-	<b>2,606,893</b>
Cash and cash equivalents	-	10,155,329	-	<b>10,155,329</b>
	-	<b>12,762,222</b>	-	<b>12,762,222</b>
<b>Financial liabilities</b>				
Trade and other payables	-	398,778,110	898,251	<b>399,676,361</b>

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 30 Financial instruments and risk management (continued)

Particulars	Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	
As at 31 December 2024				
<b>Financial liabilities</b>				
Bank borrowings	-	340,190,398	192,894,526	<b>533,084,924</b>
Lease liabilities	-	51,558,670	85,258,657	<b>136,817,327</b>
	-	<b>391,749,068</b>	<b>278,153,183</b>	<b>669,902,251</b>

Particulars	Non-interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	
As at 31 December 2024				
<b>Financial assets</b>				
Trade and other receivables	-	6,172,408	-	<b>6,172,408</b>
Cash and cash equivalents	792,807	-	-	<b>792,807</b>
	<b>792,807</b>	<b>6,172,408</b>	-	<b>6,965,215</b>
<b>Financial liabilities</b>				
Trade and other payables	-	258,264,743	4,491,264	<b>262,756,007</b>

#### Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance and complying with statutory requirements.

	2025	2024
	AED	AED
Debt	<b>533,904,260</b>	533,084,924
Cash and cash equivalents	<b>(10,155,329)</b>	(792,807)
Net debt (i)	<b>523,748,931</b>	532,292,117
Equity (ii)	<b>147,366,252</b>	238,590,799
Net debt to equity ratio	<b>32:9</b>	9:4

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 31 Contingent liabilities

The Group is currently involved in several legal cases in which it acts as the respondent, initiated by the vendors of the Group. The following are the claims from the vendors.

	2025	2024
	AED	AED
Claims from vendors	<u>5,332,018</u>	<u>5,552,677</u>

Except for the above, and ongoing business obligations which are under normal course of business, there has been no other known contingent liabilities on the Group's consolidated financial statements as of reporting date.

#### 32 Lease commitments

	2025	2024
	AED	AED
Not later than one year	12,352,779	22,957,438
Later than one year but not later than five years	53,015,697	51,301,929
Later than five years	<u>27,460,953</u>	<u>36,813,123</u>
	<u>92,829,429</u>	<u>111,072,490</u>

Except for the above, and ongoing business obligations which are under normal course of business, there has been no other known lease commitments on Group's consolidated financial statements as of reporting date.

#### 33 Events after the reporting period

Subsequent to the year end, in light of the geopolitical conditions, the management has assessed that the Group's core operations continue without any material interruption and that the Group remains financially sound. The Group also continues to adhere to prudent governance standards, disciplined risk management practices, and full compliance with all applicable regulatory requirements. The management confirms that as at the date of approval of these consolidated financial statements, no material financial impact has resulted from this incident.

**FUJAIRAH**  
**CEMENT INDUSTRIES PJSC**



**صناعات أسمنت  
الفجيرة ش.م.ع.**

# FUJAIRAH CEMENT INDUSTRIES PJSC

*The Name To Build On...*

+971 9 2444 011  
+971 9 2444 016  
11477, DIBBA, FUJAIRAH U.A.E.  
info@fujairahcement.com



www.fujairahcement.com

+971-9-2444 011  
+971-9-2444 016  
11477 دبا ، الفجيرة- أ.ع.م  
info@fujairahcement.com



GOVERNANCE REPORT 2025



FUJAIRAH CEMENT INDUSTRIES P.J.S.C



### Introduction

Corporate governance is one of the main pillars for enhancing the efficiency and transparency of public shareholding companies, protecting the rights of shareholders and investors, and achieving financial and operational sustainability in the long term. In light of economic openness and the growing role of the Capital Market Authority in the United Arab Emirates, the implementation of sound governance standards has become an urgent necessity to ensure the stability of the private sector and enhance the confidence of investors and the public in listed companies.

The cement sector holds strategic importance in supporting the economic and urban development of the country, as it is closely linked to infrastructure projects, real estate development, and major government initiatives. In light of the challenges facing the sector, including fluctuations in raw material prices, local and regional competition, and environmental sustainability requirements, in the transition towards a green economy, the need arises for a robust governance framework that ensures effective risk management, optimal resource utilization, and compliance with environmental and social standards.

Public shareholding companies operating in the cement sector face multiple challenges that require a rigorous governance framework, most notably activating the role of the board of directors and its committees, protecting the rights of minority shareholders, and adhering to disclosure and transparency standards in accordance with the requirements of the Capital Market Authority and Abu Dhabi Securities Exchange. Sound governance also contributes to improving institutional performance, attracting local and foreign investments, reducing conflicts of interest, and enhancing accountability at all management levels.

This report falls within the framework of compliance with the provisions of the Federal Commercial Companies Law 32/2021 and the Chairman of the Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning the approval of the Joint Stock Companies Governance Guide and its amendments,

in addition to the disclosure and transparency requirements issued by local financial markets, the report aims to review the reality of implementing governance standards within the company, assess the extent of compliance with relevant legislation and regulations, including environmental and regulatory requirements specific to the industrial sector, and identify strengths and areas requiring development. The report also seeks to provide practical recommendations to strengthen the governance infrastructure and develop internal policies and procedures, in line with the UAE's economic vision, national sustainability initiatives, and global best practices in the industrial sector.

### **1-Implementation of the Corporate Governance System In The Company During the Year 2025:**

In light of the increasing importance of the application of governance in economic activity, the members of the Company's board of directors were keen to apply the highest standards of corporate governance by reviewing and following up the Company's governance framework and ensuring its integrity in order to achieve better returns for shareholders and the sustainability of the Company's business for the long term, the Company's corporate governance framework is based on the regulations and laws in force in the United Arab Emirates. (Federal Law No. 32/2021 on Commercial Companies and Securities and Commodities Authority Board Resolution No. 3/ Chairman. for the year 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments) The Board was keen to ensure the efficiency of performance in the decision-making process, and the Board allocated sufficient time to ensure that the Company's strategy and vision are aligned with the aspirations of shareholders.

The Board of Directors shall conduct evaluations of its performance and the performance of its committees on an annual basis, presenting the results in the form of a report that includes recommendations to improve performance when necessary, in addition to a follow-up action plan.



Based on the belief of Fujairah Cement Industries (PJSC) that compliance with the rules and standards of governance and their application contributes mainly to directing and monitoring the work of companies at the highest level to ensure the achievement of their objectives and meet the necessary standards of responsibility, integrity and transparency.

The Board of Directors sought to provide wise leadership, strategic supervision and the appropriate control environment, as well as commitment to integrity and responsibility in the implementation of all activities, and the application of the highest standards of governance as a basis for fulfilling its responsibilities towards the Company.

The implementation of the governance system with its advantages contributed to driving change and restructuring. This promotes the improvement of performance and continuity, reduces risk, and supports responsibility and transparency.

The company has committed to applying the rules of disclosure and transparency in order to enhance confidence in accordance with the rules and standards it follows in its practice of the concepts of sound management and governance principles, and this ensures the preservation of the Company's interests and the protection of shareholders' rights, and applies governance practices in light of the regulations and instructions of the competent authorities. This is to raise the level of administrative organization and financial control due to the great importance of this in preventing the financial system from crises and providing protection for shareholders, as well as what is related to enhancing transparency because of the utmost importance for the Company's shareholders.

The Board of Directors of the Company implements the decision of the Chairman of the Board of Directors of the Authority No. (3/Chairman) for the year 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments.

**2- A statement of the ownership and the dealings of the members of the Board of Directors, their spouses and children in the Company's securities during the year 2025.**

Name	Relation/title	Owned shares in 31/12/2025	Total sell processes	Total purchase processes
Sheikh/ Mohamed Bin Hamad Saif Al Sharqi	Chairman	Nil	Nil	Nil
Mr. Saad Abdulla Al Hanian	Vice-chairman	Nil	Nil	Nil
Mr. Abdul Ghafour Hashem Behroozian	Board member	17.849	Nil	Nil
Mr. Mohamed Sharief habib Mohammed Rafeea Alawadhi	Board member	Nil	Nil	Nil
Mr. Salem Mohammed Abdullah Salem Al-Zahmi	Board member	Nil	Nil	Nil
Mrs. Maryam Abdulla Mohammed Obaid Al Matrooshi	Board member	Nil	Nil	Nil
Mr. Dhari Salfiq Ayed Al Masoud Al Shammari	Board member	Nil	Nil	Nil
Mr. Abdullatif Saad Abdullatif Al-Dossary	Board member	Nil	Nil	Nil
Mr. Yaqoub Musaed Yaqoub Al-Baijan	Board member	Nil	Nil	Nil

The Board of Directors deals in securities in accordance with Article 14) of the Authority's Board of Directors Resolution No. (2) of 2001 regarding the

Regulations on Trading, Clearing, Settlements, Transfer of Ownership and Custody of Securities.

The Chairman and members of the Board of Directors, the General Manager or any of the employees familiar with the material information of the Company shall be prohibited from dealing, by himself or for his own account or by third parties or in any other capacity for the account of others, in the securities of the same company or the parent, subsidiary, sister or affiliate company if any of these companies are listed on the Exchange during the following periods: -

Ten (10) working days before the announcement of any material information, unless such information is the result of emergency and sudden events.

Fifteen (15) days before the end of the quarterly, semi-annual or annual financial period and until the disclosure of the financial statements-

**(3) the formation of the Board of Directors.**

The Board of Directors elected (acclamation) at the Annual General Assembly Meeting on 19/04/2023 and the General Assembly Meeting on 25/05/2023 (for the period 2023:

**Sheikh Mohammed Bin Hamad Bin Saif Al Sharqi-  
Chairman of the Board of Directors-Non-executive and independent.**

Membership Year: 2008  
Director of E-Government Department – Fujairah.  
Representative of the Government of Fujairah.



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**Mr. Saad Abdullah Hussain Al-Hanyan-Vice Chairman- Non-executive and Independent.**

**Membership Year: 2008**  
Chairman of Bait Company - Vice Chairman of the Board of Directors of  
Saudi Projects Holding Group.



\*\*\*\*\*

**Mr. Abdul Ghafoor Hashem Bahrozian -Member  
Non-executive and independent.**

**Membership Year: 1980**  
Chairman of Fujairah National Insurance  
Government Business - Fujairah Government Representative



\*\*\*\*\*

**Mr. Mohamed Sherif Habib Mohamed Raf Al Awadi  
Member-Non-executive and independent-**

**Membership Year: 2017**  
Director General of the Fujairah Free Zone Authority,  
Member of the Development and Follow-up Committee of the  
Fujairah Oil Industry Zone (FOZ).



\*\*\*\*\*

**Mr. Salem Mohammed Abdulla Mohammed Al-Zahmi  
Member-Non-executive and independent**

**Membership Year : 2023**  
Government Business  
Director of the Office and Advisor to His Highness the Crown Prince.



**Mr. Abdullatif Saad Abdullatif Al-Dossary**  
**Member-Non-executive and independent**

**Membership Year : 2017**

Executive Board Member at InvestIN Limited. UAE

\*\*\*\*\*



**Mr. Dhari Salfiq Ayed Al-Masoudi Al-Shammari**  
**Member-Non-executive and independent**

**Membership Year : 2023**

Director of Administrative Services Department – Representative of the Islamic Development Bank, Kingdom of Saudi Arabia

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**Mr. Yaqoub Musaed Yaqoub Al-Baijan**  
**Member-Non-executive and independent**  
**Membership Year: 2023**

- Chief Investment Officer- Uicap Investment and Finance Company- State of Kuwait
- General Manager- Al Oula Educational Services Company-State of Kuwait.
- General Manager- Al- Riyada- Al-Alamiya Educational Services Company- State of Kuwait.
- General Manager- Iskan General Trading and Contracting Company- State of Kuwait.

