RAK CERAMICS

INTEGRATED REPORT
2025

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RAK
CERAMICS
ANNUAL REPORT
2025

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

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

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

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


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INTRODUCTION

Chairman's Message

Dear Shareholders

I am pleased to present RAK Ceramics' financial results for FY 2025, a year defined by resilience and purposeful advancement through sustained investment in innovation and growth, resulting in strengthened profitability, despite a complex global macroeconomic and geopolitical environment.

RAK Ceramics continued its long-term growth trajectory, driven by fiscal prudence and operational efficiency, while remaining firmly aligned with its strategic roadmap. The UAE emerged as our strongest market, underpinned by the nation's robust economic activity and favourable business conditions. Simultaneously, Saudi Arabia, Europe, India and Bangladesh remain integral within our international presence, supporting our long-term growth ambitions.

This year, we allocated investments in future-ready manufacturing technologies, upgraded production facilities, and expanded our capabilities across tiles, sanitaryware, and tableware. These initiatives improve efficiency, support premiumisation, reduce energy consumption, and lower our environmental footprint, in line with our sustainability commitments.

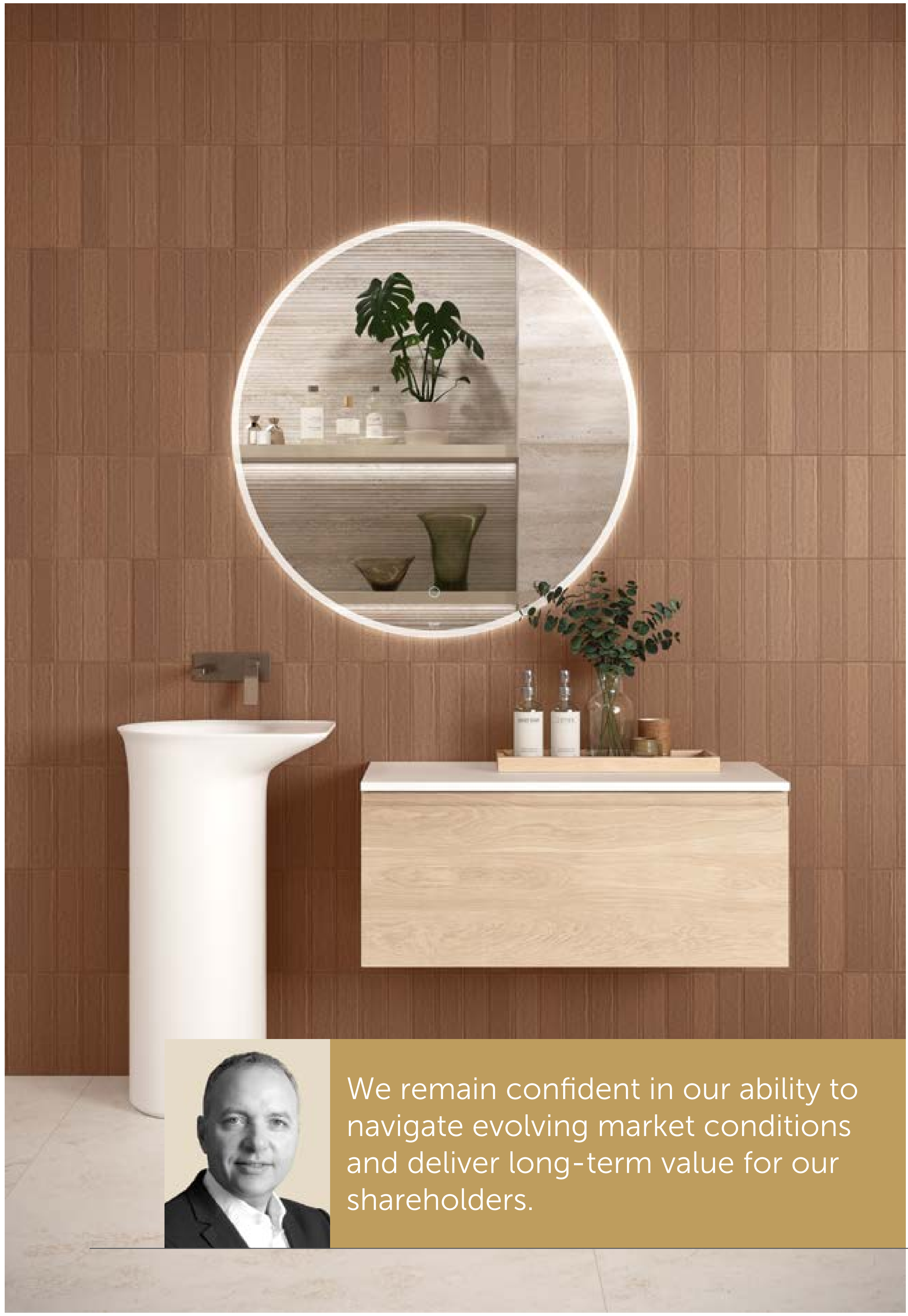
Our brand's retail footprint also continued to expand across focus markets. With a strengthened showroom network, enhanced customer engagement, investments in digital transformation, and research & development, the company managed to optimise operational efficiencies.

Looking ahead to 2026, we are confident that our strategic vision and favourable macroeconomic environment will provide a solid foundation for RAK Ceramics' continued leadership and sustainable global growth as a recognised lifestyle solutions leader.

On behalf of the Board of Directors, I extend my sincere appreciation to our shareholders for their continued confidence, our employees for their dedication and resilience, and our partners and stakeholders for their ongoing support.

SHEIKH SAQR BIN SAUD AL QASIMI
Chairman of the Board

RAK Ceramics continued its long-term growth trajectory, driven by fiscal prudence and operational efficiency.



We remain confident in our ability to navigate evolving market conditions and deliver long-term value for our shareholders.

Group CEO's Message

Dear Shareholders

It is my pleasure to present RAK Ceramics' performance for the Fiscal Year 2025, a year marked by improved profitability, stronger margins, and continued progress across our key markets. Our focus on operational excellence and product innovation enabled the Group to remain resilient and competitive across core markets, while navigating periods of global economic and geopolitical uncertainty.

The UAE remained our strongest market, supported by sustained real estate and construction activity and a higher contribution from premium product business and differentiated products. Our diversified geographic presence and balanced portfolio continue to provide stability across dynamic market cycles.

Our Tiles division remained the main contributor to the Group's performance, supported by steady demand and growing interest in distinguished and large-format surfaces. We continue to invest in digital technologies and advanced manufacturing to support our future production capabilities.

During the year, we have completed the upgrade to the next generation of Continua+ technology, reinforcing our innovation leadership in large-format surfaces. We have also commissioned Europe's longest kiln at 300 metres, equipped with an IoT-enabled system and fully automated quality inspection. We also continued the modernisation of our sanitaryware facilities through the adoption of energy-efficient technologies; enabling operational efficiency and driving sustainability goals.

We progressed the development of our Greenfield Tiles project in Yanbu, Saudi Arabia, which is poised to strengthen the Group's regional manufacturing facilities.

Across our international markets, we retained focus on improving operational performance, refining our product mix, and optimising cost structures. Our turnaround initiatives for KLUDI have commenced to improve operational margins and reinforce market positioning.

For our Tableware business, we continued to build momentum in premium hospitality and airline segments, expanded the portfolio into higher-value categories and broadened our retail and distribution network across key regions. In October 2025, RAK Porcelain Group acquired Bankook Design Chambre S.L., owner of the Cookplay brand, enhancing its premium portfolio and reinforcing its European presence.

As we look ahead in 2026, our approach remains centred on maintaining a balanced focus between growth, continued investment in our capabilities, and delivering consistent returns to our shareholders. We remain confident in our ability to navigate evolving market conditions and deliver long-term value for our shareholders.

On behalf of the Board, I extend my sincere gratitude to our shareholders, valued partners, and dedicated employees for their continued trust and support. Together, we will drive sustainable growth and long-term success for RAK Ceramics.

ABDALLAH MASSAAD
Group CEO

CORPORATE UPDATE

Performance Overview

RAK Ceramics delivered resilient growth in revenue and profitabilty in 2025, supported by improved margins, operational excellence, and strong performance in the UAE. Despite ongoing macroeconomic and competitive pressures in certain markets, the Group maintained resilient operations and strengthened its foundation for sustainable long-term growth.

AED3.28BN
TOTAL REVENUE

40.0%
TOTAL GROSS PROFIT MARGIN

AED248.5M
NET PROFIT AFTER TAX

AED623.6M
TOTAL EBITDA

COMPANY UPDATE

RAK Ceramics operated in a complex macroenvironment in 2025, marked by geopolitical uncertainties, inflationary pressures, and uneven demand across key markets. Despite these challenges, the Group's revenue growth of 1.6% to AED 3.28 billion, supported by strong performance in the UAE and a continued focus on higher value product segments.

The company reported profitability during the year, with gross profit margin increasing to 40.0%, reflecting operational efficiencies and disciplined execution, and a higher contribution from premium project business.

EBITDA increased by 5.3% to AED 623.6 million, with EBITDA margins improving to 19.0%, while profit before tax rose significantly by 19.9% to AED 331.8 million, highlighting the strength of the Group's operating model despite ongoing external pressures.

During the year, RAK Ceramics continued to advance its strategic priorities across manufacturing, retail, and global operations. The Group commissioned a state-of-the-art slab production facility in the UAE and progressed further upgrades across its manufacturing footprint to support product innovation, premiumisation, and operational efficiency. In parallel, the Company continues to invest in retail revamps and dealer networks, brand positioning, design leadership, and customer engagement across international platforms.

STRATEGIC INITIATIVES & OUTLOOK

With operations in 165+ countries, serving a broad portfolio across Tiles, Sanitaryware, Faucets, and Tableware, RAK Ceramics benefits from a strong global manufacturing and distribution platform. The Group remains committed to advancing its product leadership through continued investment in innovation, digital transformation, and manufacturing excellence.

MANUFACTURING

The company continues to enhance its manufacturing capabilities through ongoing investments in advanced production technologies and premium product development. During the year, the company commissioned a state-of-the-art slab production facility in the UAE, with further expansions underway to support large-format tile production, strengthen operational efficiency and energy consumption in line with sustainability objectives.

RETAIL & DISTRIBUTION

In parallel, RAK Ceramics continued to strengthen its retail presence in stores and company-owned showrooms, along with an expansion of the dealer network.

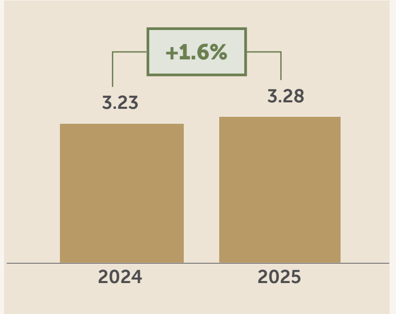
Internationally, RAK Ceramics is actively expanding distribution footprint in Africa, the Americas, Asia Pacific, and Europe, rebuilding direct sales in Europe; and strengthening Bangladesh through competitive pricing, product innovation, and expanded retail presence. In India, the company is establishing a franchisee model in Andhra Pradesh and Telangana, alongside new product introductions from the Morbi plant.

In Milan, RAK Ceramics launched its fourth international Design Hub, following Dubai, London and Frankfurt. This new flagship location supports the Group's strategic ambition to strengthen its global design presence and position itself as a preferred partner for designers and contractors worldwide.

2026: YEAR AHEAD

Looking ahead, RAK Ceramics is strategically positioned to deliver sustainable growth through ongoing investments, operational excellence, product innovation, and market alignment. The Group remains focused on strengthening profitability, expanding its presence in key markets, and reinforcing global industry leadership.

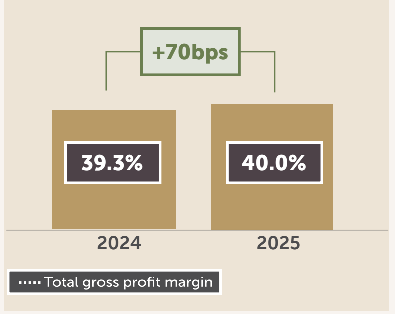
FINANCIAL HIGHLIGHTS



Shown in AED bn

Total Revenue

Total revenue for RAK Ceramics increased 1.6% year on year to AED 3.28 billion in FY 2025, driven by strong demand in the UAE, contributing to top-line growth.
Tiles revenue rose both in volume and value, 1.9% YoY to AED 1.89 billion, led by growth in the UAE, the Middle East, Europe and Bangladesh.
Sanitaryware revenue remained flat at AED 466.4 million, supported by performance in the UAE, Saudi Arabia, and the Middle East.
While the Tableware revenue declined marginally by 1.4% YoY to AED 364.1 million, it was resilient due to contributions from higher-margin channels such as airlines and premium hospitality projects. In addition, the acquisition of Cookplay by RAK Porcelain strengthened the Group's premium tableware portfolio and presence in Europe.
Faucets revenue increased 4.6% YoY to AED 465.2 million, driven by improved performance in Saudi Arabia, Europe, Asia, and Africa, alongside ongoing operational optimisation initiatives within the Kludi business to enhance efficiency and long-term profitability.



