

Al Anwar Ceramic Tiles Co. SAOG

Chairman's Report

Dear Shareholders,

It is my privilege to present to you the company's operating report for the year 2024

Overview of operations and financial performance

During the period we registered a gross revenue of RO 18.29 M. The pretax profit stands at RO 0.186 M and net profit after tax is RO 0.172 M.

The operating environment continues to be very difficult for the industry at this moment due to the following factors.

The main reasons for the decline in revenue and profits are the following

- a) Growing competition from low cost imports from India. EU, KSA and Qatar have imposed antidumping duty on import of tiles from India, and we are expecting Oman to do the same.
- b) Customs duty in KSA - While the pace of refunds has improved, this continues to be an impediment in conducting our business there.
- c) Due to the geo political disturbances in the Red Sea, ocean freight to markets in the region including KSA have risen sharply. This has resulted in a corresponding increase in road freight as well. During this period truck availability was very poor despite the higher freight rates.
- d) The Jordan market, which was one of our key growth market have also been severely impacted by the recent geo political developments.

We are doing satisfactorily in the other GCC markets and are **pleased to state that we continue to be market leaders in our home market in Oman.**

Future Outlook

A quick resolution of the geo political disturbances will augur well for our business in the region.

Our current capacity utilization for the period was around 65%. Free access to the Saudi market and freight rates returning to normal will be important for us to improve our capacity utilization and profits. There has been a positive response to the large format tiles introduced by the end of 2024 and we expect to consolidate further the same.

The Oman Government is in the final stage of implementing a standard for the tile imports which we believe will help in preventing poor quality tiles from India coming in at very cheap prices. This when implemented will provide some relief.

Our emphasis on continuous improvement programs, effective global sourcing, employing appropriate technologies and optimum levels of automation has helped us to reduce down time, process losses and costs while enhancing throughput and yield. Our competitive cost position continues to be a source of strength in relation to our regional peers.

Capacity utilization is key to amortise our fixed costs more optimally. The company is working towards consolidating in a few of our existing markets and focusing on making in roads into certain markets in the MENA region.

The company's strategy has been clear and consistent over the years. Our strategic intent is to emerge as the lowest cost producer of ceramic tiles in the region, by employing appropriate technologies and lean manufacturing systems driven by a committed and competent team of people.

Dividends

The Board of Directors have recommended a cash dividend of 4 Baizas per share. This is subject to approval at the Shareholders Annual General Body Meeting scheduled on 24th March, 2025.

Corporate Governance

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I am pleased to report that your company has adhered to all the regulations covering Corporate Governance in Oman. We remain committed and aspire to becoming model corporate citizens.

Corporate Social Responsibility

Al Anwar Ceramics is committed to its Corporate Social Responsibilities. Our CSR activities include assistance to selected community developmental activities, assistance to building of schools, mosques and support for local sports and cultural activities, in addition we are committed to environment, social and governance and our report on the same will be published as mandated.

Conclusion

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We continue to look to the future with optimism.

On behalf of the Directors, I wish to thank the company's management and all our staff for their professionalism and commitment. **They remain our greatest asset.**

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We are grateful to the government of Oman for their support and encouragement. We are confident that Oman will continue to grow and prosper under the wise leadership of His Majesty Sultan Haitham bin Tariq and we hope to play our part in this.

Hussain Ali Habib Sajwani

Chairman