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**Mrs. Maryam Abdulla Mohammed Obaid Al Matrooshi**  
**Member-Non-executive and independent**  
**Membership Year : 2023**

- Deputy Director of the Financial Department for Government Financial Affairs – Government of Fujairah.
- Member of the Board of Directors representing the Emirate at the Federal Export Credit Company.
- Member of the Board of Directors representing the Emirate at the Federal Tax Authority.
- Member of the Board of Directors representing the Emirate in the Government Financial Policy Coordination Board.

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- Department of Finance - Government of Abu Dhabi - Resignation from Board Membership dated 14/06/2024.
- Mr. Mohammed Saeed Mohammed Al-Duwaisan - Executive Board Member - Resignation from Board Membership dated 18/03/2025.

- **A statement of the percentage of female representation in the Board of Directors for the year 2025.**
  - The percentage of representation of the female element is 11%.
- **Reasons for the non-candidacy of any female element for membership of the Board of Directors.**
  - The percentage of representation of the female element is 11%.
- **A statement of the bonuses, allowances, and fees received by the members of the Board of Directors.**

**a-Total remuneration paid during year 2024: -**

- No remuneration was paid to the members of the Board of Directors for the fiscal year 2024.

**b- The total proposed remuneration for 2025, to be submitted to the annual General meeting for approval:**

- No remuneration will be paid for 2025.

**c- Allowances paid for attending board committee meetings during 2025:**

- No allowances were paid for attending the meetings of the committees emanating from the Board for the fiscal year 2025, and the number of meetings of committees emanating from the board of directors is shown in item no. 4

**d- Details of any additional allowances, salaries or fees paid-other than attendance allowances- together with the reasons for such payments**

- No additional allowances, salaries, or fees were paid for the fiscal year 2025.



- **A Statement of the number of Board of Directors meetings for the year 2025, and the number of times attended in person.**

**Board Meeting Attendance Statement 2025**

Name	Position	First	Second	Third	Fourth	Fifth
		27/03/2025	28/04/2025	14/05/2025	14/08/2025	13/11/2025
Sheikh / Mohammed bin Hamad bin Saif Al Sharqi	Chairman of the Board	✓	X	✓	✓	✓
Mr. Saad Abdullah Al-Hanyan	Vice Chairman of the Board	✓	✓	✓	✓	✓
Mr. Abdul Ghafoor Hashem Bahrozian	Member	✓	✓	✓	✓	✓
Mr. Mohamed Sherif Habib Al Awadi	Member	✓	✓	X	✓	✓
Mr. Salem Mohammed Abdullah Salem Al-Zahmi	Member	✓	X	✓	✓	✓
Mrs. Maryam Abdulla Mohammed Obaid Al Matrooshi	Member	✓	✓	X	✓	✓
Mr. Dhari Salfiq Ayed Al Masoud Al Shammari	Member	✓	✓	✓	✓	✓
Mr. Abdullatif Saad Abdullatif Al-Dossary	Member	✓	✓	X	✓	✓
Mr. Yaqoub Musaed Yaqoub Al-Baijan	Member	✓	X	✓	✓	✓
PRESENT - ✓		ABSENT - X				

Page | 11 The number of resolutions of the Board of Directors issued by passing during the fiscal year 2025 with an indication of the dates of their convening.

- The Board of Directors resolved to reviewed and approved the preliminary financial results unaudited and unreviewed for the fiscal year ended 31/12/2024.

**4- Board committees:-**

Audit Committee.

(A) An acknowledgment by the Chairman of the Audit Committee of his responsibility for the Committee's system in the Company and for his review of its work mechanism and ensuring its effectiveness.

Mrs. Maryam Abdullah Mohammed Obaid Al Matrooshi, Chairman of the Audit Committee, acknowledges her responsibility for the Committee's system in the Company and for reviewing its work mechanism and ensuring its effectiveness.

(B) A statement setting out the names of members, their competencies, and assigned responsibilities:-

name	Position	Category	Experiences	Membership
<b>Mrs. Maryam Abdullah Mohammed Obaid Al Matrooshi</b>	Chairman of the Committee	Non-executive and independent	Deputy Director of the Financial Department for Government Financial Affairs – Government of Fujairah.  Member of the Board of Directors representing the Emirate at the Federal Export Credit Company. Member of the Board of Directors representing the Emirate at the Federal Tax Authority. Member of the Board of Directors representing the Emirate in the Government Financial Policy Coordination Board.	2023
<b>Mr. Abdullatif Saad Abdullatif Al-Dossary</b>	Member	Non-executive and independent	University Degree –Executive Board Member at InvestIN Limited-UAE.	2017
<b>Mr. Yaqoub Musaeb Yaqoub Al-Baijan</b>	Member	Non-executive and independent	University Degree <ul style="list-style-type: none"> <li>❖ Chief Investment Officer- Unicap Investment and Finance Company-State of Kuwait</li> <li>❖ General Manager- Al Oula Educational Services Company-State of Kuwait.</li> <li>❖ General Manager- Al- Riyada- Al-Alamiya Educational Services Company- State of Kuwait.</li> <li>❖ General Manager- Iskan General Trading and Contracting Company-State of Kuwait.</li> </ul>	2023

**Objective of the Audit Committee:**

To support the role of the Board of Directors in its responsibilities towards representing shareholders in relation to the audit of financial information and corporate governance matters in the Company on a regular basis to ensure the effective use of available resources. In addition to monitoring and following up on the independence and objectivity of the external auditor and reviewing internal control systems.

The above-mentioned Audit Committee carries out all the competencies and tasks stipulated in Article 61 of the Authority's Chairman Decision No (3/Chairman) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments.

(C) A statement indicating the number and dates of meetings held during 2025 to review financial statements and other matters, including meetings attended in person.

Name	Position	First Meeting	Second Meeting	Third Meeting-	Fourth Meeting	Fifth Meeting-
		13/03/2025	26/03/2025	12/05/2025	11/08/2025	12/11/2025
Mrs. Mariam Abdulla Mohammed Obaid Al Matrooshi	Chairperson of the Committee	✓	✓	✓	✓	✓
Mr. Abdullatif Saad Abdullatif Al-Dossary	Member	✓	✓	X	✓	✓
Mr. Yaqoub Musaed Yaqoub Al-Baijan	Member	✓	✓	✓	✓	✓



### **(D) Audit Committee Report for the Financial Year Ended 31/12/2025**

- **Item One:- Significant matters relating to the Financial Statements and how they were addressed.**

#### **First: Inventory Valuation and Production Costs:-**

The Committee reviewed the methodology used for valuing cement and raw material inventories and examined the accuracy of calculating production costs, including energy and fuel costs, which represent a significant component in this sector. The Committee also reviewed the external auditors' reports and verified the consistency of the accounting policies applied with international standards.

#### **Second: Depletion and Depreciation of Fixed Assets:-**

The Committee reviewed the methodology used to calculate depreciation of plants, heavy equipment, and raw material quarries. It also reviewed the estimated useful production lives used and confirmed that they are reasonable and reflect the actual use of the assets, in addition to reviewing indicators of asset impairment in light of market conditions.

#### **Third: Revenue Recognition:-**

The Committee reviewed the accuracy of the timing of recognizing sales revenues for both local customers and exports, and the extent of compliance with **IFRS 15** regarding long-term supply contracts and discounts granted to distributors.

#### **Fourth: Environmental Provisions and Rehabilitation Obligations:-**

The Committee examined the adequacy of provisions established to cover the costs of quarry rehabilitation and environmental obligations resulting from quarrying and production operations. It also ensured that these were adequately disclosed in the financial statements.

#### **Fifth: Related Party Transactions:**

The Committee reviewed transactions with related parties, particularly regarding contracts for the supply of energy, raw materials, and transportation, and confirmed that there were no transactions with related parties

#### **Sixth: Going Concern and Liquidity:-**

The Committee continuously reviews the executive management's plans regarding the company's ability to continue operations in light of fluctuations in energy and raw material prices and their impact on profit margins. It also reviewed management's plans to address operational and financing risks.

- **Item No Two:- The assessment methodology applied in evaluating the effectiveness of the external audit process and the independence of the external auditor, the approach to the appointment or reappointment of the auditor, and the tenure of the current audit firm.**

The external auditor must be registered in the register of practicing auditors with the Authority. The auditor is selected based on competence, reputation, and experience. No employee from the external auditor's office may be appointed to the company's senior executive management unless at least two years have passed since they stopped auditing the company's accounts.

The company entrusts the function of auditing its annual accounts to an independent external auditor who possesses the necessary expertise and qualifications to prepare an objective and independent report to the Board of Directors and the shareholders. The auditor must state whether the company's financial statements clearly and fairly reflect the company's financial position and its performance in the main areas. The auditor shall carry out the tasks assigned to them independently and impartially, monitor the company's activities, examine the company's administrative and financial systems as well as internal audit systems, and express an opinion on their effectiveness. The auditor shall also ensure their adequacy for the proper conduct of the company's operations and the safeguarding of its assets. Additionally, the auditor shall express an opinion on the accuracy of the company's financial statements and request amendments if there is anything that affects their accuracy, verify the company's ownership of its assets, and confirm the legality of the obligations incurred by the company.

The auditor shall attend the general assembly meetings, present their report to the shareholders, and answer the shareholders' questions and inquiries regarding the final financial statements.

Based on a recommendation from the Audit Committee, the Board of Directors nominates one or more external auditors, and the appointment and determination of their fees are made by a resolution of the company's General Assembly.

The number of years served as an independent external auditor is three years.

- **Item Three:- Recommendations on the appointment, reappointment, or dismissal of the external auditor, and reasons for any Board rejection of such recommendations**

### **Audit Committee Statement**

### **Regarding the External Auditor and the Position of the Board of Directors on the Committee's Recommendation**

#### **First: Introduction**

The Audit Committee issues this statement in accordance with the applicable regulatory requirements, in order to disclose to shareholders and stakeholders its recommendations regarding the company's external auditor and to clarify the position of the Board of Directors regarding those recommendations.

#### **Second: The Committee's Recommendation on the Appointment of the External Auditor**

After receiving price quotations from various external audit firms and conducting the necessary evaluation and comparison among qualified audit firms, The Audit Committee recommends, after reviewing the submitted proposals and evaluating the performance of the current external auditor over the past years, and after confirming the continued independence and competence in providing audit services, the reappointment of Messrs.Crowe Mak as the company's external auditor for the financial year 2025, based on their professional competence, sector experience, independence, and the proposed fees,

#### **Third: The Position of the Board of Directors on the Committee's Recommendation**

The Board of Directors reviewed the above-mentioned recommendation of the Audit Committee and decided to **accept it** for the following reasons:

1. **Strategic reasons:**  
Re-appointment of the auditor better serves the company's long-term interests.
2. **Financial reasons:**  
The Board considered the fees proposed by the recommended audit firm to be reasonable compared with the other submitted offers.