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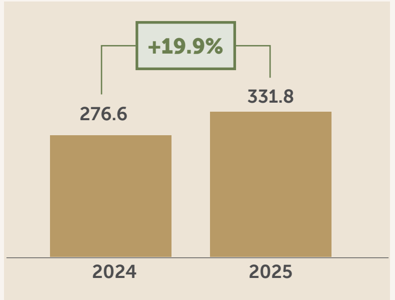
Total Gross Profit Margin

Gross profit margin increased 40.0%, an increase of 70 basis points compared to the previous year, supported by strong activities in the UAE real estate and construction sectors, strategic market re-alignment, and continued operational and manufacturing efficiencies.



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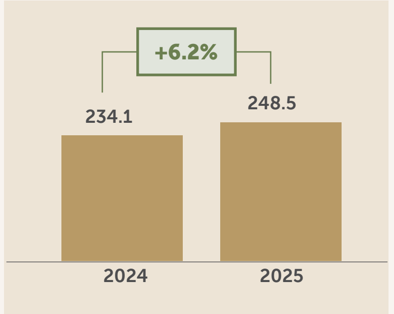
Profit before tax

Profit before tax increased by 19.9% YoY to AED 331.8 million in FY 2025, reflecting improved gross margins and a higher contribution from premium and project-led business.



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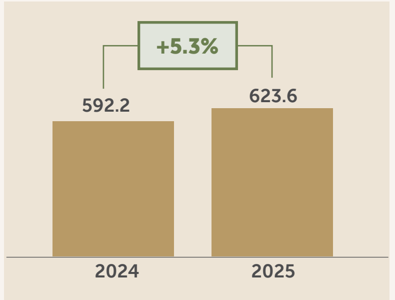
Profit after tax

Profit after tax jumped by 6.2% YoY to AED 248.5 million in FY2025, driven by gross margins and operational efficiencies. The increase reflects stronger underlying profitability despite continued pressure in certain international markets.



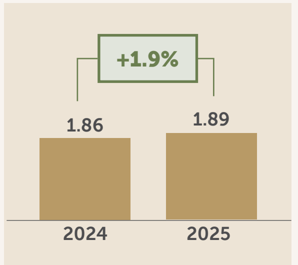
Shown in AED million

EBITDA

EBITDA increased by of 5.3% YoY to AED 623.6 million in FY 2025, with EBITDA margin improving to 70bps to 19.0%, supported by favourable project mix and strong UAE contribution, alongside disciplined cost management.

Core Business Performance

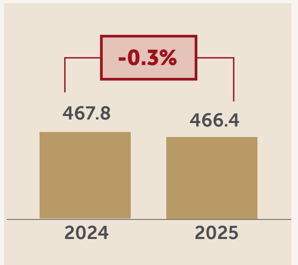
Resilient growth in gross profit margins supported by a premium product mix and strong UAE demand, with Tiles and Faucets delivering revenue growth and Tableware demonstrating resilient performance, despite ongoing macroeconomic pressures in certain international markets.



Shown in AED bn

TILE REVENUE

Tiles revenue increased 1.9% YoY to AED 1.89 billion in FY 2025, led by the UAE, Middle East, Europe (Germany) and Bangladesh, supported by growing demand for large format and a greater share from project business.



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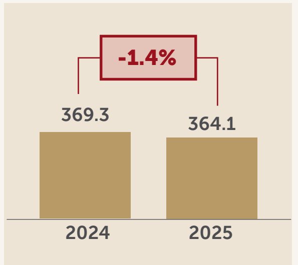
SANITARYWARE REVENUE

Sanitaryware revenue remained stable at AED 466.4 million in FY 2025, supported by steady performance across the UAE, Saudi Arabia and the broader Middle East.



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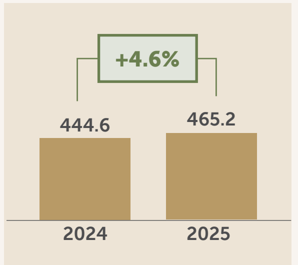
TABLEWARE REVENUE

Tableware revenue declined marginally by 1.4% YoY to AED 364.1 million in FY 2025, reflecting softer demand in certain international markets. However, performance remained supported by higher-margin channels, including airline and hospitality.



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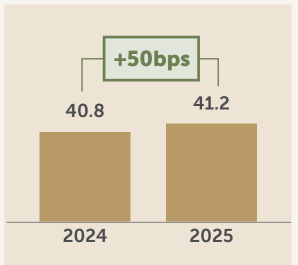
FAUCET REVENUE

Faucets revenue increased by 4.6% YoY to AED 465.2 million in FY 2025, driven by growth in Saudi Arabia and other international markets, including Europe, Europe, Asia, and Africa



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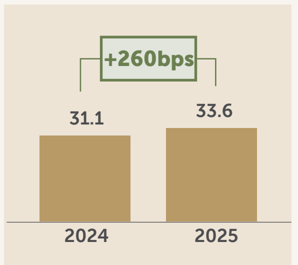
TILES GP MARGIN

Tiles gross margin increased by 50 bps YoY to 41.2%, supported by a favourable mix and continued project-led momentum in the UAE.



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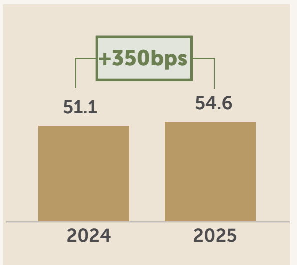
SANITARYWARE GP MARGIN

Sanitaryware gross margin improved by 260 bps YoY to 33.6%, driven by higher sales in the UAE and manufacturing discipline.



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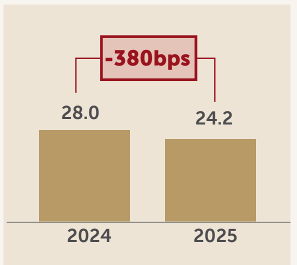
TABLEWARE GP MARGIN

Tableware gross margin expanded by 350 bps YoY to 54.6%, supported by increased sales to the airline industry and premium hospitality projects.



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FAUCET GP MARGIN

Gross margins declined by 380 bps to 24.2%, due to ongoing KLUDI transformation initiatives, resulting in a profitability impact.

Geographic Performance

Revenues delivered strong YoY growth in the UAE, alongside positive momentum in the Middle East and Bangladesh, supported by resilient project demand and improving market conditions. Saudi Arabia, Europe, and India remained under pressure due to competitive dynamics and macroeconomic headwinds. Despite these challenges, continued focus on premiumisation, higher margin project-led growth and operational efficiencies supported overall profitability and margin expansion.

United Arab Emirates

RAK Ceramics delivered strong revenue growth in the United Arab Emirates, supported by sustained momentum in the real estate and construction sector and robust demand across tiles and sanitaryware. The UAE remained the Group's largest market, contributing 39% of total revenue, with higher margin project-business supporting revenue growth. Continued investment in upgrading manufacturing capabilities and premium product offerings further strengthened the Group's positioning in its home market.

India

India experienced a cyclical slowdown in FY2025, with revenue declining 9.2% YoY to AED 331.1 million, impacted by weaker domestic demand and competitive intensity. Despite these challenges, the Group continues to strengthen its market presence by expansion of its dealer network, improved retail experience, institution of a franchisee model and initiatives to recover market share and support long term growth.

Saudi Arabia

Saudi Arabia remains a strategically important market for the Group. Market conditions in FY2025 remained challenging amid intensified local competition and oversupply, with revenue declining 17.7% to AED 232.1 million. RAK Ceramics continues to focus on premium project segments and changing customer preferences from ceramic to porcelain tiles, supported by its regional manufacturing and supply network. The Group is also steadily progressing the Greenfield Tiles Project in Yanbu, to strengthen local capacity for sustainable products, cost competitiveness, and long-term positioning in the Kingdom.

Bangladesh

Bangladesh demonstrated improving market conditions in FY2025, with revenue increasing by 5% YoY to AED 220.5 million in FY 2025, supported by early signs of economic stabilisation and recovery in project activity. The company has initiated targeted strategic initiatives to strengthen its market position, including expanded distribution channels, competitive pricing, and new product offerings, to support future growth.

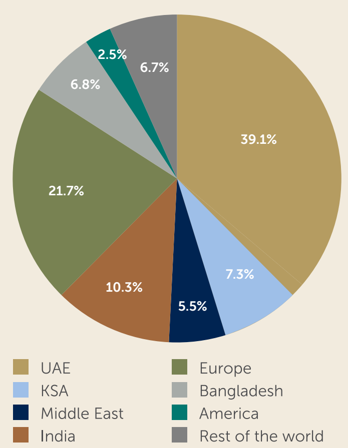
Europe

European markets remained challenging in FY2025 amid subdued construction activity, inflationary pressures, and intensified competition across both retail and project segments. Revenue declined by 5.2% to AED 323.3 million in FY2025, with Italy further impacted by the withdrawal of renovation incentives. In response, the company implemented cost-optimisation initiatives and progressed the integration of select KLUDI production activities within its global manufacturing network to enhance operational efficiency and long-term competitiveness.

REVENUE (AED M)

	2024	2025	Growth
United Arab Emirates	842.5	955.8	13.4%
Kingdom of Saudi Arabia	282.0	232.1	-17.7%
Middle East (Ex. UAE & KSA)	120.9	128.3	6.1%
India	364.7	331.1	-9.2%
Europe	340.9	323.3	-5.2%
Bangladesh	209.9	220.5	5.0%
Africa	102.9	105.6	2.6%
Rest of the world	64.5	65.6	1.7%
Total Tiles & Sanitaryware Revenue	**2,328.4**	**2,362.3**	**1.5%**
Tableware revenue	369.3	364.1	-1.4%
Faucets revenue	444.6	465.2	4.6%
Others revenue	89.8	92.9	3.7%
Total Revenue	**3,232.0**	**3,284.6**	**1.6%**

TILES AND SANITARYWARE REVENUE CONTRIBUTION



Board of Directors, Advisers and Leadership

SHEIKH SAQR BIN SAUD AL QASIMI
Chairman

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

FAWAZ BIN SULIAMAN A AL RAJHI
Vice Chairman

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

SHEIKH KHALID BIN SAUD AL QASIMI
Board Member

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

SHEIKH SAQR BIN OMAR AL QASIMI
Board Member

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

FARAH ABDULLA MOHAMED AL MAZRUI
Board Member

Board Member since June 2021. Reappointed in 26 March 2025 AGM for a term of three years till 25 March 2027. Mrs. Farah Al Mazrui has more than 16 years of experience in financial advisory, strategy, investment as well as wealth management solutions to large Corporates, Families, Individuals and Governments. She holds BSc Hons -Economics from Queen Mary, University of London and MSc -Risk Management and Financial Engineering from Tanaka Business School, Imperial College, London. She was Associate Director – Global Advisory in Rothschild & Co., a Leading independent financial advisory group providing M&A, strategy, and financing advice, as well as investment and wealth management solutions to large Corporates, Families, Individuals, and Governments globally. She also serves as Board Member of Emirates Steel Arkan PJSC; Board Member of UAQ Bank; and Board Member of Etihad Airline Group.

ABDALLAH RASHED JASEM AL ABDOULI
Board Member

Board Member since November 2022, reappointed in 26 March 2024 AGM for a term of three years till 25 March 2027. Mr. Al Abdouli is the Chief Executive Officer of Marjan, a leading developer for freehold land in Ras Al Khaimah and a Board Member in RAK Properties PJSC. Prior to this position, he had served as Director of Town Planning and Survey Administration and Director of Project Management Office at RAK Municipality. He also had previously held Board Member positions for several RAK-based governmental entities including RAK International Airport Authority and RAK Sewerage Authority. Mr. Al Abdouli holds a Masters in Regional & Urban Planning from Paris Sorbonne University in Abu Dhabi and certificate in Real Estate Investment Strategies from Harvard University.

