

CONSTRUCTION MATERIALS INDUSTRIES SAOG.

BOARD OF DIRECTORS REPORT

Respected shareholders of Construction Materials Industries,

Peace, mercy and blessings of God,,,

On my own behalf and on behalf of the members of the Board of Directors, it gives me immense pleasure to welcome you to the forty-seventh ordinary Annual General Meeting of your esteemed company. I am pleased to present to you the report of the Board of Directors in addition to the annual report of the auditor for the financial year ending on 31/12/2024.

Achievements and significant events that affected the company during the year 2024

Our company has faced a lot of difficulties and challenges during the year 2024, the most important of which was maintaining the level of sales to our customers of all categories in the local and foreign market and the serious pursuit of finding new customers and new sales channels. For the company's products to achieve the best levels of performance, which requires upgrading the current production level and keeping pace with developments and modernity in production methods.

This has resulted in implementing some practical measures to improve the Company’s performance through development and modernization of production units:

Contracts were signed for the supply and installation of a new hydrated lime production unit with a production capacity of 15 tons per hour, in October 2023. The installation of the new production unit has been completed and work is underway to follow up with “Nama Electricity Supply Company” to get required electricity connection in order to start the cold operation of the production unit to conduct cold testing and trial operation. This new unit is expected to start commercial production soon, God willing.

Work is underway to revamping and modernize Quick Lime Kiln with 100tons per day capacity, and it is expected to be completed at the beginning of the second half of 2025. With the study of some projects that will contribute to development and modernization of production methods, reduce expenses and costs, maintain the level of product quality through maintenance and continuous improvement of the performance of production machines and development of the technical staffs in the factory.

On the other hand, company faced some challenges the most important of which are the following:

The high cost of direct production, the most important of which is the high prices of fuel, electricity and the high price of raw materials used in production and increased customs duties, which directly affected the cost of the product. We are unable to pass on this cost to our customers because of the intense competition especially in foreign markets. The closing of operations by some major producers of iron and steel industry in the local market has also had a significant impact on sales and the company's profits for this year.

The decision of the Ministry of Transport to prevent the entry of land transport vehicles (empty) to the Sultanate, which had a significant impact on the company's inability to comply with its commitments to supply quick lime to desalination plants outside the Sultanate, and on the company's inability to achieve the agreed sales with its customers in addition to the high cost of transportation.

It is certain that we have many challenges ahead, but we are confident and optimistic in God Almighty that determined efforts and continuous support from the Ministries and Government Departments under the guidance of **His Majesty Sultan Haitham bin Tariq**, may God protect and preserve him, will lead to achieving our goals.

Despite the great challenges faced by the Company during the year 2024, as a result of continuous efforts of the management and the high demand for the company’s product,

Sales income increased by 16% compared to the previous year (2024: 2,848,554 OMR, 2023: 2,456,006 OMR). The increase in sales is from the Company’s stock of finished goods from the previous year.

The following is the geographical analysis of sales as of 31/12/2024.

Particulars	Total Sales	Export Sales	Local Sales
Sales	RO.2,848,554/-	RO.1,315,354/-	RO. 1,533.200/-

Year 2024 witnessed a net profit of RO.15,803/- after tax compared to net loss for the last year (2024: net profit RO.15,803/-, 2023: net loss RO. 145,717/-).

Future Plans and Challenges for the company for the coming year:

The company's management is still striving to advance the company to achieve the best results during the coming period, by following up on all the obstacles facing the company and working to follow up with the relevant government agencies, and the company's management is constantly striving to reduce the cost of production to increase competitiveness in the local and foreign markets through the following: -

Modernization, development and renovation of the limekiln with a capacity of 100 tons per day in line with the requirements of the markets, which is being implemented, will have a positive impact in raising the production capacity of the factory, reducing the cost and increasing the company's ability to compete in the local and foreign markets.

- ✓ Continuous pursuit of the development of production processes in order to reduce the cost of production.

Steady and continuous exploration of new markets with a better profit margin and exerting effort to maintain the company's market share in the local and regional markets and work to increase them including reflects on the company's business results and the level of performance.

Continuous follow up with the concerned government agencies to obtain a permission for us to enter empty tanks from outside Sultanate to transfer our products to desalination plants outside the Sultanate as this step will reflect the positive impact on performance and sales on our products.

- ✓ Finding new sources of raw materials at a lower cost.

Internal control: -

The company has an internal control system to ensure the progress of work in accordance with the controls issued by the Authority for the capital market.

Donations and contributions paid by the company during the year 2024

The company is committed in implementing all environmental standards and requirements, as the company's factories are operating in line with these environmental standards and requirements. During this year, the company did not make donations and contributions.

The company's policy for distributing profits to shareholders: -

The company has not announced any dividends for the year 2024.

Reservations in the reports of the auditor:

The statutory auditors (M/s. Crowe Mak Ghazali LLC) do not have any reservations on the company's financial report for the year 2024.

As stated above, I am pleased and honored to take this opportunity to extend my sincere thanks and deep appreciation to **His Majesty Sultan Haitham bin Tariq**, may God protect and preserve his majesty for his high and sound guidance, care and continuous support for the advancement of the national industry to assume its rightful place among the global industries. I also extend my sincere thanks to various ministries and government departments in the Sultanate for their support and participation in serving this country and the dear vision.

In conclusion, I also take this opportunity to express my thanks and deep appreciation to the company's shareholders, customers, suppliers and all employees of the company for their efforts to raise the level of the company and work to achieve the best results based on the plan set for this year.

Peace, mercy and blessings of God,

Yours sincerely,

Khalid Abdullah Al-Jabri

Chairman of Board of Directors