The matter will be presented to the **Annual General Assembly** to determine the external audit fees for the year.

- **Item Four: Measures taken to safeguard auditor independence when providing non-audit services.**

There are **no services provided by the external auditor other than the audit of the company's accounts for the year 2025.**

- **Item Five: Actions taken or planned to address deficiencies arising from failures in internal control or risk management.**
- **Item Six: Evidence that all internal audit reports identifying medium- and high-risk matters were reviewed to determine whether such matters arose from significant violations or material weaknesses in internal controls.**
- **Item Seven: Corrective action plans addressing material internal control and risk-management deficiencies.**

During the **first quarter of 2025**, an **internal auditor** was appointed. Based on the internal audit reports submitted, **no deficiencies, weaknesses, or failures** were identified in internal control or risk management during the financial year ending **31/12/2025**.

- In the event that any deficiencies or weaknesses are observed, the Audit Committee will request the implementation of the necessary and effective corrective measures upon discovery of any material deficiencies in the internal control system or risk management, according to the following stages:

#### First: Monitoring and Identification

- Receiving reports of failures from the internal auditor, external auditor, or executive management.
- Determining the nature of the deficiency, whether in internal control or risk management.
- Classifying the level of risk of the failure (risk matrix): **low / medium / high / critical.**

#### Second: Investigation and Evaluation

- Assigning the internal audit team to conduct an expanded investigation to determine the root causes of the failure.
- Assessing the **financial, operational, and legal impact** resulting from the failure.
- Engaging independent experts or external auditors when necessary.

#### Third: Taking Corrective Actions

- Requiring executive management to prepare a **clear remediation plan** with specific implementation timelines.
- Monitoring the implementation of corrective actions and verifying their effectiveness and adequacy.

- Reviewing and strengthening related internal policies and procedures to close any gaps.

**Fourth: Reporting and Disclosure**

- Submitting a detailed report to the Board of Directors that includes the nature of the failure or risks and the actions taken.
- Disclosure to the relevant regulatory and supervisory authorities when required, in accordance with legal requirements.

**Fifth: Follow-up and Prevention**

- Following up on the implementation of continuous monitoring mechanisms to prevent the recurrence of failures and to monitor related indicators.
- Conducting a comprehensive periodic review of the risk management and internal control system.
- Requiring executive management to promote a culture of compliance and risk awareness within the organization at all levels.

**Item Eight: Evidence that the Committee has reviewed all transactions carried out with related parties, the observations or outcomes resulting from them, and the extent of compliance with the applicable laws in this regard.**

The Committee reviewed transactions with related parties, particularly those related to energy supply contracts, raw materials, and transportation. It verified that there were no transactions with related parties that require disclosure.

- **Nomination and Remuneration Committee.**  
(A) **An declaration by the Chairman of the Nomination and Remuneration Committee of his responsibility for the Committee's system in the Company and for reviewing its work mechanism and ensuring its effectiveness.**

Mr. Abdul Ghafoor Hashem Bahrozian, Chairman of the Nomination and Remuneration Committee, acknowledges his responsibility for the Committee's system in the Company and for reviewing its work mechanism and ensuring its effectiveness.

**(b) Formation of the Nomination and Remuneration Committee.**

Name	Position	Category	Experiences	Member ship
<b>Mr. Abdul Ghafoor Hashem Bahrozian</b>	Chairman of the Committee	Non-executive and independent	University Degree / Government Business – Chairman of the Board of Directors of Fujairah National Insurance.	1980
<b>Mr. Salem Mohammed Abdullah Salem Al-Zahmi</b>	Member	Non-executive and independent	University Degree / Government Business – Director of the Office and Advisor to His Highness the Crown Prince	2023

**Objective of the Nomination and Remuneration Committee:**

It is to determine the policies and criteria for nomination for membership of the Board of Directors, with the periodic review of the needs of the capabilities and skills required in the Board, ensuring the independence of independent members, preparing policies for human resources and training, and aspects of conflict of interest in the membership of members on the boards of directors Other companies, in addition to preparing the policy for granting bonuses, benefits, incentives and salaries for the members of the Board of Directors and employees and reviewing them annually.

The above-mentioned Nomination Committee carries out all the competencies and tasks stipulated in Article 59 of the Authority's Chairman Decision No. (3/Chairman) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments.

**(c): A statement of the number of meetings of the Nomination and Remuneration Committee for the year 2025 and the personal attendance of members: -**

Name	Position	First Meeting
		27/03/2025
Mr. Abdul Ghafoor Hashem Behroozian	Chairman of the Committee	✓
Mr. Salem Mohammed Abdullah Salem Al-Zahmi	Member	✓

- The Committee for the Follow-up of the Supervision of the Company's Insiders' Transactions: -

**A- A declaration by the Chairman of the committee confirming responsibility for the Committee's operating framework, review of its procedures, and assurance of its effectiveness.**

Mr. Saeed Ahmed Ghareib Alseridi, Chairman of the Committee for the Follow-up of the Supervision of the Company's Insiders' Transactions, acknowledges his responsibility for the Committee's system in the Company and for reviewing its work mechanism and ensuring its effectiveness.

**B- Names of the members of the Committee:**

- 1- Mr. Saeed Ahmed Ghareib Alseridi.
- 2- Mr. Ashraf Abdel Kader El-Sayed

The Committee is responsible for managing, following up and supervising the transactions of insiders and their properties and maintaining a record for them.

C- Summary of the tasks that took place during the year 2025: -

- 1- Continuous updating of the Company's insiders list on the website of the financial market.
- 2- Notifying the Company's insiders of the periods of their prohibition on trading on the Company's securities, each at its time.
- 3- Continuous follow-up of the Company's insider trading movement.
- 4- Notifying the Authority and the Capital Market of an updated list at the beginning of the fiscal year and in the event of any change.

The above Committee for the Follow-up of the Supervision of the Company's Insiders' Transactions carries out all the competencies and tasks stipulated in Article 33 of the Authority's Chairman decision No. (3/Chairman) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments.

**8- Other committees approved by the Board of Directors.**

**(A) A declaration by the Chairman of the committee confirming responsibility for the Committee's operating framework, review of its procedures, and assurance of its effectiveness.**

Mr. Mohamed Sherif Habib Mohamed Rafi Al Awadi – Chairman of the Risk Committee, acknowledges his responsibility for the Committee's system in the Company and for reviewing its work mechanism and ensuring its effectiveness.

**(b) Risk Committee.**

**(c) Composition of the Risk Committee.**

Name	Position	Category	Experiences	Membership
<b>Mr. Mohamed Sherif Habib Mohamed Rafi Al Awadi</b>	Chairman of the Committee	Non-executive and independent	University Degree / Member of the Board of Directors of Fujairah National Insurance Company - Director General of the Fujairah Free Zone Authority, Member of the Development and Follow-up Committee of the Fujairah Oil Industry Zone (FOZ)	2017
<b>Mr. Abdullatif Saad Abdullatif Al-Dossary</b>	Member	Non-executive and independent	University Degree –Executive Board Member at InvestIN Limited-UAE.	2017
<b>Mr. Dhari Salfiq Ayed Masoud Alshammari</b>	Member	Non-executive and independent	University Degree / Director of Administrative Services Department - Representative of the Islamic Development Bank, Kingdom of Saudi Arabia	2023

**Objective of the Risk Committee:**

- 1- Develop a comprehensive risk management strategy and policies that are consistent with the nature and size of the Company's activities, monitor their implementation, review and update them based on the Company's internal and external variable factors.
- 2- Identify and maintain an acceptable level of risk that the Company may face, and ensure that the Company does not exceed this level.
- 3- Supervising the Company's risk management framework and evaluating the effectiveness of the framework and mechanisms for identifying and monitoring risks that threaten the Company to identify areas of inappropriateness and adequacy in them.
- 4- Provide guidance to management, as needed, to assist it in improving its risk management practices and/or mitigating certain risks, including having qualified management personnel to carry out risk management activities effectively.
- 5- Obtaining assurance from the executive management and internal audit that risk processes and systems are operating effectively with appropriate controls and adherence to approved policies.
- 6- Prepare detailed reports on the level of risk exposure and recommended procedures to manage these risks, and submit them to the Board of Directors.
- 7- Make recommendations to the Board of Directors on matters related to risk management.
- 8- Ensure the availability of adequate resources and systems for risk management.
- 9- Report to the Board of Directors on a regular basis on the size of the risks to the Company and immediately inform the Board of Directors of any material changes in the size of the risks.
- 10- Verify the independence of risk management staff from activities that may expose the Company to risks.

11- Review any issues raised by the Audit Committee that may affect the Company's risk management.

12- Review the appointment, performance and replacement of the Chief Risk Management Officer, and monitor the effectiveness of the Risk Management Unit in general.

The above-mentioned Risk Committee carries out all the competencies and tasks stipulated in Article 63 of the Authority's Chairman Decision No. (3/Chairman) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments.

**(d) A statement of the number of meetings of the Risk Committee for the year 2025 and the personal attendance of members:**

Name	Position	First Meeting 13/08/2025	Second Meeting 11/11/2025
Mr. Mohamed Sherif Habib Mohamed Rafi Al Awadi	Chairman of the Committee	✓	✓
Mr. Abdullatif Saad Abdullatif Al-Dossary	Member	✓	✓
Mr. Dhari Salfiq Ayed Masoud Alshammari	Member	✓	✓

**5- A statement of the tasks and competence delegated by the Board of Directors to the Executive Management (Powers):**

The Board of Directors has not delegated any of its duties to a member of the Board or the Executive Management.

Note that the powers of the executive management: -

- Managing the Company's business and providing guidance to the executive body in line with the Company's strategic objectives, the policies prescribed by the Board of Directors, the provisions of law, and the provisions of other legislations related to the Company's business and activities.
- Provide the Board of Directors with accurate periodic reports on the Company's financial conditions, business, and the procedures taken in risk management and the internal control system, in order to enable the Board of Directors to review the objectives, plans and policies set and scrutinize the executive management for its performance.
- Provide recommendations regarding any proposals it deems necessary related to the Company's business - Provide the regulatory bodies, with any information, data and documents required in accordance with the provisions of the law, regulations, instructions and decisions issued pursuant to any of them.