WASSIM ZUHAIR MOUKAHHAL
Board Member

Board member since February 2016. Re-appointed in 26 March 2024 AGM for a three year term till 25 March 2027. Mr Moukahhal has more than 20 years of experience in private equity investments and is currently serving as Board Member of RAK Porcelain, and RAK Ceramics Bangladesh. He is the head of alternative investment in Artal Capital, a leading asset manager based in Riyadh-KSA. Mr Moukahhal holds a MBA from the Wharton School at the University of Pennsylvania and a Bachelor's degree in Economics & Finance from McGill University

Advisers and Leadership

PHILIP GORE-RANDALL
Expert Adviser to Audit Committee

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

ABDALLAH MASSAAD
Group Chief Executive Officer

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

PRAMOD KUMAR CHAND
Group Chief Financial Officer

VIBHUTI BHUSHAN
Chief Sustainability and Governanace Officer

SHAKTI ARORA
Chief Procurement Officer

BASAVARAJ PATIL
Chief Operations Officer

JASEM MOHAMED ALKHATERI
Chief Human Resource Officer

BOBBY JOSEPH
Chief Executive Officer (India)

RENU OOMMEN
Chief Marketing Officer (Tableware)

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

SAK EKRAMUZZAMAN
Managing Director (Bangladesh)

HARALD HOTOP
Managing Director, KLUDI (Germany and MEA)

OPERATIONAL UPDATE

Tiles

TRANSFORMING THE MAXIMUS RANGE: A NEW SURFACE STRATEGY

In 2025, the Tile division of RAK Ceramics marked a transformative year with the complete reorganization of the Maximus range under the new Maximus Surface concept. This renewed structure now encompasses all available formats, from the new 162x324 cm in 12 mm and 120x280 cm in 6 mm and 9 mm, to 120x120 cm, 60x120 cm, and 60x120 in 20 mm, creating a comprehensive and clearly structured offering. The range has been strategically divided into two dedicated catalogues: Surface and Countertop, enhancing clarity and market positioning.

MC5: POWERING THE FUTURE OF LARGE-FORMAT MANUFACTURING

The transformation of the Maximus range was made possible by the launch of the new MC5 slab production facility, representing a major technological milestone for RAK Ceramics and a new era in large-format manufacturing. The plant integrates the advanced Continua+ PCR 2180 technology, one of the most efficient slab production systems available, ensuring high productivity, minimal material waste, and full digital synchronization across all production stages for maximum precision and flexibility.

Designed with sustainability at its core, MC5 features a seven-layer horizontal dryer operating on total heat recovery from the kiln, significantly reducing fuel consumption and optimizing energy efficiency, alongside an innovative conveyor belt feeding system that streamlines material handling across Continua+ lines. The facility also introduces industry-first digital glazing technologies, enabling the combined application of inks and materials, multilayer granule synchronization, and high-definition digital structures that deliver deep, realistic surfaces with seamless finishes.

It houses the longest kiln in the Middle East (300 meters), a smart scheduling storage system with real-time monitoring, and a fully automated quality control process that eliminates manual inspection while ensuring consistent excellence. With an annual capacity of 4 million sqm, MC5 can produce slabs from 6 mm to 20 mm thicknesses, up to a maximum size of 360x180cm, currently among the largest in the industry, while standardizing flagship formats such as 162x324 cm in 12 mm, reinforced with mesh backing for enhanced durability. Advanced automation extends to cutting, matting, and robotic packaging systems, positioning MC5 as the most innovative and strategic production hub for the entire Maximus range and beyond.

R&D EVOLUTION: INTRODUCING "BRICKS AND MORE"

From a Research & Development perspective, the extensive small-format portfolio has also been reorganized under a new catalogue titled Bricks and More, streamlining the brand's decorative and architectural solutions.

CERSAIE 2025: CRAFTED FOR LIVING

At Cersaie 2025, RAK Ceramics presented numerous innovations under the concept "CRAFTED FOR LIVING," celebrating materiality and technological excellence. Among the standout innovations were Scratch Guard and Softtech technologies. Scratch Guard is an advanced surface protection technology designed to significantly enhance scratch resistance and long-term durability, making surfaces ideal for countertop applications. Softtech, on the other hand, introduces a new-generation surface finish that combines an exceptionally smooth, velvety tactile experience with high technical performance, offering superior slip resistance while maintaining a refined aesthetic appeal.

AWARD-WINNING COLLECTIONS AND GLOBAL RECOGNITION

The year also saw the launch of several successful new collections, including, just to mention a few, Travertino and Travertino Crosscut, Terra, I Sassi, Montpellier, and Pietra di Bourges, each reflecting a strong material identity and contemporary design language.

The I Sassi collection, featuring the innovative Softtech technology, received the prestigious Archiproducts Design Award 2025 in the Innovation category. Additionally, the Re-Use collection was honored with the Archiproducts Design Award 2025 in the Sustainability category, reaffirming RAK Ceramics' commitment to responsible innovation and environmentally conscious production.

One of the most recent innovations from the RAK Ceramics Innotech Lab are Scratch Guard and Softtech.

Sanitaryware

Innovation continued to play a central role in RAK Ceramics' sanitaryware division throughout 2025.

ENGINEERING INNOVATION AND PRODUCT REFINEMENT

In 2025, RAK Ceramics continued to advance its sanitaryware division through focused engineering innovation, sustainable manufacturing upgrades, and expanded design collections. Building on the breakthroughs achieved in previous years, further refinements in WC structural engineering and casting optimization enabled additional improvements in material efficiency, surface precision, and overall product durability while maintaining premium aesthetic standards.

The evolution of rimless and vortex-based flushing systems marked a key milestone in 2025, delivering enhanced hydraulic performance, superior bowl hygiene, and optimized water efficiency in line with European and GCC regulatory standards. Several core Bathroom Solutions WCs were upgraded with improved trapway geometries, refined skirted profiles, and enhanced comfort-height configurations, ensuring elevated user comfort and contemporary styling across residential and hospitality applications.

EXPANDING CONTEMPORARY DESIGN COLLECTIONS

Expanding design versatility, new contemporary collections were introduced featuring ultra-slim seat designs, concealed fixation systems, antibacterial glazing technologies, and refined minimalist geometries. Responding to the growing demand for personalized and architect-driven bathroom environments, the division expanded its colour and finish offerings across selected basin and WC ranges.

SUSTAINABLE MANUFACTURING AND DIGITAL INTEGRATION

To reinforce long term sustainability commitments, 2025 saw further investment in advanced touchless high pressure casting systems, robotic glazing automation, and energy efficient tunnel kiln optimization. These initiatives enhanced production efficiency while reducing resource consumption per unit. Digital traceability systems were strengthened through enhanced barcoding integration and automated inspection technologies, providing end-to-end visibility from manufacturing to final installation.

GLOBAL COMPLIANCE AND MARKET EXPANSION

In 2025, the sanitaryware division strengthened its international compliance framework and global footprint. The division continues to operate under internationally recognized ISO quality and environmental management systems. Additional product certifications were secured across key markets to support export growth and regulatory alignment, further reinforcing RAK Ceramics' commitment to global standards of safety, water efficiency, and performance validation.

A DUAL-PILLAR PORTFOLIO STRATEGY

RAK Ceramics' sanitaryware portfolio in 2025 continued to be anchored in two complementary pillars:

Bathroom Solutions, delivering high performance, water-efficient solutions for large-scale residential and commercial developments; and

Lifestyle & Design Collections, offering architect-driven, contemporary designs defined by refined detailing and elevated finishes for premium environments.

WORKFORCE EMPOWERMENT AND COST COMPETITIVENESS

Through sustained innovation, disciplined operational excellence, and a clear design vision, the division further strengthened its position as a global benchmark in modern bathroom solutions.

In 2025, additional machines were installed to cope up with the demand of high value water closets with spiral flush. Through these machines, we can do multiple casting and hence there will be the usage of less space.

In order to ensure ownership and to motivate the work force, we introduced the piece rate scheme to reward the employees for better quality and productivity. RAK Ceramics is moving towards the cost competitive solutions in manufacturing Sanitaryware products.

Faucets

STRATEGIC TRANSFORMATION: FROM FITTINGS TO FULL SOLUTIONS

In 2025, the Faucet division of KLUDI marked a defining year in its strategic transformation toward becoming a full-range provider of holistic bathroom and kitchen solutions. Building on the decisive repositioning initiated in 2023, the brand further expanded its product architecture, strengthened its technological foundation, and enhanced its global market presence, creating a comprehensive and clearly structured offering across faucets, showers, sanitaryware, and kitchen systems positioning KLUDI as an integrated solutions provider rather than a standalone fittings specialist.

FLAGSHIP FAUCET SERIES AND COORDINATED BATHROOM SOLUTIONS

A major highlight of 2025 was the introduction of new flagship faucet series — KLUDI-DECUS, KLUDI-RENON, and KLUDI-SOUNA — combining timeless architectural aesthetics with advanced engineering performance. These collections feature high-precision ceramic cartridge systems, integrated water-saving flow regulators, optimized aerators, and refined premium finishes, ensuring durability, efficiency, and long-term reliability.

Complementing this expansion, KLUDI-ASANA overhead showers were introduced to complete the coordinated bathroom environment, delivering full design harmony and technical compatibility across all touchpoints.

EXPANDING INTO SANITARYWARE: SPIRAL FLUSH INNOVATION

A key milestone in 2025 was the launch of a new sanitary ware collection featuring the innovative Spiral Flush system.Engineered to enhance water flow efficiency through a powerful, controlled vortex action, this technology significantly improves hygiene standards while optimizing water consumption.

With this addition, KLUDI successfully extended its portfolio beyond fittings into sanitary ceramics, enabling fully integrated bathroom solutions from a single source and strengthening its relevance in specification-driven residential and hospitality projects.

KITCHEN COMPETENCE: A COMPREHENSIVE ECOSYSTEM

KLUDI further reinforced its "Kitchen Competence" concept with the launch of new collections, including KLUDI-REEF, KLUDI-AUREA, KLUDI-QORD, and KLUDI-QORD FLEX. Inspired by the fluidity of water, these ranges present modern, elegant forms and clean contemporary lines, enhanced by high-performance functionality such as pull-out spray systems, smooth swivel mechanisms, and advanced flow management solutions.

To complete the kitchen ecosystem, a new portfolio of kitchen sinks was introduced, strengthening cross-selling opportunities and positioning KLUDI as a comprehensive kitchen solutions provider.

ENGINEERING EXCELLENCE AND SUSTAINABLE INNOVATION

Technological precision remains at the core of KLUDI's brand identity. Long-life ceramic cartridges, durable electroplated and PVD finishes, optimized aerator systems, and compliance with stringent European quality standards reinforce the brand's premium positioning.

The integration of water-saving technologies across the portfolio aligns with global sustainability objectives and underscores KLUDI's commitment to responsible innovation.

GLOBAL SHOWCASES AND INTERNATIONAL RECOGNITION

Throughout 2025, KLUDI showcased its latest innovations on major international platforms, including Milan Design Week, ISH Frankfurt, Big 5 Dubai, Index Dubai, and Saudi Build, significantly strengthening global brand visibility and market engagement.

In recognition of its achievements, KLUDI received the Quality Brand Award 2025 and was officially certified with the prestigious PLUS X AWARD for Excellent Brand Quality. In addition, selected collections were honoured with the German Design Award in the category "Excellent Product Design," reaffirming the brand's successful fusion of design excellence and technical innovation.

A PIVOTAL YEAR FOR SUSTAINABLE GROWTH

Overall, 2025 represents a pivotal year for the Faucet division of KLUDI. The transition from a premium fitting specialist to a fully integrated bathroom and kitchen solutions provider establishes a strong strategic foundation for sustainable growth, enhanced profitability, and expanded market penetration across Europe, the GCC, and key international markets.

From a kitchen perspective, KLUDI further reinforced its "Kitchen Competence" concept in 2025

Tableware

RAK PORCELAIN: BUILDING SCALE THROUGH STRATEGIC ACQUISITION

In a year defined by transformation and ambition, RAK Porcelain strengthened its global presence through design-led expansion and strategic milestones. From the successful Cookplay acquisition to landmark hospitality projects and new product launches, 2025 marked a decisive step forward in shaping the future of premium tableware. With innovation, scale, and sustainability at its core, RAK Porcelain continues to redefine excellence at the table.

DESIGN-LED INNOVATION & PORTFOLIO EXPANSION

Design remained central to RAK Porcelain's progress in 2025, led by the successful integration of Cookplay into the Group's portfolio. This strategic addition strengthened RAK Porcelain's presence in contemporary, design-led tableware, bringing a distinctive creative identity and expanding reach across premium hospitality and lifestyle markets.

Building on this momentum, the portfolio was further enhanced through new launches such as:

FINE PORCELAIN - Refined, thin-profile tableware inspired by the elegance of Bone China, combined with enhanced strength and durability. Designed to meet the aesthetic and performance demands of fine-dining restaurants.

ESENCIA - A purpose-driven collection celebrating simplicity, authenticity, and emotional design. Clean forms and subtle detailing allow chefs to express creativity while ensuring functional excellence.

CLOUD – Inspired by softness and fluidity, Cloud brings calm refinement to the tabletop.

An evolution of Bone China, it combines elegant forms with reliable performance for premium hospitality settings.

WHERE SCALE MEETS EXCELLENCE

At RAK Porcelain, scale is defined not only by volume, but by precision, responsibility, and continuous innovation. In 2025, the factory advanced its operational excellence agenda through targeted technology upgrades, material innovation, and sustainability-led initiatives, delivering measurable gains in efficiency, cost optimization, and ESG performance.

OPERATIONAL EXCELLENCE ENABLED BY SMART TECHNOLOGY

Targeted investments in energy optimization and digital manufacturing delivered measurable improvements across operations. The deployment of Variable Frequency Drives (VFDs), BLDC fans, and sensor-enabled lighting systems resulted in a 7.43% reduction in power consumption per unit. In parallel, the implementation of waste gas recovery systems and X-plates achieved an 11.85% reduction in gas consumption per unit, enhancing cost efficiency while lowering environmental impact.

Further advancing manufacturing precision and efficiency, RAK Porcelain commissioned the GIS CTS210 Laser Computer-to-Screen (CTS) technology. This innovation eliminated the need for Konica film in decal printing, streamlining workflows, improving accuracy and turnaround times, and generating recurring annual cost savings.

INNOVATION AND RESOURCE EFFICIENCY AT SCALE

Strengthening internal technical capabilities, the factory successfully developed reactive glazes in-house, previously sourced externally. This initiative enhanced material control, consistency, and operational responsiveness, while delivering meaningful annual cost efficiencies.

Sustainability remained deeply embedded within operations. The in-house Effluent Treatment Plant (ETP) enabled nearly 70% of production water requirements to be met through recycled water, significantly reducing freshwater dependency and reinforcing responsible resource stewardship.

LANDMARK PROJECTS, GLOBAL VISIBILITY & BRAND PARTNERSHIPS

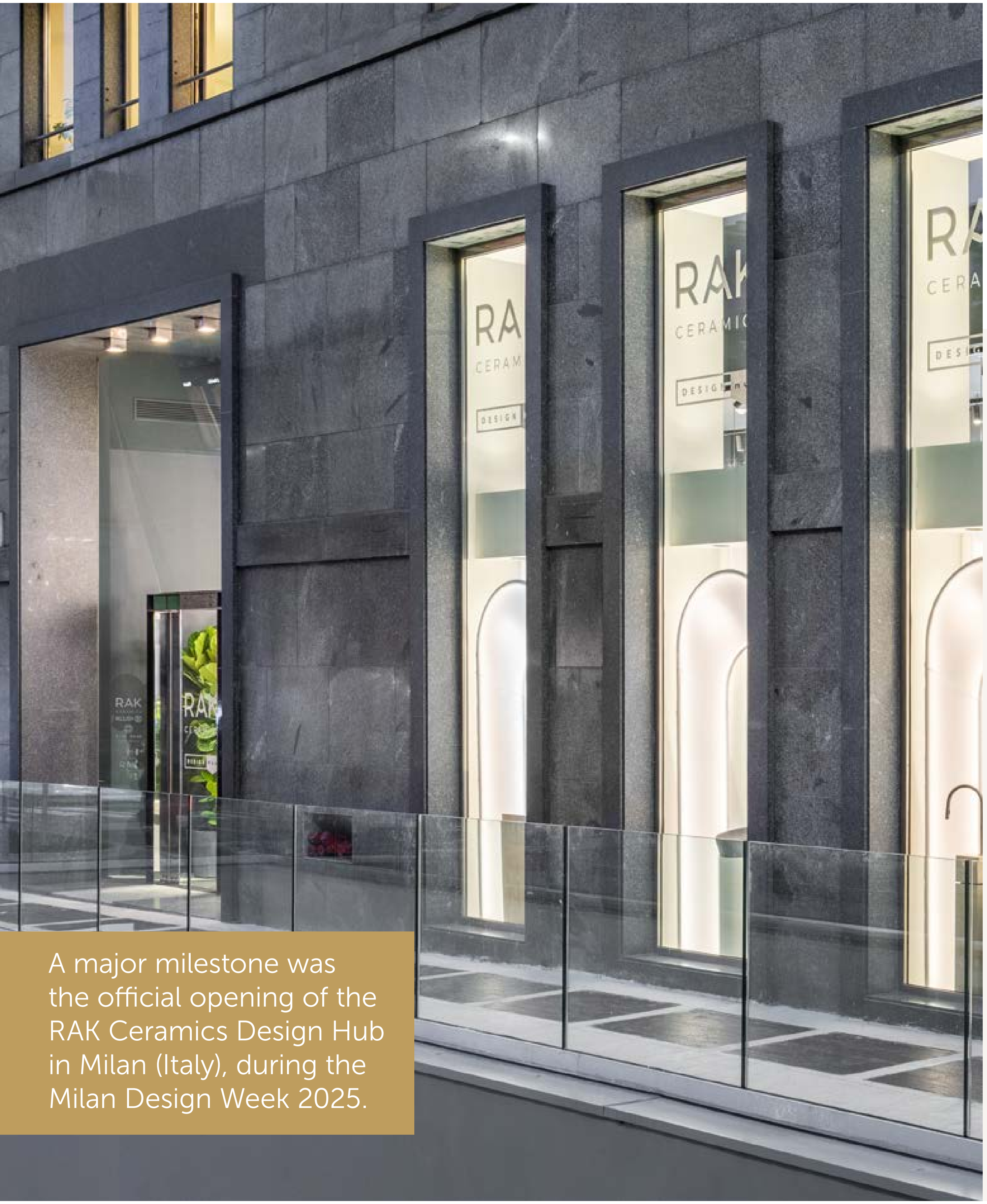
RAK Porcelain delivered a portfolio of prestigious projects, including CIEL Dubai, SO RAK, Etihad, Kempinski Saudi, and international rollouts such as EL&N. These high-profile references strengthened the brand's visibility across luxury hospitality, aviation, and lifestyle sectors.

Simultaneously, the brand reinforced its premium positioning through global brand-building initiatives, including Michelin partnerships in Dubai and Abu Dhabi, further establishing RAK Porcelain as a preferred partner for fine dining and luxury hospitality worldwide.

LOOKING AHEAD

Looking ahead, RAK Porcelain will continue to strengthen its global presence through design-led innovation, strategic partnerships, and disciplined market expansion. With a sharp focus on premium hospitality, customization, and brand-led growth, the company is well positioned to capture emerging opportunities across diverse markets. Guided by resilience, agility, and excellence, RAK Porcelain remains committed to creating long-term value for its partners and stakeholders.

Through strategic collaborations and brand partnerships, RAK Porcelain further elevated its reputation, reinforcing its position within the global hospitality and culinary community.



A major milestone was the official opening of the RAK Ceramics Design Hub in Milan (Italy), during the Milan Design Week 2025.

Sales and Marketing

BRAND ENHANCEMENT

IIn 2025, RAK Ceramics significantly strengthened its brand presence across key markets, with a strategic focus on both projects and retail segments. A series of integrated initiatives were launched to enhance developer and trader engagement, supported by compelling and detailed product communication targeting end users and key influencers, including architects, interior designers, and contractors. These efforts reinforced RAK Ceramics' positioning as a preferred partner for design led and large scale developments.

RAK Ceramics actively participated in major regional and international trade exhibitions, including: Index (UAE), The Big 5 show (UAE), Saudi Build (KSA), ISH (Germany), Cersaie (Italy). These platforms strengthened global visibility, supported project acquisition, and showcased product innovation and design leadership. A major milestone was the official opening of the RAK Ceramics Design Hub in Milan (Italy), during the Milan Design Week, reinforcing the Group's commitment to support projects all over the world.

RAK Ceramics continued to elevate its retail presence through:

- Showroom renovations in Fujairah, Ras Al Khaimah, Abu Dhabi, Dubai.
- Launch of the first 2 official Kludi flagship showrooms in UAE (Dubai SZR) and Saudi (Jeddah).
- Opening of a new Experience Centre in Bangalore, India.
- Introduction of Shop-in-Shop concepts across dealer channels in the UAE and MEA region.

These initiatives enhanced customer experience, strengthened dealer partnerships, and improved brand consistency across touchpoints.

The collaboration with ELIE SAAB further strengthened RAK Ceramics' premium positioning across the MEA region. Dedicated ELIE SAAB-branded stores were successfully launched through the dealer network in: Kuwait, Qatar, Jordan, Saudi Arabia. This strategic partnership continues to elevate brand equity and expand presence in the luxury segment.

DIGITAL MARKETING & PERFORMANCE OVERVIEW

In 2025, the Digital team delivered strong, measurable growth across RAK Ceramics, KLUDI, and RAK Porcelain through an integrated strategy spanning websites, social media, content, influencer marketing, programmatic buying, and eCommerce support.

Group websites achieved +10.74% growth in total users and +14.65% growth in new users, with organic traffic increasing by +16%. Engagement metrics improved significantly, including +8.74% growth in enquiries and +38% growth in catalogue downloads. The successful launch of the new KLUDI website drove exceptional YoY growth of +179.2% in active users and +181.0% in new users.

Organic social media performance scaled substantially, with RAK Ceramics achieving +303.3% growth in impressions and +173.4% improvement in interaction rate. KLUDI recorded +84% growth in impressions and +31.7% follower growth YoY. Over 212 high-quality videos were produced across brands, alongside 32 email newsletters and multiple creator collaborations, strengthening brand storytelling,

High-impact campaigns across Google and Meta delivered over 38.6M impressions and 573K conversions for RAK Ceramics UAE, alongside strong CTRs and cost efficiencies for KLUDI and RAK Porcelain. Meta campaigns generated over 141.7M impressions and 5.9M engagements for RAK Ceramics UAE, with highly cost-efficient performance across brands. Continuous optimisation ensured strong ROI and media efficiency.

Overall, the integrated digital strategy strengthened brand visibility, improved engagement quality, scaled audience growth, and delivered measurable business impact across all three brands.

Environmental, Social and Governance (ESG)

RAK Ceramics is committed to embed the principles of sustainability.

OUR ESG COMMITMENT: ADVANCING SUSTAINABILITY IN 2025

In 2025, RAK Ceramics accelerated its sustainability journey, translating strategy into measurable impact across environmental performance, social responsibility, and governance excellence. Building on the foundations established in prior years, the Group advanced from commitment to execution—delivering scalable solutions that reinforced our position as a global leader in responsible ceramic manufacturing.

Guided by our ESG Strategy 2024–2030, sustainability remained firmly embedded across operations, innovation, workforce development, and stakeholder engagement. Our approach in 2025 emphasized decarbonization, circularity, smart manufacturing, and inclusive growth, ensuring long-term value creation for our business, communities, and the environment.

Driving Environmental Impact Through Innovation and Decarbonization

In 2025, RAK Ceramics made decisive progress toward reducing its environmental footprint through breakthrough technologies, strategic partnerships, and operational transformation.

A landmark achievement was the launch of the UAE's first industrial carbon recovery and reuse facility, developed in partnership with Gulf Cryo. This pioneering plant captures approximately 17,000 metric tons of CO_2 annually from production processes and converts emissions into 99.99% food-grade carbon dioxide for use in food, healthcare, and agricultural applications. By transforming emissions into valuable resources, RAK Ceramics demonstrated leadership in circular carbon management while directly supporting the UAE's Net Zero 2050 agenda.

Further advancing low-carbon logistics, RAK Ceramics deployed the UAE's first commercial fleet of autonomous electric trucks in partnership with Evocargo Autonomous Logistic Services. Operating within the Al Hamra Industrial Zone, these zero-emission vehicles enhanced internal logistics efficiency, reduced transport-related emissions, and improved operational safety—while aligning with national smart mobility objectives.

Complementing these initiatives, the Group achieved significant reductions in road transport through modal shifts to rail and sea, as well as optimized logistics planning. In 2025 alone, over 1.63 million kilometers of road movement were avoided, contributing to lower emissions, reduced congestion, and more sustainable supply chain operations.

Sustainable Manufacturing Through Advanced Technologies

Innovation remained a core enabler of RAK Ceramics' sustainability ambitions. In 2025, the Group achieved a major milestone with the integration of Continua+ Technology at the MC5 facility—setting new benchmarks for energy efficiency, automation, and resource optimization in large-format porcelain slab manufacturing. The facility features the Middle East's longest kiln, operating with total heat recovery, and a closed-loop drying system that significantly reduces fuel consumption. Smart automation, precise raw material dosing, and digital quality controls further minimized waste and enhanced operational efficiency. With an annual capacity of up to 4 million square meters, the Continua+ line reinforces RAK Ceramics' ability to scale sustainably while meeting evolving market demands.