**6-A statement of the details of the transactions that took place with the related parties (stakeholders) during the year 2025, clarifying the nature of the relationship, the type of transaction and the value of the transaction.**

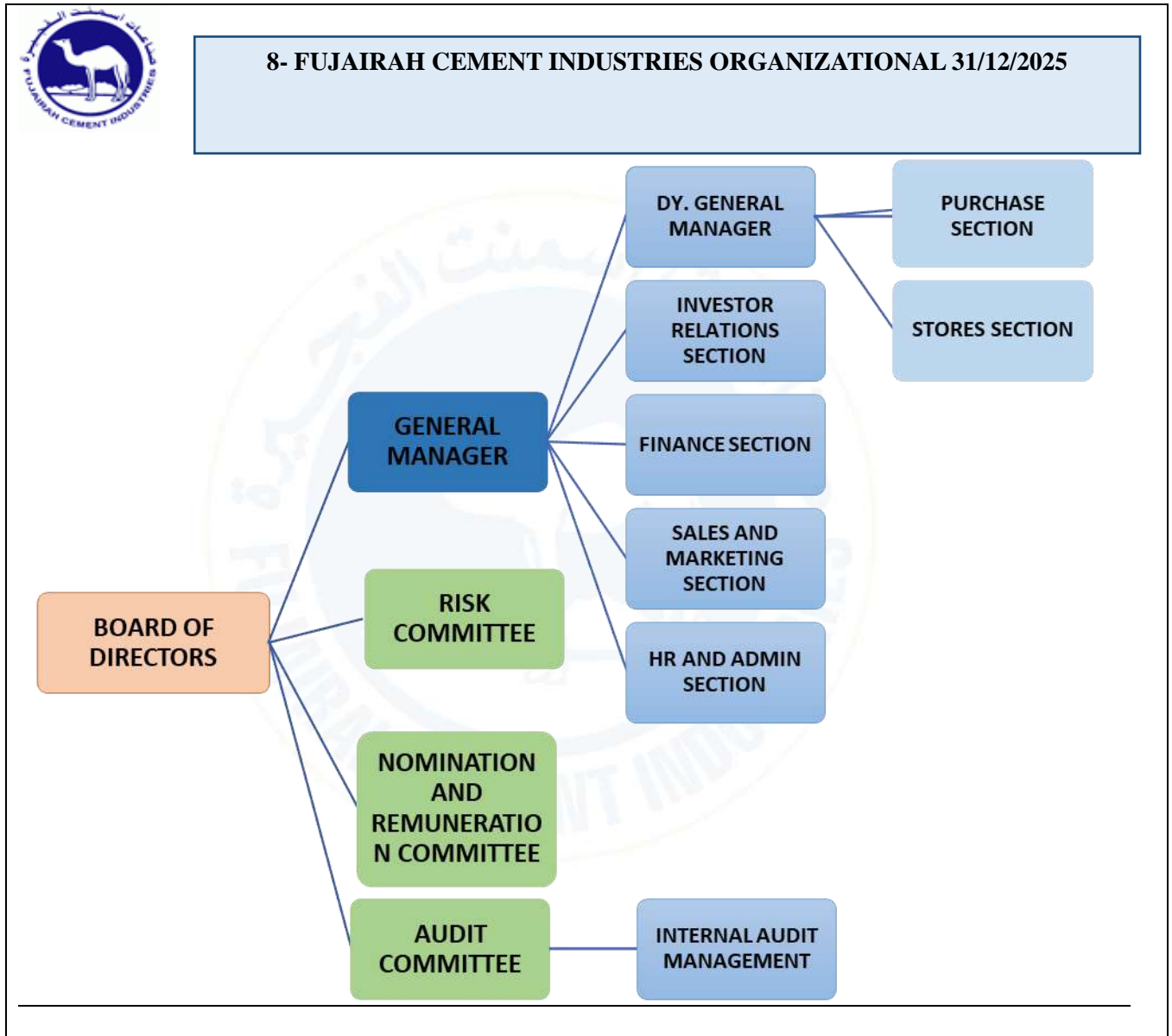
There are no transactions with related parties (stakeholders).

**7- Board Performance Evaluation:-**

The performance assessment of the Board of Directors and its committees is a key governance practice that ensures the continued success and sustainability of Fujairah Cement Industries operations. The Board of Directors of Fujairah Cement Industries has assigned the Nomination and Remuneration Committee for monitoring the Annual Assessment of the Performance of the Board of Directors, its members and committees and evaluating their effectiveness in discharging their duties and responsibilities.

Based on the assessment conducted, the NRC is satisfied with the performance of the Board of Directors , its members and its committees. The Board has been found to be effectively discharging its duties and responsibilities, and the overall performance is deemed satisfactory.

The NRC will continue to monitor and evaluate the Board's performance on an ongoing basis to ensure that the company's governance standards remain high and that the Board remains aligned with the best interests of the shareholders and stakeholders.



- A statement of salaries, allowances and bonuses for senior executives in the Company for the year 2025.



SNO	Position	Date of Appointment	Total salaries and allowances paid for the year 2025	Total bonuses paid for the year 2025	Other cash or in-kind bonuses for the year 2025 or due in the future
1	General Manager	05/07/2023	336,633.00	NIL	NIL
2	Deputy General Manager	18/02/2024	504,000.00	NIL	NIL
2	Finance Manager	15/04/2024	134,706.00	NIL	NIL
4	Deputy Works Manager	27/06/2012	263,708.00	NIL	NIL
5	Marketing & Sales Manager	28/06/2022	167,732.00	NIL	NIL
6	HR & Admin Manager	01/09/2016	200,197.00	NIL	NIL
7	Investor Relations Manager	19/07/2011	209,032.00	NIL	NIL
8	Quality Assurance Manager	20/05/2015	151,732.00	NIL	NIL
9	Production Manager	18/03/2018	174,452.00	NIL	NIL

### **9-(A)- External auditor.**

Crowe Mac UAE is a leading financial and advisory services firm and has been rated as one of the top 10 accounting networks in the world.

The Company offers a comprehensive range of services, including audit, tax and consulting solutions, with a focus on commitment to excellence.

Crowe has received a prominent rating in the Arab countries, demonstrating its influence and reliability in the regional business landscape, with over 40 years of experience in the UAE.

The global recognition of Crowe highlights its dedication to provide high quality and innovative services in various industries.

Being part of the global Crowe network, Crowe UAE benefits from international cooperation and expertise. This global reach allows the Company to provide clients with insights and solutions that align with local and global business dynamics.

Crowe is known for its customer-centric approach, prioritizing customer satisfaction by offering customized solutions and maintaining a strong focus on integrity and professionalism.

The Company has earned industry recognition for its contributions, and its commitment to excellence is likely to lead to commendable ratings or accolades in the UAE's business and financial sector.

**B- Statement of fees and costs related to the audit or services provided by the external auditor**

Audit Office Name	Crowe Mac
The number of years spent as an external auditor of the Company.	3
Name of Partner Auditor	Basil Naser
The number of years spent by the partner auditor in auditing the Company's accounts.	1
Total audit fees for the financial statements for the year 2024.	318,000.00 AED
Fees and costs of special services other than auditing the financial statements for the year 2024.	Nil
Details and nature of other services provided.	Nil
A statement of other services provided by an external auditor other than the Company's auditor during 2025.	There is no other external auditor

**C-** There are no reservations included by the external auditor in the interim and annual financial statements for the year 2025.

### **10- Internal Control System:**

The Board of Directors acknowledges its responsibility for the internal control system in the Company and for reviewing its mechanism of work and ensuring its effectiveness.

Fujairah Cement Industries has dedicated an effective internal control department to the Company. It aims to implement an accurate and tight system concerned with providing and developing the effectiveness of management performance and internal control of the Company in terms of continuous audit of operating results, examination of financial records, evaluation of the internal control system, and assistance to senior management in increasing the effectiveness and efficiency of the Company's operations in detecting manipulation and monitoring errors in the Company's financial system.

The Company's Internal Control Department carries out its work in accordance with Article (68) of the Authority's Chairman Decision No. (3/Chairman) for the year 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments. It shall have sufficient independence to perform its functions and shall report directly to the Board of Directors, which is responsible for the internal control system.

The Company adopts the application of international standards of internal control in order to achieve the required purposes efficiently and at the lowest economic cost, which is represented in the foundations of internal control to ensure the following:

1. Reasonableness and compatibility of information and data.
2. The extent of compliance with policies, plans, procedures, regulations, laws and instructions.
3. The extent to which the Company's assets and property are protected.
4. The extent to which the activities, processes and programs set are in line with the specified purposes and objectives and ensure the extent to which the supervisory bodies implement them in accordance with the set plans and objectives. The Internal Control Department prepares the annual control plan in coordination with the Audit Committee, directors of the concerned departments or heads of other departments of the Company.

The Director of the Internal Control Department shall submit detailed reports to the Board of Directors on the evaluation of the internal control system, provide observations and make proposals to fill the gaps in the internal control system, on a regular basis, when necessary and at any time he deems appropriate in accordance with the requirements of such evaluation. With regard to the Internal Control Department's handling of major problems in the Company or those that are disclosed in the annual reports and accounts.

The Internal Control Department applies the rules of governance and permanent verification of compliance with the provisions of laws and decisions that would fill the gaps in the internal control system by following the following: -

- 1-Basic control, including control over financial affairs, operations and risk management.
- 2-Ensure the Company's ability to respond to changes in its business and the external environment.
- 3-Monitor the extent to which internal systems, procedures and policies are applied and submit the necessary reports to both the Audit Committee and the Board of Directors.

- Submitted four (4) Reports to the Board during the financial year ended 31-12-2025.

### 11- There are no violations committed during the year ending on 31/12/2025.

### 12- The Company's cash and in-kind contribution during the year 2025 to the development of the local community and the preservation of the environment.

FCI is playing a crucial role to the surrounding society believing in the company social responsibilities which is reflected by:

- **UAE National celebrations:**
  - Celebration of UAE national day.
  - Celebration of UAE Flag Day.
- **International Participation:**
  - 10th FUJAIRAH INTERNATIONAL MINING CONFERENCE HELD BY FNRC IN FUJAIRAH EMIRATE.
  - Attending Intersec exhibition.
- **Interaction with Government:**
  - Participated in Blood donation campaign in collaboration with MOHAP.
  - Participated in UAE initiatives work shop delivered by ministry of Energy And Infrastructure with Ministry of Industry And Advanced Technology.

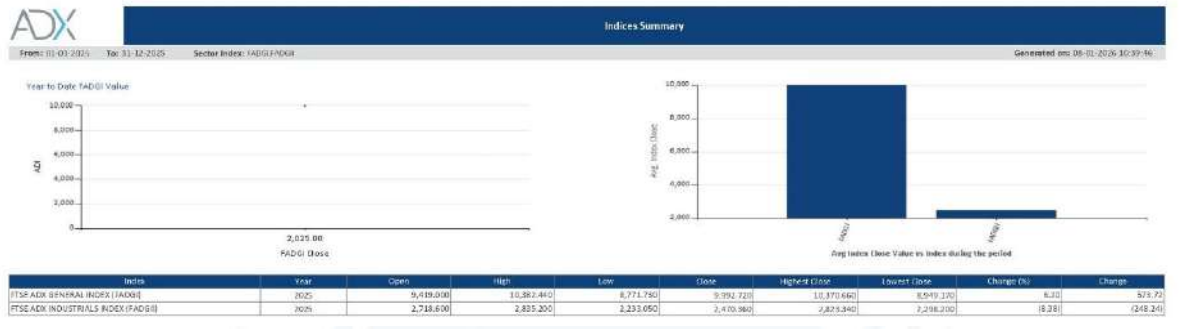
### 13- General Information:

#### a- Monthly share price statement for 2025



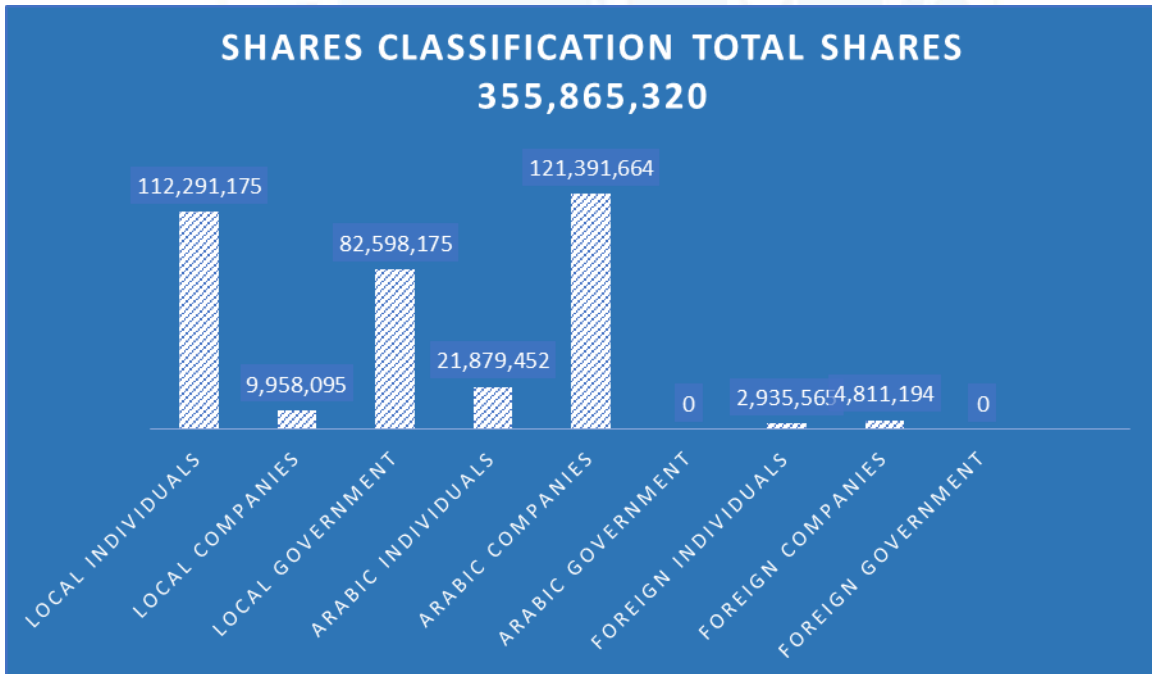
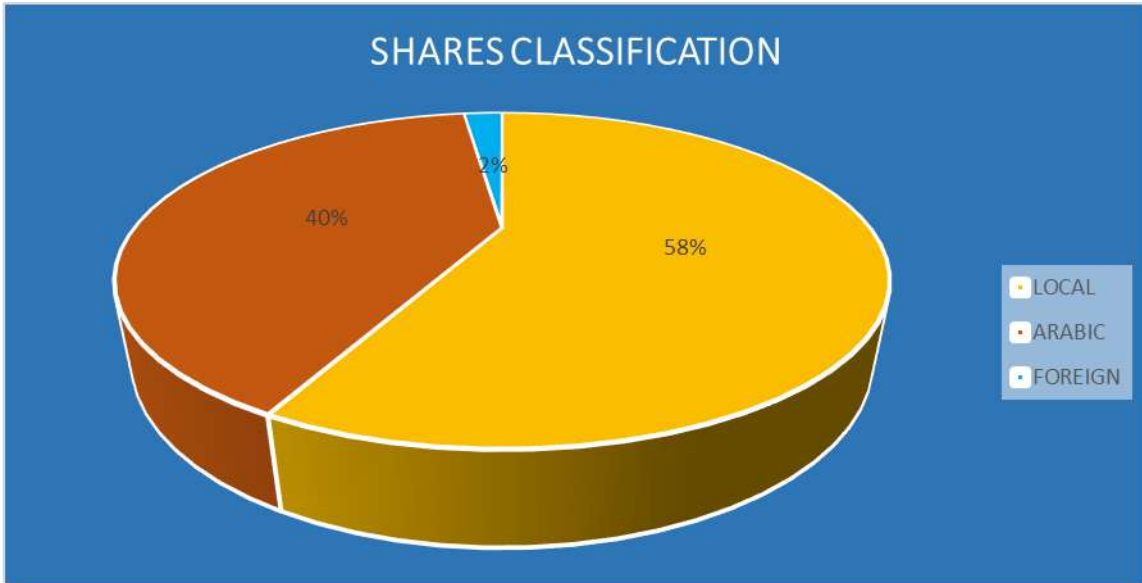


b- Comparative performance statement of the Company's share with the general market index and the sector index for the year 2025



c- A statement of Shareholders' Ownership Distribution on 31/12/2025

Shares Classification	Individuals	Companies	Government(Fujairah)	Total
local	101,302,042	6,447,480	82,598,175	190,347,697
Arabic	54,440,033	102,249,696	-----	156,689,729
Foreign	8,607,940	219,954	-----	8,827,894
<b>Total</b>	<b>164,350,015</b>	<b>108,917,130</b>	<b>82,598,175</b>	<b>355,865,320</b>



**d-A statement of shareholders who own 5% or more of the Company's capital on 31/12/2025**

	Number of shares	Percentage to capital
Government of Fujairah	82,541,250	23.19%
Nasser Ali Muhammad Khammas Al-Yammahi	50,224,083	14.11%
Wafra International Investment Company	33,269,036	09.35%
Watani Investment Company	27,198,373	07.64%
Islamic Development Bank	25,300,000	07.11%
Salem Ali Omar Zaid AL Buraiki	18,013,797	05.06%
<b>TOTAL</b>	<b>236,546,539</b>	<b>66.46%</b>

**e-A statement of the distribution of shareholders according to the size of the ownership as at 31/12/2025.**

No.	Share Ownership (Shares)	Number of Shareholders	Number of owned shares	Percentage of owned shares to capital
1	Less than 50,000	1467	8,998,287	02.53%
2	From 50,000 to less than 500,000	170	27,328,749	07.68%
3	From 500,000 to less than 5,000,000	45	62,474,416	17.56%
4	More than 5,000,000	8	257,063,868	72.23%
	<b>Total</b>	<b>1690</b>	<b>355,865,320</b>	<b>100%</b>

**f- A statement of the measures taken regarding investors' relations' controls.**

Accountant / Ashraf Abdel Kader Al-Sayed has been appointed as a competent official for all tasks related to the Investors' Relations' Department and enjoys the requirements stipulated in Article (51) paragraph (1) of the Authority's Chairman Decision No. (3/Chairman) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments.

The website of Fujairah Cement Industries has been fully updated to become in Arabic and English, and a special page has been allocated for investors' relations and it is being updated and maintained continuously and in line with international standards, and includes all means of communication with the Investors' Relations' Department.

Fujairah Cement Industries is committed to publishing the information and data disclosed to The Regulatory Authorities, markets or the public on its website.

Means of communication of the Investors' Relations' Department: -

Tel: +97192444011/330-331, P.O. Box: 11477 Fujairah.

**Email :- [hofci79@fciho.ae](mailto:hofci79@fciho.ae).**

**E-mail :- [hofci79@fujairahcement.com](mailto:hofci79@fujairahcement.com).**

**Link to the investor relations page on the website of Fujairah Cement Industries:-**

[www.fujairahcement.com/ar/fci/investor-relations-ar](http://www.fujairahcement.com/ar/fci/investor-relations-ar)

[www.fujairahcement.com/fci/investor-relations](http://www.fujairahcement.com/fci/investor-relations)

The above-mentioned Investors' Relations' Department performs all the competencies and tasks stipulated in Article 51, paragraphs (2,3,4,5,6,) of the Authority's Chairman Decision No. (3/Chairman) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments.

**g-A statement of Special Resolutions Presented at the General Assembly Meeting Held During 2025 and the Actions Taken Thereon:**

A special resolution was issued to amend Article No (19 - Company Management), Chapter Four of the Articles of Association:

**Article before amendment:**

The company shall be managed by a Board of Directors consisting of eleven (11) members.

**Article after amendment:**

The company shall be managed by a Board of Directors consisting of nine (9) members.

- The amendment was approved and published in the Official Gazette, Issue No. 800, dated 29/05/2025.

**h- A statement of The name of the secretary of the Board of Directors and the date of his appointment.**

- Abdullah Ahmed Ali Al-Humaidi – 01/02/2021.

**i- A statement Material events during the year 2025.**

NIL.

**j- A statement of the transactions made by the Company with related parties**

NIL.

**k- Emiratization rate:**

Emiratization rate for the year 2023: 15%.

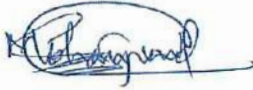
Emiratization rate for the year 2024: 15%.

Emiratization rate for the year 2025: 15%.

**l- Innovative projects and initiatives carried out by the Company: -**

- Auto Bag Loader and capacity enhanced ROTO Packer- To enhance the capacity of the cement bags dispatch- Order placed and under progress.
- Capacity enhancement of the Cement Grinding- Under discussion stage

Internal Auditor



Signature/

Chairman of the Nomination and  
Remuneration Committee



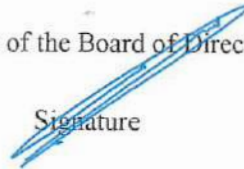
Signature/

Chairman of the Audit Committee



Signature/

Chairman of the Board of Directors



Signature



**To view the Company's corporate governance report for the year 2024 on the following websites:**

Fujairah Cement Industries

[www.fujairahcement.com](http://www.fujairahcement.com)

Abu Dhabi Securities Market

[www.adx.ae](http://www.adx.ae)



2025

# SUSTAINABILITY REPORT



## Chairman's Message



**Sheikh Mohammed Bin Hamad Bin Saif Al Sharqi**

Sustainability is at the heart of our business and central to the trust placed in our company by customers, employees, suppliers and partners alike. I am proud of the actions that Fujairah Cement Industries PJSC are supporting the vision of COP 28 for manufacturing low carbon cement to drive long-term value to our stakeholders.

We would like to thank our shareholders and stakeholders for their support in the execution of our strategy to deliver on growth and profitability, to strengthen our competitiveness and to secure the long-term sustainability of our business.

## General Manager's Message



**Eng. Saeed Ahmed Ghareib Howaishil Al Sereidi**

On behalf of Fujairah Cement Industries PJSC, I am pleased to present the sustainability report for the **year-2025**. This report reflects our approach to COP28, Decarbonization and focuses on topics that are most material to our business and stakeholders. Environmental performance and cost-efficiency are closely linked for our business. I am also pleased to report that during 2025 we were able to progress across all four of our environmental key performance indicators: greenhouse gas emissions, electricity and energy consumption, water usage and solid waste management.

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## UNITED NATION VISION:

**The 2030 Agenda for Sustainable Development**, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

The SDGs build on decades of work by countries and the UN, including **the UN Department of Economic and Social Affairs**

Today, the **Division for Sustainable Development Goals (DSDG)** in the United Nations **Department of Economic and Social Affairs (UNDESA)** provides substantive support and capacity-building for the SDGs and their related thematic issues, including water, energy, climate, oceans, urbanization, transport, science and technology, the Global Sustainable Development Report (GSDR), partnerships and Small Island Developing States. DSDG plays a key role in the evaluation of UN system wide implementation of the 2030 Agenda and on advocacy and outreach activities relating to the SDGs. In order to make the 2030 Agenda a reality, broad ownership of the SDGs must translate into a strong commitment by all stakeholders to implement the global goals. DSDG aims to help facilitate this engagement.

## SUSTAINABILITY DEVELOPMENT GOALS:

### SUSTAINABLE DEVELOPMENT GOALS



## UAE VISION AND STRATEGIES INICIATIVES:

The United Arab Emirates focuses on achieving sustainable development goals that would enable access to clean energy, adequate and affordable food, quality education, health care, sustainable economic growth, healthy ecosystems and increased resource efficiency, as all these issues resonate strongly in the country. The United Arab Emirates also pledged to "leave no one behind" and to shift the world to a sustainable and resilient path.