Strengthening Climate and ESG Governance

To ensure credible and science-based climate action, RAK Ceramics joined the UN Global Compact Climate Ambition Accelerator (CAA) Cohort 2025. Through this program, the Group advanced its capabilities in setting emissions reduction targets aligned with the 1.5°C pathway, strengthening governance

Environmental, Social and Governance (ESG) (contd.)

RAK Ceramics is committed to embed the principles of sustainability.

frameworks and accelerating progress toward net-zero ambitions.

In parallel, RAK Ceramics participated in the UN Women Target Gender Equality (TGE) Accelerator 2025, reinforcing its commitment to inclusive leadership and workplace equity. Guided by the Women's Empowerment Principles, the program supported the translation of gender equality commitments into measurable organizational action. These initiatives reflect RAK Ceramics' belief that strong governance, transparency, and accountability are essential to sustainable growth.

Empowering People and Building Future-Ready Talent
Human capital development remained central to RAK Ceramics' ESG agenda in 2025. The Group reaffirmed its commitment to Emiratization and youth development through participation as a Gold Sponsor at the Ras Al Khaimah Job and Internship Fair (RAK JIF) 2025, engaging hundreds of Emirati applicants and strengthening public–private collaboration on workforce readiness.
The signing of a Memorandum of Understanding with the American University of Ras Al Khaimah (AURAK) further strengthened talent pipelines through internships, graduate employment pathways, and leadership development programs aligned with national priorities for sustainable employment and skills development.

Internally, RAK Porcelain launched a Sustainability Awareness Induction Program in alignment with World Earth Day 2025, embedding ESG values across the organization. Targeted training for employees and leadership teams ensured sustainability accountability was integrated into operational decision-making and day-to-day practices.

Environmental Stewardship and Biodiversity Protection
Beyond industrial operations, RAK Ceramics continued to invest in ecosystem restoration and biodiversity conservation. In partnership with the Environment Protection and Development Authority (EPDA), the Group conducted mangrove plantation initiatives at Khor Al Mazahmi Nature Reserve, supporting climate resilience, coastal protection, and biodiversity enhancement.

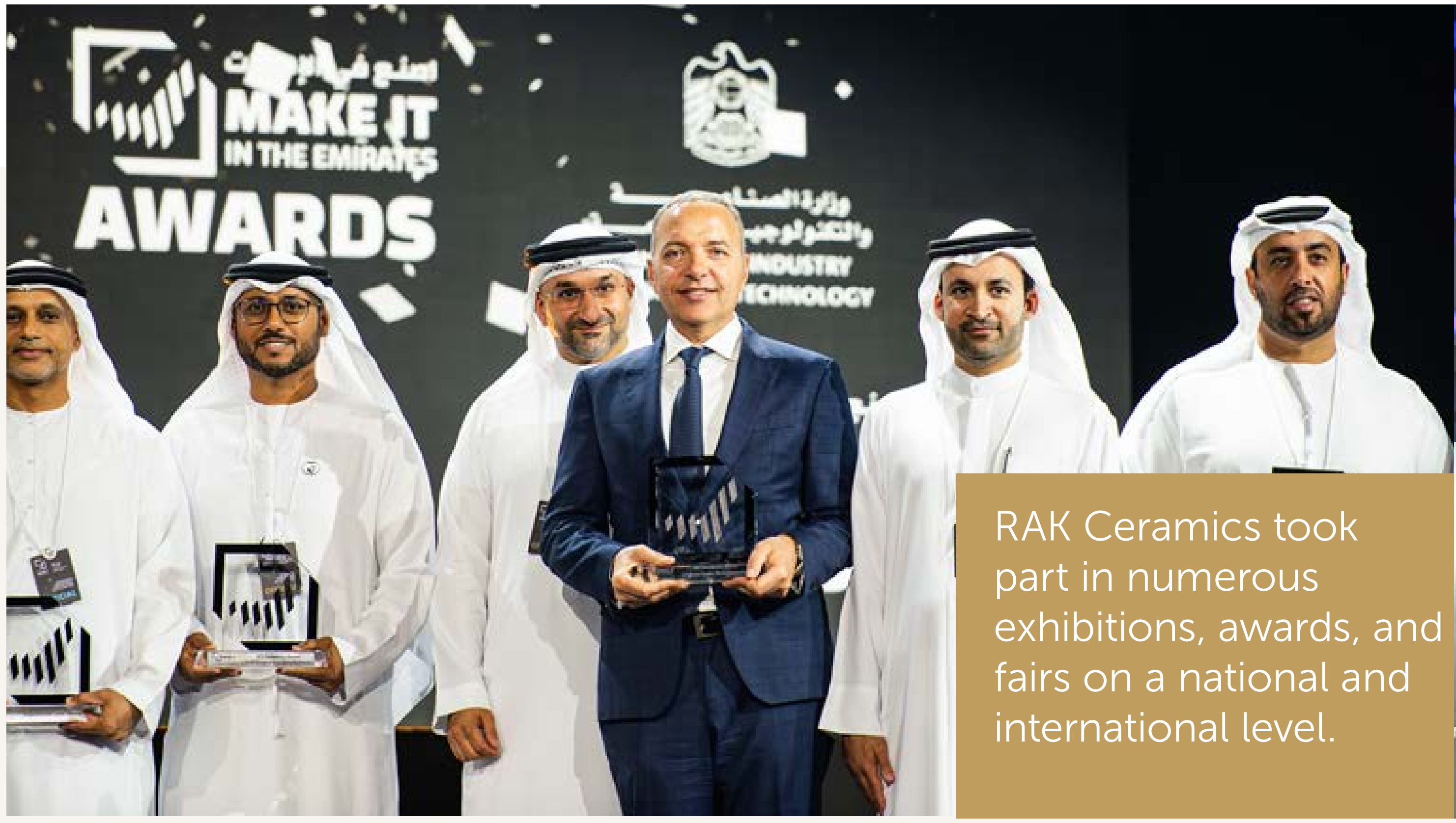
Collaborations with the Emirates Environmental Group (EEG), including #CleanUpUAE and #ForOurEmiratesWePlant, reinforced the Group's commitment to hands-on environmental action and community engagement. These initiatives align with multiple UN Sustainable Development Goals, demonstrating RAK Ceramics' holistic approach to environmental stewardship.

Recognition, Certifications, and Industry Leadership
RAK Ceramics' sustainability efforts in 2025 were reinforced through internationally recognized certifications and national recognition. The Group achieved ISO 50001:2018 Energy Management System certification, EPDA EcoLabel accreditation, and maintained long-standing environmental, quality, and product responsibility standards.
The RE-USE collection continued to demonstrate leadership in circular manufacturing through SCS Global certification for 100% recycled porcelain content.
In recognition of its contribution to local manufacturing and economic resilience, RAK Ceramics received the ICV Excellence Award at the Make it in the Emirates (MIITE) Awards 2025, underscoring its role in advancing the UAE's industrial sustainability agenda.

Creating Shared Value Through CSR and Stakeholder Engagement
Corporate Social Responsibility remained an integral pillar of RAK Ceramics' ESG framework in 2025. Through education, employment, environmental action, and leadership engagement, the Group continued to create shared value for society and the economy.

Active participation in industry forums and policy discussions reinforced RAK Ceramics' role as a responsible corporate leader, advocating for sustainable growth, innovation, and transparent governance across regional and global platforms.

Events, Awards and Sponsorship



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

AWARDS, ENGAGEMENTS & INDUSTRY LEADERSHIP – 2025

A Year of Impact, Influence, and Forward Momentum
In 2025, RAK Ceramics reinforced its position as a regional and global industry leader, earning distinguished recognition across business excellence, sustainability, and design innovation.

The company was proud to be named "**Make It in the Emirates – ICV Excellence Award** Winner 2025", acknowledging its significant contribution to the UAE's industrial value chain. Further cementing its reputation for operational and governance excellence, RAK Ceramics received the **Business Excellence Award** from Westford University.

In sustainability and environmental stewardship, RAK Ceramics was honored with the **Emirates Green Building Award** for its pioneering Reuse Tiles initiative, alongside **EcoLabel Certification**, reflecting the company's commitment to circular economy principles, resource efficiency, and climate-conscious design.

RAK Ceramics' creative and design leadership was also recognized internationally. The company secured the **Design ME Award** for the KLUDI Best Fitting Ward, and featured prominently in the **Archiproducts Awards**, celebrating innovation and sustainability in product design. Additionally, RAK Ceramics played a key role as CID Awards sponsor, further demonstrating its engagement with the wider design and architectural community.

In recognition of corporate responsibility and national impact, RAK Ceramics achieved the Majar **Impact Seal – Platinum Category**, the UAE's most prestigious award for being a highly valued company with meaningful economic, social, and environmental contributions. The company also featured among the honorees at the **Sustainability 2040 Awards**, reflecting its forward-looking ESG strategy aligned with long-term national and global sustainability agendas.

OFFICIAL VISITS AND EDUCATIONAL TOURS – RAK | 2025

In 2025, RAK Ceramics continued to reinforce its position as a global leader in the ceramics industry by hosting a wide range of high-profile official visits and educational engagements. The year was marked by meaningful interactions with international delegations, diplomats, industry leaders, and academic institutions, reflecting the company's growing global relevance and strong cross-border partnerships.

Among the notable visits were the distinguished Business Delegation from the Confederation of Indian Industry (CII), comprising members from the digital sector and startups representing the CII Centre of Excellence for Innovation, Entrepreneurship, and Startups (CIES), Benelux delegation during Netherlands Day, underscoring strengthening ties with European markets, and a distinguished delegation from Xiamen Municipality, along with the R&T President, highlighting ongoing collaboration with key partners from China. RAK Ceramics also welcomed customer delegations such as La Fenice from Italy, reinforcing long-standing relationships with international clients.

The company was honored to

Events, Awards and Sponsorship (contd.)

host several senior diplomats and government representatives, including H.E. Yossi Avrahem Shelley, Ambassador Extraordinary and Plenipotentiary of Israel; H.E. Mr. Emilio Pin Godos, Ambassador of Spain to the UAE; and a delegation from the Israel Consulate led by His Excellency the Consul General and Vice Consul. Additionally, H.E. Amanbai Orynbaev, Chairman of the Jokargy Kenes (Supreme Council) of the Republic of Karakalpakstan, Republic of Uzbekistan, visited Ras Al Khaimah in May 2025, further strengthening governmental and regional ties.

RAK Ceramics also welcomed prominent business and industry leaders. Academic and innovation-focused engagement was highlighted through the International Workshop on Advanced Materials (IWAM), featuring Professor Upadrasta Ramamurty, President's Chair Professor at Nanyang Technological University, Singapore.

Educational outreach remained a key pillar in 2025. Georgetown University continued its engagement with RAK Ceramics, with students benefiting from executive-level insights, including a CEO-led session that offered perspectives on leadership, innovation, and sustainable growth within a global manufacturing organization.

Through these official visits and educational tours, RAK Ceramics reaffirmed its commitment to knowledge exchange, international collaboration, and long-term partnerships. As the company advances its global footprint in 2025, it remains focused on fostering meaningful relationships that support innovation, mutual growth, and sustained success on the world stage.

EVENTS AND SPONSORSHIPS

In 2025, RAK Ceramics continued to strengthen its leadership in innovation, design, and sustainability through a focused portfolio of high-impact events, exhibitions, and sponsorships. The year reflected the company's strategic intent to remain visible at influential industry platforms while reinforcing its role as a key contributor to the regional and international design and building materials ecosystem.

RAK Ceramics played a prominent role at Make it in the Emirates Exhibition as an Exhibition Partner, reaffirming its alignment with the UAE's industrial growth agenda and its commitment to local manufacturing excellence, innovation, and sustainable development.

Design and creative excellence remained a strong focus throughout the year. The company supported the CID Awards through award presentation and sponsorship, underlining its ongoing commitment to recognising and celebrating outstanding talent within the interior design and architecture community. RAK Ceramics also strengthened its engagement with the design fraternity through its participation in Design Week, where it showcased its latest products and design-led innovations.

Brand visibility and market outreach were further enhanced through the Emirates IFE (In-Flight Entertainment) Advertisement, enabling RAK Ceramics to reach a global audience and reinforce brand recall among international travellers.

In addition, RAK Ceramics extended its support to the Design ME Awards, with sponsorship from KLUDI, highlighting collaborative brand partnerships and shared values in quality, innovation, and design leadership.

Through its active participation in exhibitions, strategic sponsorships, and high-profile brand engagements, RAK Ceramics continued in 2025 to reinforce its position as a global leader in ceramics—driving innovation, supporting the design community, and strengthening its connection with stakeholders across the industry.

Human Resources

The company prioritized employee engagement and motivation.

EMPLOYEE ENGAGEMENT

Building Capability, Culture, and Future Readiness in 2025
In 2025, the Human Resources function played a pivotal role in advancing RAK Ceramics' strategic agenda by strengthening leadership alignment, enhancing employee experience, reinforcing ethical governance, and building future-ready capabilities. HR's focus extended beyond traditional people management to shaping a progressive, inclusive, and performance-driven organization aligned with business priorities and national objectives.