### ***The UAE's Green Agenda - 2030***

The UAE's Green Agenda - 2030 is a long-term plan to achieve the goals of sustainable development in the UAE and make its economy more environment-friendly. It has strategic objectives and includes various programs and initiatives to achieve them.

### ***The National Air Quality Agenda 2031.***

The National Air Quality Agenda 2031 provides a general framework for aligning government entities and the private sector to maintain air quality and reduce air pollution. The agenda is built upon three pillars: monitoring, mitigation and management.

### ***The UAE's Net Zero 2050 Strategy***

The UAE Net Zero 2050 strategic initiative aligns with the Paris Agreement, which calls on countries to prepare long-term strategies to reduce GHG emissions and limit the rise in global temperature to 1.5°C compared to pre-industrial levels

## ABOUT FUJAIRAH CEMENT INDUSTRIES:

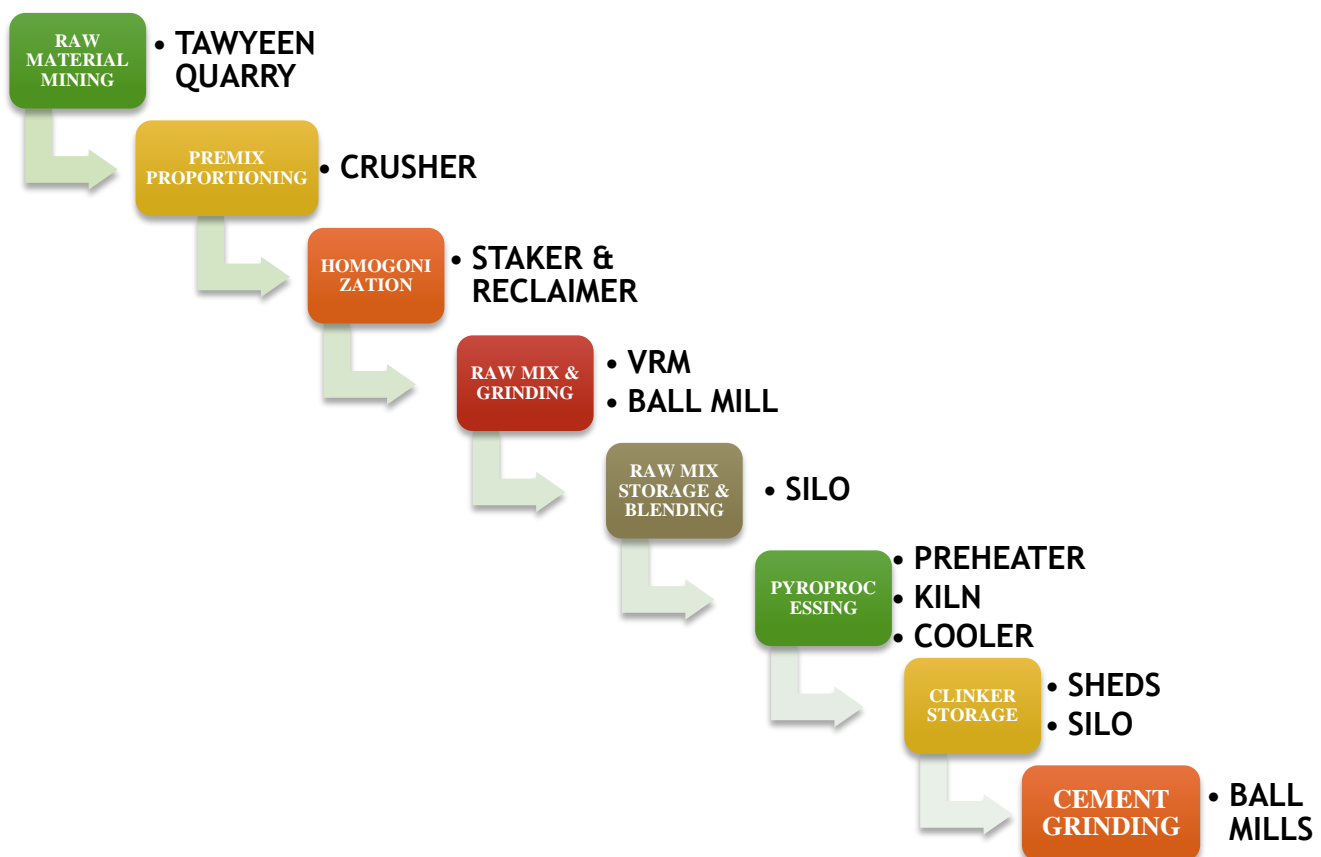
The most modern and one of the largest cement plant of the UAE with a production capacity of 4 million tons of clinker per annum and 2.4 million tons of cement per annum and an annual turnover of over AED 600 million.

Fujairah Cement Industries (FCI) is a Public Joint Stock Company was established in the Emirate of Fujairah, on 20th December 1979, with the paid capital of AED 555 million , according to Govt. of Fujairah Decree No: 3/79 issued by His Highness Sheikh Hamad Bin Mohammed Al Sharqi, the member supreme council of UAE and the Ruler of Fujairah. Engineer/Sheikh Mohammed bin Hamad Bin Saif Al Sharqi, Chairman of the company and Engineer/Saeed Ahmed Ghareib Howaishil Alsereidi is the General Manager. FCI is a consortium of Govt. of Fujairah, Govt of Abu Dhabi, Islamic Development Bank, and shareholders from UAE and other GCC countries.

### OUR VISION:

- To be a sustainable industry.
- Profitable growth along with resource conservation.
- Ensure quality clinker and cement as a business strategy.
- Promote health, environmental and safety among the stakeholders.
- To serve the construction industry in the gulf region in a better way.

### MANUFACTURING PROCESS:



## OUR PRODUCTS:

Over the years, the company's product brand 'FUJAIRAH CEMENT' has enjoyed a premium status and has been the market leader in the UAE and neighboring AGCC, Middle East, and African countries, Bangladesh, India and Sri Lanka. It is a household name for high quality and excellent service in the construction field.

Cement both in bulk and 50 kg bags form, conforming to British and American standard.



- Ordinary Portland Cement, conforming to BS EN 197-1:2000 CEM-1 Class 42.5N and ASTM C-150 Type-I.
- Sulphate Resisting Portland Cement, conforming to BS.4027: Class 42.5N , and ASTM C-150 Type-V.
- Moderate Sulphate Resisting Portland Cement, conforming to ASTM C-150 Type-II.
- Clinker suitable to produce ordinary Portland cement.
- Clinker suitable to produce sulphate resisting Portland cement.

# FUJAIRAH CEMENT INDUSTRIES SUSTAINABILITY PERIORITIES AND PERFORMANCE:

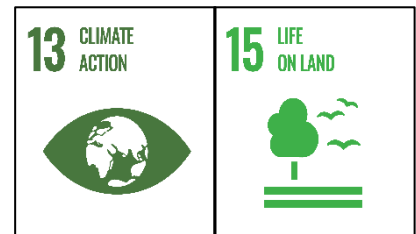
## 1. ENVIRONMENTAL DIMENSION:

Fujairah Cement Industries understand the importance of saving our future generations' environment and health, upholding the goal of "net zero" and in compliance with UAE's NET ZERO 2050 strategy, Fujairah cement industries is committed to reduce the cement production process environmental negative impacts by following an international recognized standards in environmental management **ISO14001-2015**.

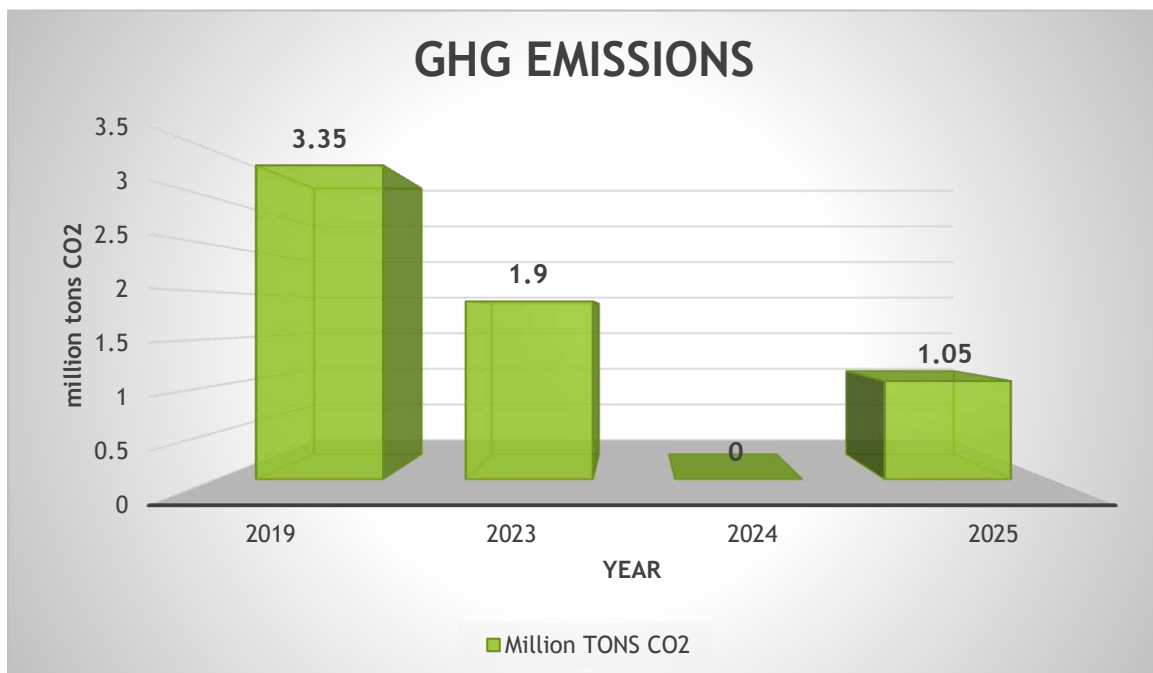
Following are some of Fujairah cement industries sustainability's priorities and performance

### 1.1. Greenhouse Gas Emissions:

FCI is committed to reduce GHG generated from clinker and cement production process and maintain a lower carbon foot print in our product in order to reduce the global warming effect in compliance with UN climate action plan and UAE net zero 2050 strategy by:



- Using alternative raw materials to reduce carbonate consumption.
- Increasing energy efficiency in production process.
- Transition to alternative fuels with low CO<sub>2</sub> emission factors.
- Producing cement with lower clinker factor with alternative additives.



## 1.2. Air Quality:



FCI is following a strict policy in order to **monitor, evaluate and mitigate** the production process air emission to maintain healthy air quality in compliance to Fujairah environment authorities and MOCCAЕ regulations and requirement.

### ❖ Monitoring:

- FCI process is equipped with latest technologies in stacks emission, dust continuous monitoring instruments.
- FCI is equipped with Ambient Air quality monitoring devices in factory as well as in quarry.

### ❖ Evaluation:

- FCI team is maintaining all emission report and periodically reporting to FEA and MOCCAЕ.
- Third party Environmental consultant is periodically cross checking FCI emission measurements.
- All stack emission and ambient air quality monitoring devices are regularly calibrated to ensure their accuracy.