Strategic Leadership Alignment
A key milestone in 2025 was the conceptualization and delivery of Align 2025, a global leadership offsite that brought together business and functional leaders from across geographies. The offsite enabled collective alignment on business strategy, people priorities, and operating plans for 2025 and 2026. It also established a shared leadership narrative and accountability framework, strengthening execution discipline across the organization.

Listening, Engagement, and Culture Shaping
HR designed and launched an organization-wide employee engagement survey covering diverse employee groups and roles. The survey identified three core focus areas—Appreciation, Care, and Growth—which were translated into targeted HR and leadership actions. Complementing this, HR curated a range of engagement and social initiatives aimed at strengthening cross-team connections, enhancing morale, and fostering a sense of belonging, reinforcing a positive and inclusive workplace culture.

Appreciation, Recognition, and Values Reinforcement
To embed everyday recognition into the organizational culture, HR introduced Kudos, a structured peer-to-peer appreciation program. The platform enabled employees to recognize colleagues directly, shifting recognition from a manager-led process to an organization-wide practice and reinforcing values of collaboration, gratitude, and mutual respect.

Governance, Ethics, and Compliance
In 2025, HR strengthened ethical labor practices through a comprehensive reform of blue-collar recruitment processes. The organization eliminated fee-based recruitment practices and transitioned fully to an employer-paid recruitment model. Ethical recruitment partners were selected and governed by HR, ensuring zero recruitment cost to employees, compliance with international labor standards, and enhanced employer brand credibility.

Job Architecture, Grading, and Role Clarity
HR conducted a structured job valuation exercise for roles at Grade 3D and above, establishing role value using standardized evaluation parameters. This enabled consistent grading, rationalized pay structures, and improved internal equity across functions and geographies. In parallel, the grading and designation framework was modernized, replacing legacy titles with market-aligned Associate Director and Director-level designations, improving external benchmarking, internal clarity, and career progression transparency.

Compensation, Rewards, and Performance Enablement
During the year, HR reviewed and revised the minimum wage for entry-level roles organization-wide, addressing fairness, sustainability, and cost-of-living

Human Resources (contd.)

considerations. Pay scales for frontline manufacturing roles were also revised to enhance workforce sustainability and equity. Performance-linked reward mechanisms were strengthened through redesigned sales commission schemes and the introduction of KPI-linked variable incentives for Customer Advocacy teams, aligning individual performance, customer outcomes, and business results.

Care, Wellbeing, and Benefits Enhancement
HR expanded medical insurance coverage in 2025, enhancing benefits for Assistant Manager, Deputy Manager, and senior-level employees. These enhancements strengthened employee wellbeing, financial security, and reinforced the organization’s commitment to care and support.

Learning, Capability Building, and Future Readiness
To support continuous development, HR partnered with LinkedIn Learning, providing employees access to a broad range of self-directed learning resources. Additionally, HR launched an AI Literacy Academy to build foundational understanding of artificial intelligence, digital tools, and responsible AI usage, preparing the workforce for evolving, technology-enabled ways of working.

Policy Modernization and Ways of Working
HR introduced a formal flexi-time policy, supporting better work–life integration and reinforcing a trust-based, outcome-oriented culture. Leave management was also standardized by transitioning leave accounting from calendar days to business days, improving clarity, fairness, and administrative efficiency across the organization.

Emiratization and National Talent Development
Emiratization remained a strategic HR priority in 2025. The organization strengthened its Emiratization framework by adopting a holistic lifecycle approach focused on attraction, onboarding, engagement, development, and long-term career progression of Emirati talent. This approach moved beyond compliance to building sustainable national talent.

Information Technology & Digital Transformation

The company prioritized digital transformation agenda.

In 2025, we accelerated RAK Ceramics' digital transformation agenda, with a strong focus on operational efficiency, cost optimization, customer engagement, and information security. A major milestone was the launch of a comprehensive Working Capital Reduction (WCR) program aimed at making operations leaner, faster, and more cost-effective. This initiative focused on optimizing inventory, improving production planning, and enhancing customer service through redesigned Make-to-Order (MTO) and Make-to-Stock (MTS) processes, the introduction of expected delivery dates, and the definition of Minimum Order Quantities (MOQ). These measures improved inventory turnover, reduced machine downtime, and enhanced overall production efficiency. The next phase will introduce Kanban methodology to further streamline inventory flow and reduce lead times across the supply chain.

Building on previous ERP advancements, we continued to enhance our SAP ERP landscape in 2025, with further improvements across production planning, procurement, and finance functions. Product classifications were restructured across packaging materials, MRO items, raw materials, and purchased services, enabling improved spend visibility and more effective cost optimization. A new supplier performance evaluation framework covering cost, quality, and delivery was also implemented, strengthening internal controls and aligning operational performance with business objectives.

To enhance customer engagement and sales effectiveness, we initiated the Salesforce CRM program in 2025. This included detailed business workshops, solution design, system development, testing, and comprehensive user training, in preparation for a scheduled go-live in January 2026. The CRM platform will enable improved reporting, stronger customer relationships, and greater sales effectiveness across all business units.

Our digital presence was further strengthened with the complete revamp of the RAK Porcelain and Kludi websites, delivering a modern design, improved navigation, and a more intuitive user experience. In parallel, we implemented Phase 1 of the Product Information Management (PIM) solution for RAK Porcelain and Kludi, establishing a centralized and structured product data foundation that will support future integrations with digital channels and accelerate time to market.

Product traceability and brand protection remained a key priority. An anti-counterfeit and traceability solution was implemented for Kludi and RAK Ceramics Sanitaryware, using QR codes on products and packaging to capture market, distributor, storage, and geographic information. This initiative strengthens authorized distribution enforcement and safeguards brand integrity. In addition, EAN-128 barcoding was implemented for RAK Porcelain Europe, standardizing product identification across the supply chain and improving logistics and warehouse efficiency.

Operational excellence was further enhanced through automation and system integration. GPS pallet tracking in warehouses was upgraded with automated loading plans directly from SAP orders and integrated picklists on forklift tablets, reducing manual effort and accelerating order fulfillment. Robotic Process Automation (RPA) was expanded at Kludi for vendor Advanced Shipping Notice (ASN) processing and at RAK Ceramics for vendor invoice processing, significantly reducing manual intervention, minimizing errors, and improving processing efficiency.

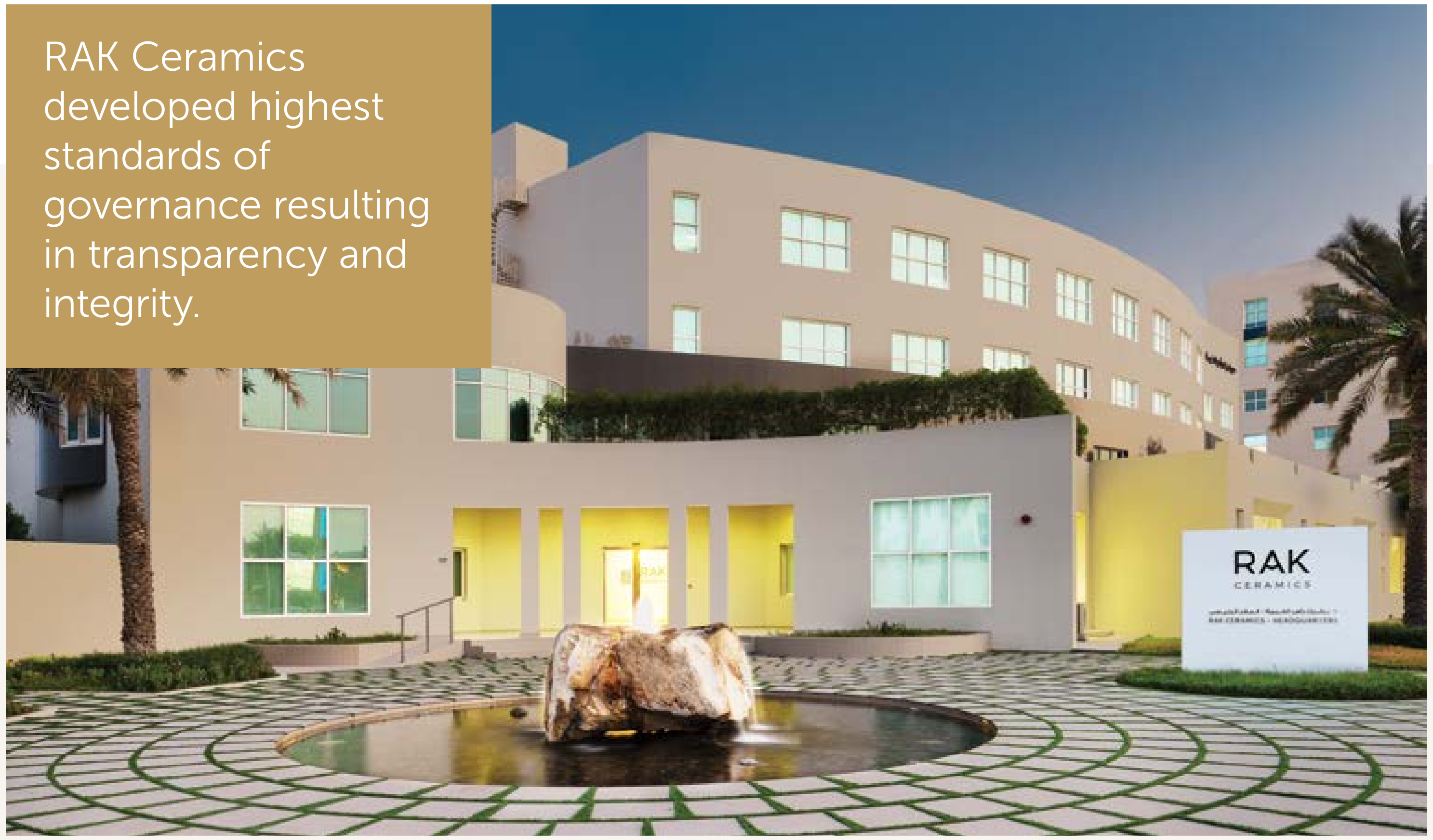
We also continued to strengthen our global ERP footprint. SAP implementation for Kludi Egypt entered its final stages, providing an integrated platform for finance, procurement, inventory management, and sales operations. Additionally, SAP Project System was implemented to support the setup of our new plant in KSA, enabling end-to-end project planning, cost tracking, budgeting, and progress monitoring to ensure timely and cost-effective project delivery.

Information security and governance remained central to our IT strategy in 2025. We successfully upgraded our Information Security Management System to ISO 27001:2022, reinforcing data protection, risk management, and compliance with international standards. New security capabilities were introduced through Mobile Device Management (MDM) and Privileged Access Management (PAM), ensuring secure device control and restricted access to critical systems. A comprehensive Information Security Awareness Program was also launched to educate employees on cybersecurity risks such as phishing and social engineering, strengthening our overall security posture.

These initiatives show our continued commitment to leveraging technology to drive efficiency, resilience, customer satisfaction, and long-term sustainable growth across RAK Ceramics' global operations.

Corporate Governance

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



In the sphere of corporate governance, the year 2025 has been characterized by a steadfast commitment to elevating our standards and practices. Our paramount focus has been on ensuring continuous compliance with the laws of the United Arab Emirates, regulations governed by the Securities and Commodities Authority (SCA), the Abu Dhabi Securities Exchange (ADX), and our Company's Articles of Association (AoA). Throughout 2025, RAK Ceramics has undertaken comprehensive initiatives to refine and fortify our governance framework. Noteworthy developments include the continuous enhancement of policies crucial to our ethical conduct, such as the Code of Conduct, Conflict of Interest, Whistleblower Policies, and Dividend Policy. Our dedication to governance excellence remains unwavering, and we aspire to foster a culture of transparency and integrity in all our interactions.

As part of our ongoing commitment, we encourage you to stay informed by exploring the detailed RAK Ceramics 2025 Governance Report, which is available at www.corporate.rakceramics.com.

The report encapsulates our endeavors, achievements, and continuous strides towards governance excellence during the dynamic landscape of 2025.

FINANCIAL REVIEW

FINANCIAL REVIEW

Report of the Board of Directors

On financial performance during the year ended 31 December 2025
11 February 2026

Dear Members,

It is our pleasure to present the business & operations report for the year ended 31 December 2025, along with the consolidated financial statements of RAK Ceramics PJSC, UAE (the "Group" or the "Company") as at 31 December 2025..

Snapshots for fourth quarter and year 2025

- **Group revenue:** Experienced an increase of 1.6% year-on-year (YoY) to AED 3.28 billion in FY 2025, primarily due to robust demand in the UAE which contributed to the top-line growth.
- **Gross profit margin**: Continued improvement by 190bps YoY to 39.1% in Q4 2025, while in FY 2025 improved by 70bps YoY to 40.0%.
- **Profit Before Tax:** Increased by 14.5% YoY to AED 94.0 million in Q4 2025, compared to AED 82.1 million in Q4 2024. FY 2025 Profit before tax increased by 19.9% YoY to AED 331.8 million.
- **EBITDA performance:** EBITDA increased by 1.0% YoY in Q4 2025 to AED 159.6 million, while in FY-2025 EBITDA increased 5.3% YoY to AED 623.6 million.
- **Financial health:** Net debt position stood at AED 1.49 billion in Q4 2025, increased by 7.1% compared to Q4 2024. The net debt to EBITDA ratio also increased from 2.35x in Q4 2024 to 2.40x in Q4 2025.
- **Dividend:** The Board of Directors proposed a dividend distribution of 10 fils per share (AED 99.3 million) for H2 2025.

Financial Highlights

RAK Ceramics delivered robust gross margins and healthy bottom-line growth in Q4 & FY 2025, despite ongoing market headwinds in certain geographies. Strong activity in the UAE real estate and construction sectors remained a key driver of top-line growth, supported by an increased contribution from higher-margin project business and premium product segments.

- In Q4 2025, total revenue came in at AED 856.4 million, down 1.7% YoY. In FY 2025, total revenue rose 1.6% YoY to AED 3.28 billion.
- In Q4 2025, Gross profit margin improved to 39.1% compared to 37.2% in the same quarter last year. Gross profit margin improved to 40.0% in FY 2025 compared to 39.3% in FY 2024.
- In Q4 2025, profit before tax jumped 14.5% YoY to AED 94.0 million. In FY 2025, profit before tax jumped 19.9% YoY to AED 331.8 million.
- In Q4 2025, net profit after tax rose 2.5% higher YoY to AED 65.8 million. In FY 2025, net profit after tax jumped by 6.2% to AED 248.5 million from AED 234.1 million in the year-before period.
- EBITDA rose 1.0% to AED 159.6 million in Q4 2025 from AED 158.1 million in the year before period. EBITDA rose by 5.3% to AED 623.6 million in FY 2025, from AED 592.2 million in the year-before period.
- EBITDA margins rose 0.5% to 18.6% in Q4 2025 from 18.1% in the same quarter last year. In FY 2025, EBITDA margins rose 0.7% YoY to 19.0%.
- Net debt position stood at AED 1.49 billion, up 7.1% YoY, due to higher capex spending mainly for upgradation of plants in the UAE. The net debt to EBITDA ratio also increased from 2.35x in Q4 2024 to 2.40x in Q4 2025.

	Quarterly Comparison					Yearly Comparison		
	Q4 24	Q3 25	Q4 25			FY 2024	FY 2025	
Amount in AED M	Amount	Amount	Amount	YoY Growth	QoQ Growth	Amount	Amount	Amount
Revenue	870.9	824.9	856.4	-1.7%	3.8%	3,232.0	3,284.6	1.6%
Gross margin (%)	37.2%	40.5%	39.1%	1.9%	-1.4%	39.3%	40.0%	0.7%
EBITDA	158.0	167.7	159.6	1.0%	-4.8%	592.2	623.6	5.3%
Profit before tax	82.1	86.6	94.0	14.5%	8.5%	276.6	331.8	19.9%
Profit after tax	64.2	67.5	65.8	2.5%	-2.5%	234.1	248.5	6.2%
Capital expenditure	50.8	59.4	58.2	14.6%	-2.0%	183.3	273.8	49.3%
Net debt	1394.2	1,638.3	1,493.8	7.1%	-8.8%	1,394.2	1,493.8	7.1%
Net debt / EBITDA	2.35x	2.63x	2.4x	1.7%	-9.0%	2.35x	2.4x	1.7%

Segmental performance highlights

- **Tiles segment:** FY 2025 delivered growth in tiles division in both volume and value, led by the UAE, the Middle East, Europe (Germany), and Bangladesh. Revenue from tiles division rose 1.9% to AED 1.89 billion in FY 2025 compared to AED 1.86 billion in FY 2024.
- **Sanitaryware segment:** Revenue was flat at AED 466.4 million in FY 2025 supported by sales in the UAE, Saudi Arabia and the Middle East.
- **Faucets segment (Kludi Group):** Revenue grew by 4.6% YoY to AED 465.2 million in FY 2025 driven by improved performance in Saudi Arabia, Europe, Asia and Africa. We remain committed to improving Kludi's operational performance and are progressing with our cost-optimization strategy, including relocating key EU production facilities to the UAE.
- **Tableware segment:** Delivered resilient performance, with revenue marginally lower by 1.4% YoY at AED 364.1 million in FY 2025. We are focusing on higher-margin channels such as airlines and premium hospitality projects. In October 2025, RAK Porcelain Group announced a strategic acquisition of Bankook Design Chambre S.L., the owner of the Cookplay brand, expanding its premium tableware portfolio and strengthening its presence in the European market.

Tiles & Sanitaryware market highlights

- The **UAE market** continued to outperform, driven by the tiles and sanitaryware segment, coupled with the strength in the real estate sector. Revenue in the UAE market jumped 13.4% in FY 2025 to AED 955.8 million. A greater share of project based business has contributed positively to both revenue and margin, with growing demand for large-format porcelain tiles.
- In **Saudi Arabia**, revenue declined by 17.7% in FY 2025 to AED 232.1 million as performance remained under pressure due to intense competition and an over supply of tiles from local producers. We are well positioned to meet market demand as the Saudi market is experiencing a decisive shift from Ceramic tiles to Porcelain tiles. Also, we are making steady progress on the Greenfield Tiles Project in Yanbu - expected completion by Q1 2027, to support long-term capacity and cost competitiveness.
- In **Europe**, revenue declined by 5.2% to AED 323.3 million in FY 2025, as demand stayed subdued amid macroeconomic headwinds across the retail and project sectors and intensified competition from regional players. Italy was further impacted by the withdrawal of renovation incentives; mitigation and turnaround initiatives have been initiated across Europe operations.

Report of the Board of Directors (contd.)

On financial performance during the year ended 31 December 2025
11 February 2026

- In **India**, revenue declined by 9.2% to AED 331.1 million in FY 2025, as the market experienced a cyclical slowdown during the year marked by limited domestic growth across the industry. We are strengthening our retail presence, including revamping of retail stores & own showrooms and expanding our dealer network.
- In **Bangladesh**, revenue increased by 5.0% to AED 220.5 million, as the market showed signs of recovery. We have initiated actions to regain market share through new product launches, competitive pricing, and stronger distribution channels. The formation of a new government following the national elections is expected to revive stalled public-sector projects, supporting revenue growth in FY 2026.
- In **Middle East**, revenue in FY 2025 rose 6.1% YoY to AED 128.3 million, driven by favorable market conditions.

Strategic Highlights

Upgradation projects

- The Company is developing state-of-the-art slab production facilities in the UAE, with one facility having commenced commercial production in July 2025 and another under development, expected to begin commercial production by end of February 2026.
- The Company is also upgrading the UAE sanitaryware facility by adopting energy-efficient technologies, expanding the product portfolio, and implementing initiatives to reduce carbon emissions in line with the sustainability objectives.

Design Excellence Spotlight

- In November 2025, RAK Ceramics kicked off a vibrant Dubai Design Week at the RAK Ceramics Design Hub in Dubai Design District, hosting Workshops that brought design enthusiasts together to explore patterns, textures, and creativity.
- In November 2025, RAK Ceramics participated in Saudi Build 2025 in Riyadh, highlighting its latest tiles, Sanitaryware and Faucets collections for the Saudi market.
- In December 2025, KLUDI concluded its participation at Big 5 Global 2025, in Dubai, UAE, engaging with industry professionals, clients, and partners while presenting its latest innovations and design-driven bathroom solutions.

Awards & Recognition

- In November 2025 in Dubai, KLUDI received the Design Middle East Award 2025 for Design Excellence in Bathroom Fittings, celebrating its commitment to innovation, precision engineering, and timeless design.
- In November 2025, RAK Ceramics was recognized at the MENA Green Building Awards 2025, for Sustainable Building Product of the Year - Indoor Air Quality for its porcelain and ceramic tiles, highlighting the brand's commitment to healthier indoor environments and sustainable building solutions.

Future Outlook

The management is encouraged by the progress achieved during the year, particularly in margin expansion, manufacturing efficiencies, and the strength of UAE operations. While near-term challenges persist in certain markets, the Company is actively executing targeted turnaround and growth initiatives across the portfolio.
With a strong foundation, a clear strategic roadmap, and ongoing investments in capacity, innovation, and sustainability, the Company is well-positioned to deliver profitable growth and further strengthen the global footprint in the years ahead.

Financial Reporting

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

Vote of Thanks

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

Chairman

Chief Executive Officer

Independent auditors' report

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

Report on the audit of the consolidated financial statements.

Opinion

We have audited the consolidated financial statements of R.A.K. Ceramics P.J.S.C. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and 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 (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' 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 the 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 the 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 opinion.

Key Audit Matters

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

Key audit matter (contd)

Valuation of Investment Properties

See note 16 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group owns investment properties. Valuing these properties involves significant judgment, based on various assumptions and prevailing market conditions. Investment properties are measured at cost less accumulated depreciation and impairment, if any. The Group engages professionally qualified management appointed valuers to assess the value of its investment properties. This process of assessment of the value involves significant judgement in estimating the underlying assumptions to be applied. Considering the uncertainty surrounding the fair value of the Group's investment properties, management is required to carefully monitor the underlying assumptions, assess their impact on investment property values, and make significant estimates and judgments. Therefore, this area warrants focused attention, as any inaccuracies in determining investment properties value could materially affect their carrying value in the Group's consolidated financial statements.	• We have evaluated the qualifications of the management appointed valuers and read the terms of the engagement of the valuers with the Group, to determine whether there were any matters that might have affected their objectivity or limited the scope of their work; • We involved our real estate valuation specialist, who on a sample basis, assessed valuation methodologies used in the valuation process and challenged assumptions used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors; • We have assessed if there were any significant triggers during the audit period that would have a significant impact on the value of the investment properties; • We have performed sensitivity analysis on the significant assumptions to evaluate the extent of the impact of changes in the key assumptions to the conclusions reached by management; and • We assessed the adequacy of disclosures in the consolidated financial statements.

Emphasis of Matter - comparative information

We draw attention to Note 36 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2024 has been restated. Our opinion is not modified in respect of this matter.

Other Matter relating to comparative information

The consolidated financial statements of Group as at and for the years ended 31 December 2024 and 31 December 2023 (from which the statement of financial position as at 1 January 2024 has been derived), excluding the adjustments described in Note 36 to the consolidated financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 12 February 2025 and 8 February 2024 respectively.

As part of our audit of the consolidated financial statements as at and for the year ended 31 December 2025, we audited the adjustments described in Note 36 that were applied to restate the comparative information presented as at and for the year ended 31 December 2024, and the consolidated statement of financial position as at 1 January 2024. We were not engaged to audit, review, or apply any procedures to the consolidated financial statements for the years ended 31 December 2024 or 31 December 2023 (not presented herein) or to the consolidated statement of financial position as at 1 January 2024, other than with respect to the adjustments described in Note 36 to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective consolidated financial statements taken as a whole. However, in our opinion, the adjustments described in Note 36 are appropriate and have been properly applied.

Independent auditors' report (contd.)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Integrated Annual Report (including Directors' Report) but does not include the consolidated financial statements and our auditors' report thereon. We obtained the Directors' Report prior to the date of this auditors' report, and we expect to obtain the remaining sections of the Integrated Annual Report after that date.