### ❖ Mitigation:

FCI is committed to take all required control actions in order to maintain a healthy Air quality in different areas of the process:

- Fugitive dust emission control actions by FCI:
  - Reduce trucks speed limit.
  - Water spraying system in raw materials unloading.
  - Regular dust suppression activities.
  - Maintain best available technology for road sweeping and housekeeping.
  - Cover material transport conveyors.
  - Clinker silo storage.
  - Minimize open yard storage.
  - Use green belt of trees.
  - Use of best available ventilation and dust filters in process.
  - Regular maintenance of bag filters.

### 1.3. Resources Management:

FCI is proactively seeking all the opportunities to conserve natural resources in different areas of production process by responsible production such as mining of raw materials, fossil fuels used for pyro process and electrical power generation and water consumption in compliance with UAE local and federal government represented by FEA, FNRC & MOCCA. Keeping our target of REDUCE, RECYCLE & REUSE.



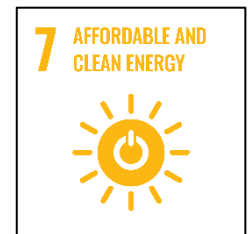
#### 1.3.1. RAW MATERIAL MANAGEMENT:

FCI is committed to reduce the mining and procurement of natural raw materials by:

- Using secondary raw materials from different sources without affecting the product quality.
- Recycling kiln refractory waste in production process.
- Use of construction wastes as additives in cement production process.

#### 1.3.2. ENERGY MANAGEMENT:

FCI is proactively working on best utilization of energy in order to preserve our natural resources of FOSSIL fuel by using alternative fuel in production process and operating the plant with the most efficient way by frequent performance evaluation and equipment maintenance.



##### 1.3.2.1. THERMAL ENERGY:

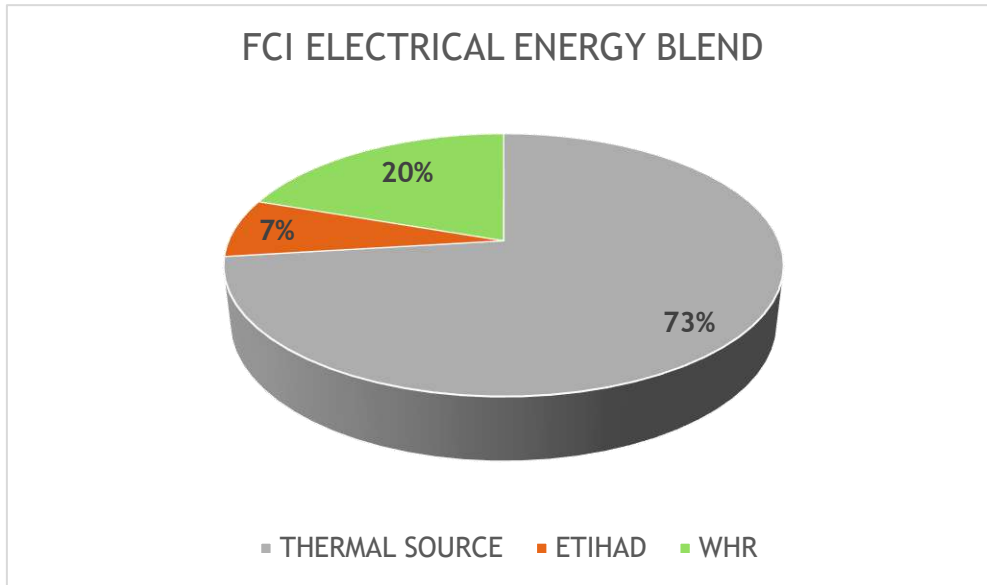
FCI is designed with latest technology of 6 cyclone preheater in order to produce clinker with minimum heat required, FCI is committed to reduce fossil fuel consumption in the production process by:

- Using alternative fuels in production and power generation processes.
- Reducing fuel consumption by maintaining operation efficiency
- Introducing RDF fuel to prevent landfilling and reduce GHG.
- Using other industries wastes as fuel.

### 1.3.2.2. ELECTRICAL ENERGY:

FCI is relying mainly on fossil fuel to generate electrical energy from thermal power plant fulfill the production process requirement and other domestic requirement.

In order to reduce fossil fuel impact on environment FCI is following two strategies:



#### 1.3.2.2.1. ENERGY BLENDING:

FCI is blending between sources of electrical energy between:

- Thermal power plant
- Etihad grid power
- Waste heat recovery

FCI is increasing the value of renewable energy wherever it is possible:

- Using solar power for lighting roads
- Solar power is used for environmental monitoring instruments
- In future FCI is planning to increase the renewable energy use as a clean energy.

#### 1.3.2.2.2. WASTE HEAT RECOVERY:

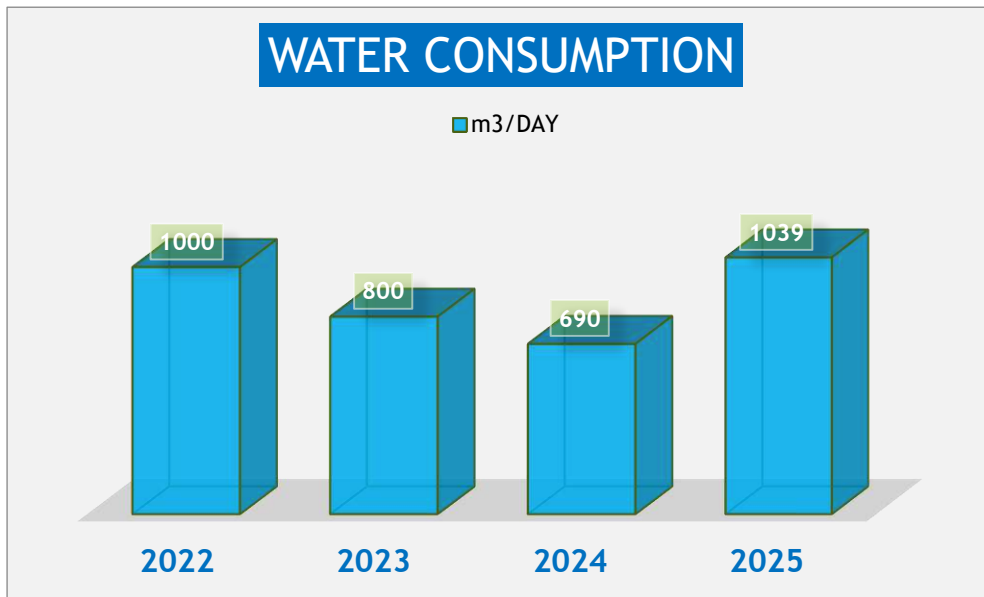
FCI is equipped with state of art waste heat recovery plant which is reusing production waste gases into turbines to generate approximately 20% of electrical energy required for the plant.



### 1.3.3. WATER MANAGEMENT:

FCI is using water wisely in different area:

- a. Production process
- b. Equipment cooling
- c. Dust suppression
- d. Plantation
- e. Domestic use



FCI is utilizing the concept of recycling waste water after confirming its quality to use in other areas as dust suppression and plantation to ensure the minimum water consumption as practically as possible.

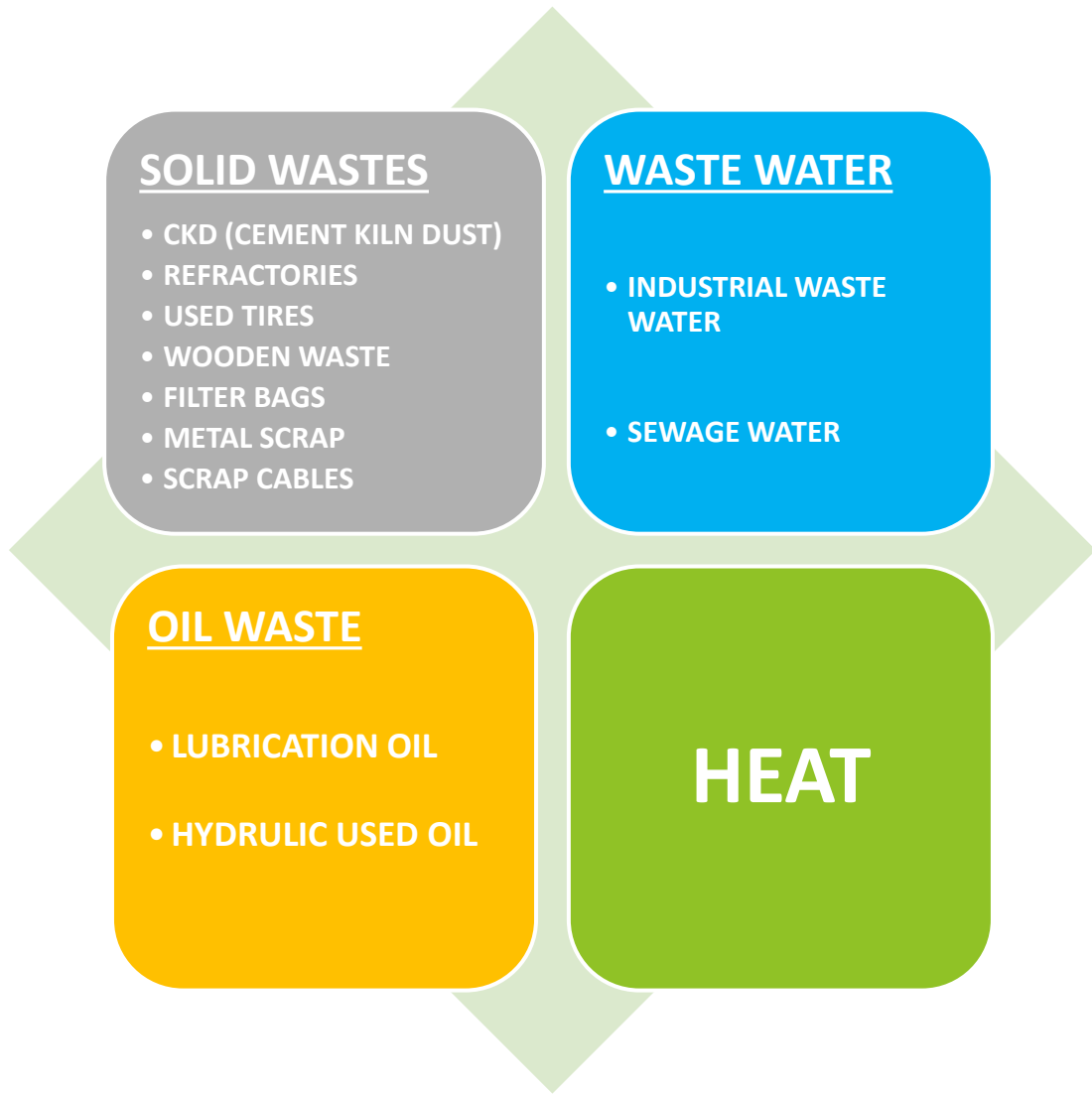
### 1.3.4. WASTE MANAGEMENT:



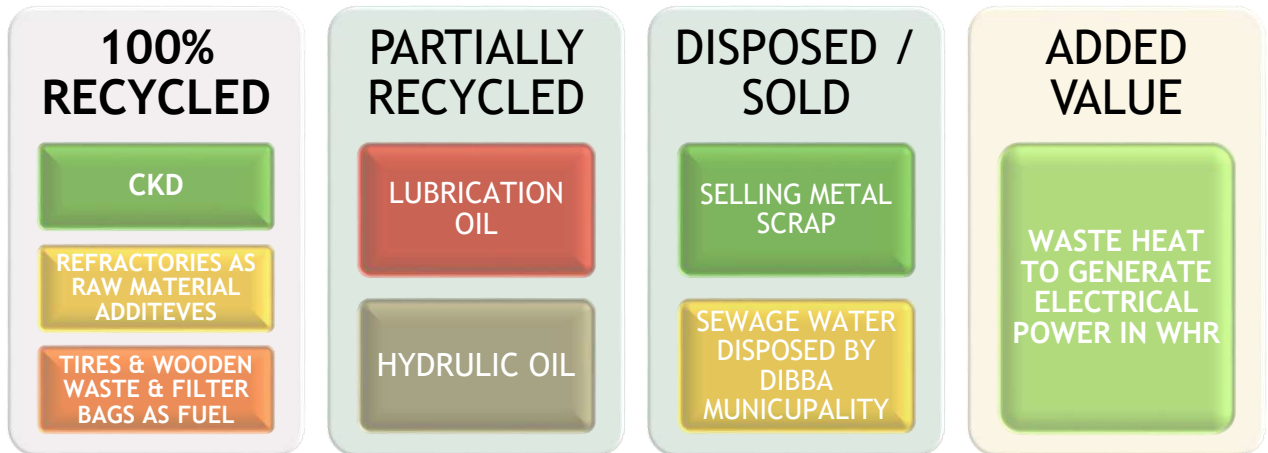
Waste management is crucial for protecting the environment, public health, and the economy. It reduces pollution, conserves resources, prevents disease, and contributes to cleaner and more sustainable communities. Adopting responsible waste management practices is essential for a healthier and more sustainable future.

In FCI we are Supporting Sustainable Practices: Waste management practices that prioritize the "**reduce, reuse, and recycle**" hierarchy promote sustainability and align with global environmental goals.

### 1.3.4.1. FCI PROCESS WASTE GENERATION



### 1.3.4.2. FCI WASTE MANAGEMENT PERFORMANCE:



## 2. SOCIAL DIMENSION:

Fujairah cement industries believes that the main pillar of sustainable business is human resources, so in Fujairah cement we strive to lead the way of growth and sustainability with management objectives to ensure healthy and safe working environment to our stakeholders, employees, supplier, investor, customers and local community through different practices.

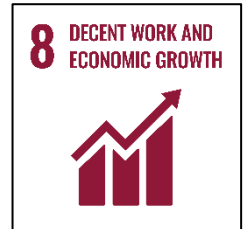
### 2.1. FCI SOCIAL SUSTAINABILITY PERFORMANCE:

#### 2.1.1. HEALTH AND SAFETY:

- FCI is committed to provide healthy and safe working environment by following high level standards of occupational health and safety management system ISO 45001-2018 which includes but not limited to:
  - RISK ASSESSMENT OF WORKPLACE AREA
  - SAFETY AUDITS
  - SAFETY TRAININGS
  - FIRST AID TRAININGS
  - FIREFIGHTING TRAINING & MOCK DRILLS
  - ON SITE JOB TOOL BOX TALKS MEETINGS

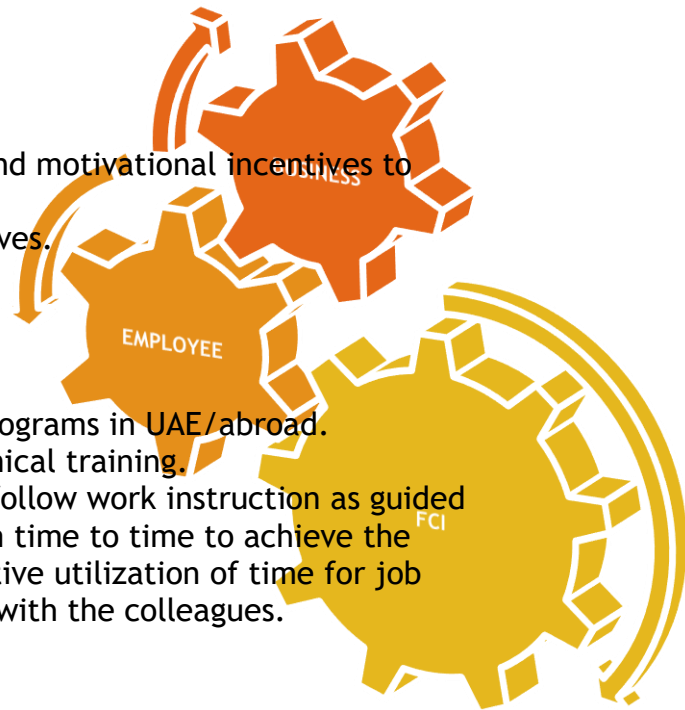
#### 2.1.2. EMPLOYEES RIGHTS:

- Under the umbrella of UAE labor law and international labor law, FCI is committed to provide their employees with decent and safe work environment and ensure the work-life balance by certain benefits:
  - Medical health insurance
  - FCI provide all required PPE to ensure employees safety.
  - Life loss insurance
  - Proper and decent bachelor & family accommodation.
  - First aid boxes in different locations.
  - Entertainment facilities in accommodation area.



### 2.1.3. FCI EMPLOYEES BENIFITS:

- FCI provide ample opportunities and motivational incentives to employees.
  - Performance Linked Incentives.
  - Good Work Awards.
  - Letters of Appreciation.
  - Special Increments.
  - Promotions.
- Nomination to external training programs in UAE/abroad.
- FCI provides employees with technical training.
- FCI encourages the employees to follow work instruction as guided and directed by the superiors from time to time to achieve the production target as well as effective utilization of time for job completion and good cooperation with the colleagues.



### 2.1.4. FCI Engagement with society:

FCI is playing a crucial role to the surrounding society believing in the company social responsibilities which is reflected by:

- **UAE National celebrations:**
  - ◆ Celebration of UAE national day.
  - ◆ Celebration of UAE Flag Day.
- **International Participation:**
  - ◆ 10<sup>th</sup> FUJAIRAH INTERNATIONAL MINING CONFERENCE HELD BY FNRC IN FUJAIRAH EMIRATE.
  - ◆ Attending Intersec exhibition.
- **Interaction with Government:**
  - ◆ Participated in Blood donation campaign in collaboration with MOHAP.
  - ◆ Participated in UAE initiatives work shop delivered by ministry of Energy And Infrastructure with Ministry of Industry And Advanced Technology.

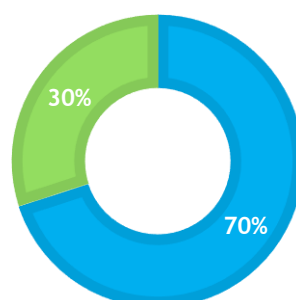


### 2.1.5. GENDER DIVERSITY & no-discrimination:

FCI is committed to provide fair opportunity to all employees regardless their gender, religion, color or believes.

#### DIVERSITY

■ MALE ■ FEMALE



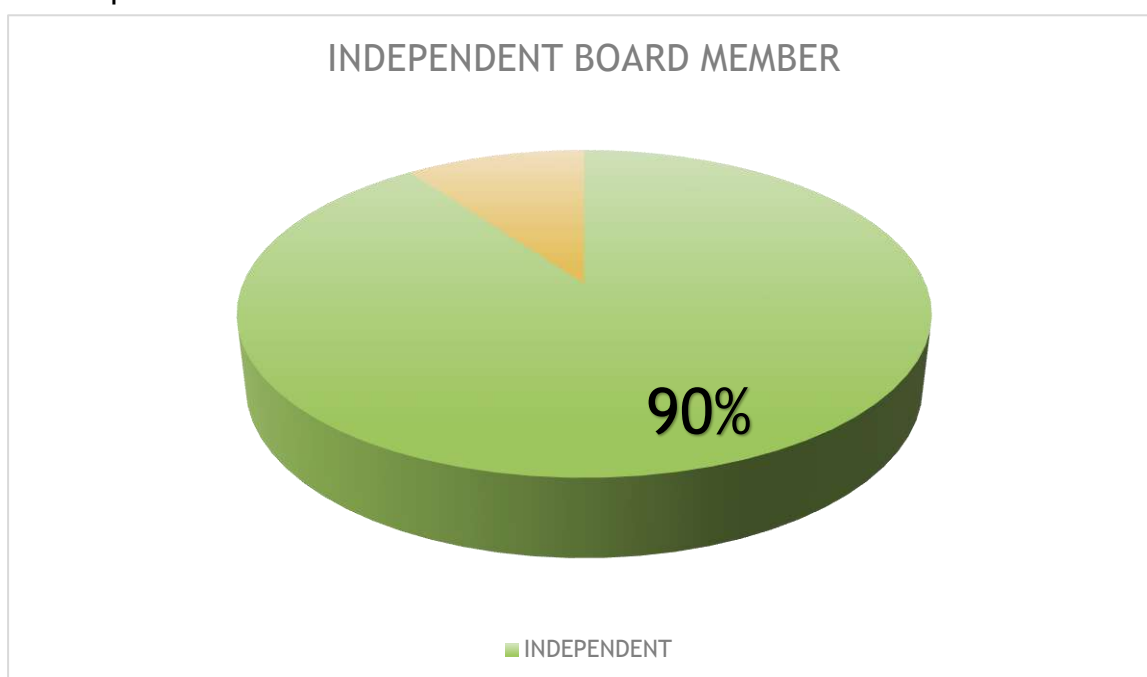
### 3. GOVERNANCE DIMENSION:

FCI is committed to take great care of the issues related to applying the corporate governance & discipline & is fully committed to the provisions of applicable legislation, including the provisions of the Chairman of the Board of Directors of Securities & Commodities Authority (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide.

The Board of Directors is responsible towards the shareholders of the company & its customers for the proper & strict application of the principles of governance by achieving the required discipline in the management of the company in accordance with the international standards & encourages the Board of Directors of the company to maintain a high level of transparency.

#### 3.1. BOARD INDEPENDENCE:

- ◆ FCI prohibit CEO to serve as board chair.



#### 3.2. BOARD DIVERSITY:

TOTAL BOARD MEMBER 2025	MALE	FEMALE
9	8	1

### **3.3. ETHICAL MANAGEMENT:**

The employees certify thru their declaration form, that they are not indulged in corruption practices, neither they are involved in any business in FCI.

All the employees have formally certified their compliance as per the prevention of corruption policy.

### **3.4. DATA PRIVACY AND DIGITALIZATION:**

FCI is committed to the protection of the confidentiality, integrity, and availability of critical information system and data of the company. The information security management mechanism has been comprehensively introduced and it is in line with the information security management system (ISO-27001:2013)

COVID-19 accelerated the digital transformation of our daily activities. Face-to-face meetings were converted into virtual meetings. Even the Board meetings were conducted online/remotely

### **3.5. SUPPLIER CODE OF CONDUCT:**

FCI supports “sustainable supplier management” and “local and green procurement policy”.

We responsibly encourage the concept of mutual support and benefit that is safe and eco-friendly by working hand in hand with suppliers.

FCI will improve its communication with suppliers on sustainability issues and align itself with international standards in the spirit of sustainable procurement.

In addition, FCI suppliers must conduct their business with integrity by acting honestly, responsibly, transparently, consistently and holding themselves accountable for their actions. Suppliers are expected to reflect their organizations communicated values and ethics in their actions and behaviors.