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 and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, as amended, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, as amended, we report that for the year ended 31 December 2025:

I. we have obtained all the information and explanations we considered necessary for the purposes of our audit;

II. the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, as amended;

III. the Group has maintained proper books of account;

IV. the financial information included in the Directors' report is consistent with the books of account of the Group;

V. as disclosed in note 14 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2025;

VI. note 19 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;

VII. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, as amended, or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2025; and

VIII. note 7 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2025.

KPMG Lower Gulf Limited

Signed by:

Richard Ackland
Registration No.: 1015
Ras Al Khaimah, United Arab Emirates

12 February 2026

Consolidated statement of profit or loss

for the year ended 31 December 2025

	Notes	2025 AED'000	2024 AED'000
Revenue	5	**3,284,582**	**3,232,019**
Cost of sales	6	**(1,971,843)**	**(1,962,271)**
Gross profit		**1,312,739**	**1,269,748**
Administrative and general expenses	7	(261,643)	(233,785)
Selling and distribution expenses	8	(713,859)	(686,735)
Other operating income	9	120,404	84,422
Finance costs	10	(106,133)	(126,247)
Finance income	10	8,253	9,107
Loss on net monetary position	32	(3,461)	(7,038)
Share of (loss)/profit in equity accounted investees		636	(197)
Impairment loss	7(i)	(25,116)	(32,638)
Profit before tax		**331,820**	**276,637**
Tax Expenses	11	(83,297)	(42,555)
Profit for the year		**248,523**	**234,082**
Profit attributable to:			
Owners of the Company		243,716	221,094
Non-controlling interests		4,807	12,988
Profit for the year		**248,523**	**234,082**
Earnings per share - basic and diluted (AED)	12	0.245	0.222

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

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2025

	2025 AED'000	2024 AED'000
Profit for the year	**248,523**	**234,082**
Other comprehensive income		
Items that may be reclassified subsequently to (loss) or profit:		
Foreign exchange differences on translation of foreign operations	(68,816)	(29,152)
Cash flow hedges – effective portion of changes in fair value loss on hedging instruments	(6,282)	(1,095)
Cash flow hedges – effective portion of changes in fair value gain/ (loss) on hedging instruments- Reclassified to profit and loss	2,287	(5,044)
Effects of application of hyperinflation accounting (refer Note 32)	33,682	24,587
Total comprehensive income for the year	**209,394**	**223,378**
Total comprehensive income attributable to:		
Owners of the Company	207,346	217,257
Non-controlling interests	2,048	6,121
Total comprehensive income for the year	**209,394**	**223,378**

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

Consolidated statement of financial position

as at 31 December 2025

	Notes	31st December2025 2025 AED'000	31st December 2024 (Restated)* 2024 AED'000
Assets			
Non-current assets			
Property, plant and equipment	13	1,432,506	1,328,102
Goodwill	14	124,925	120,122
Right-of-use assets	15	103,849	111,064
Intangible assets		10,368	12,545
Investment properties	16	896,574	897,479
Investments in equity accounted investees		10,326	10,282
Long-term receivables	17	57,575	18,859
Derivative financial assets	20	241	1,938
Deferred tax assets	11	3,783	5,638
Total non-current assets		**2,640,147**	**2,506,029**
Current assets			
Inventories	18	1,444,232	1,355,912
Trade and other receivables*	17	968,013	993,734
Due from related parties	19	63,364	54,200
Derivative financial assets	20	1,363	4,799
Bank deposits with an original maturity of more than three months	21	855	838
Restricted cash	21	11,147	7,287
Cash and cash equivalents	21	184,094	194,484
Total current assets		**2,673,068**	**2,611,254**
Total assets		**5,313,215**	**5,117,283**
Equity and liabilities			
Capital and reserves			
Share capital	22	993,703	993,703
Reserves	22	1,250,609	1,242,004
Equity attributable to owners of the Company		2,244,312	2,235,707
Non-controlling interests	23	85,251	95,335
Total equity		**2,329,563**	**2,331,042**
Non-current liabilities			
Islamic bank financing	24a(ii)	299,318	248,225
Interest bearing bank financing	24b(ii)	531,365	636,689
Due to related parties	19	3,004	3,186
Provision for employees' end of service benefits	27	119,874	113,702
Government grants		3,449	4,086
Lease liabilities	25	80,807	89,157
Deferred tax liabilities	11	16,637	20,742
Total non-current liabilities		**1,054,454**	**1,115,787**
Current liabilities			
Islamic bank financing	24a(i)	236,844	218,631
Interest bearing bank financing	24b(i)	619,332	490,068
Trade and other payables	26	885,071	837,068
Government grants		402	426
Due to related parties	19	64,618	36,963
Derivative financial liabilities	20	1,539	390
Lease liabilities	25	37,386	37,117
Provision for taxation*	11	84,006	49,791
Total current liabilities		**1,929,198**	**1,670,454**
Total liabilities		**2,983,652**	**2,786,241**
Total equity and liabilities		**5,313,215**	**5,117,283**

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

* Refer Note 36 for restated balances including impact on opening statement of financial position as at 1 January 2024.

Chairman

Chief Executive Officer

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

Consolidated statement of cash flows

for the year ended 31 December 2025

	2025 AED'000	2024 AED'000
Operating activities		
Profit for the year before tax	**331,820**	276,637
Adjustments for:		
Share of (profit) /loss in equity accounted investees	**(636)**	197
Interest expense	**66,012**	73,483
Profit expense on Islamic financing	**23,957**	33,114
Interest income	**(3,118)**	(3,922)
Profit on wakala deposits	**-**	(141)
Interest expense on lease liabilities	**8,893**	8,294
Net change in fair value of derivative financial instruments	**2,287**	(5,044)
(Gain)/ loss on disposal of property, plant and equipment	**(5,932)**	621
Gain on disposal of investment properties	**(6,067)**	(3,627)
Depreciation on property, plant and equipment	**163,484**	152,292
Depreciation on investment properties	**12,272**	12,403
Reversal of impairment provision on investment property	**(11,640)**	-
Amortization of intangible assets	**4,906**	5,413
Depreciation of right-of-use assets	**39,057**	37,677
Provision for employees' end-of-service benefits	**27,096**	20,817
Loss on net monetary position	**3,461**	7,038
Allowance for slow moving inventories	**32,795**	32,584
Write down/ (back) of net realizable value of finished goods	**19,119**	(14,476)
Allowance for impairment loss on trade receivables	**10,174**	18,638
Allowance for impairment loss on other receivables	**14,942**	14,000
	732,882	665,998
Changes in:		
- inventories	**(165,285)**	(75,122)
- trade and other receivables (including long-term portion)	**(41,809)**	29,313
- due from related parties	**(9,164)**	1,534
- trade and other payables	**33,165**	19,363
- Government grants	**-**	4,512
- due to related parties	**27,655**	(7,976)
Income tax paid	**(51,332)**	(35,932)
Employees' end-of-service benefits paid	**(24,492)**	(25,367)
Net cash generated from operating activities	**501,620**	576,323

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

Consolidated statement of cash flows (contd.)

for the year ended 31 December 2025

	2025 AED'000	2024 AED'000
Investing activities		
Additions to property, plant and equipment	**(273,756)**	(183,299)
Proceeds from disposal of property, plant and equipment	**13,936**	37,471
Proceeds from disposal of investment properties	**15,547**	6,315
Additions to intangible assets	**(2,214)**	(1,202)
Additions to investment property	**(2,773)**	(10.069)
Dividend received from equity accounted investees	**596**	604
Interest received	**3,118**	3,922
Profit received on Wakala deposits	**-**	141
Cash paid for acquisition of shares in a subsidiary	**(4,311)**	-
Additions on maturity of bank deposits with an original maturity of more than three months	**(58,043)**	(26,506)
Proceeds on maturity of bank deposits with an original maturity of more than three months	**54,166**	78,393
Net cash used in investing activities	**(253,734)**	(94,230)
Financing activities		
Long-term bank financing availed	**98,572**	318,605
Long-term bank financing repaid	**(197,253)**	(327,672)
Long-term Islamic bank financing availed	**179,062**	70,000
Long-term Islamic bank financing repaid	**(118,900)**	(126,063)
Short-term bank financing availed	**1,136,750**	1,011,700
Short-term bank financing repaid	**(1,002,182)**	(917,721)
Short-term Islamic bank financing availed	**338,817**	433,656
Short-term Islamic bank financing repaid	**(329,673)**	(524,810)
Cash paid for acquisition of further shares in subsidiary	**-**	(44,000)
Long term loans from related parties (repaid) / availed	**(182)**	1,023
Interest paid	**(66,012)**	(73,483)
Profit paid on Islamic bank financing	**(23,957)**	(33,114)
Repayment of lease liabilities	**(43,520)**	(44,729)
Dividend paid	**(198,741)**	(198,741)
Dividend paid to non-controlling interests	**(12,132)**	(18,345)
Net cash used in financing activities	**(239,351)**	(473,694)
Net decrease in cash and cash equivalents	**2,928**	8,399
Cash and cash equivalents at the beginning of the year	**129,050**	112,264
Foreign exchange difference on cash and cash equivalents	**(4,780)**	8,387
Net cash and cash equivalents at the end of the year	**127,198**	129,050
Represented by:		
Cash and cash equivalents (refer Note 21)	**184,094**	194,484
Bank overdraft (refer Note 24b(i))	**(56,896)**	(65,434)
	127,198	129,050

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

Consolidated statement of changes in equity

for the year ended 31 December 2025

	Attributable to owners of the Company											
		Reserves										
	Share Capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Hyper-inflation reserve AED'000	Hedging reserve AED'000	Other reserve AED'000	Retained earnings AED'000	Total reserves AED'000	Total AED'000	Non-controlling interests (NCI) AED'000	Total equity AED'000
Balance at 31 December 2024	**993,703**	**165,000**	**496,852**	**(203,683)**	**(153,419)**	**5,599**	**131,707**	**799,948**	**1,242,004**	**2,235,707**	**95,335**	**2,331,042**
Total comprehensive income/(loss) for the year												
Profit for the year	-	-	-	-	-	-	-	243,716	243,716	243,716	4,807	248,523
Other comprehensive income/(loss)												
Foreign exchange differences on translation of foreign operations	-	-	-	(27,297)	(38,760)	-	-	-	(66,057)	(66,057)	(2,759)	(68,816)
Changes in cash flow hedges	-	-	-	-	-	(3,995)	-	-	(3,995)	(3,995)	-	(3,995)
Effects of application of IAS 29 (refer note 32)	-	-	-	-	33,682	-	-	-	33,682	33,682	-	33,682
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**(27,297)**	**(5,078)**	**(3,995)**	**-**	**243,716**	**207,346**	**207,346**	**2,048**	**209,394**
Other equity movements												
Transaction with owners												
Dividend paid (refer Note 22 (vii))	-	-	-	-	-	-	-	(198,741)	(198,741)	(198,741)	-	(198,741)
Dividend paid to NCI	-	-	-	-	-	-	-	-	-	-	(12,132)	(12,132)
Balance at 31 December 2025	**993,703**	**165,000**	**496,852**	**(230,980)**	**(158,497)**	**1,604**	**131,707**	**844,923**	**1,250,609**	**2,244,312**	**85,251**	**2,329,563**

* The hyperinflation reserve comprises foreign currency differences arising from the translation of the financial statements of RAK Ceramics (PJSC) Limited, Iran and the effect of translating the financial statements at the corresponding inflation index in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies.
* Other reserves - Refer note 22(vii)

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

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

Consolidated statement of changes in equity (contd.)

for the year ended 31 December 2025

	Attributable to owners of the Company					Attributable to owners of the Company							
		Reserves				Reserves							
	Share Capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Hyper-inflation reserve AED'000	Hedging reserve AED'000	General reserve AED'000	Other reserve AED'000	Retained earnings AED'000	Total reserves AED'000	Total AED'000	Non-controlling interests (NCI) AED'000	Total equity AED'000
Balance at 31 December 2023	**993,703**	**165,000**	**579,112**	**(196,569)**	**(162,835)**	**11,738**	**82,805**	**131,707**	**629,594**	**1,240,552**	**2,234,255**	**134,495**	**2,368,750**
Total comprehensive income/(loss) for the year													
Profit for the year	-	-	-	-	-	-	-	-	221,094	221,094	221,094	12,988	234,082
Other comprehensive income/(loss)													
Foreign exchange differences on translation of foreign operations	-	-	-	(7,114)	(15,171)	-	-	-	-	(22,285)	(22,285)	(6,867)	(29,152)
Changes in cash flow hedges	-	-	-	-	-	(6,139)	-	-	-	(6,139)	(6,139)	-	(6,139)
Effects of application of IAS 29 (refer Note 32)	-	-	-	-	24,587	-	-	-	-	24,587	24,587	-	24,587
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**(7,114)**	**9,416**	**(6,139)**	**-**	**-**	**221,094**	**217,257**	**217,257**	**6,121**	**223,378**
Other equity movements													
Transfer to retained earnings (refer note 22(iii) & (vi))	-	-	(82,260)	-	-	-	(82,805)	-	-	165,065	-	-	-
Transaction with owners													
Dividend paid (refer Note 22(viii))	-	-	-	-	-	-	-	-	(198,741)	(198,741)	(198,741)	-	(198,741)
Dividend paid to NCI	-	-	-	-	-	-	-	-	-	-	-	(18,345)	(18,345)
Acquisition of NCI (refer note 30)	-	-	-	-	-	-	-	-	(17,064)	(17,064)	(17,064)	(26,936)	(44,000)
Balance at 31 December 2024	**993,703**	**165,000**	**496,852**	**(203,683)**	**(153,419)**	**5,599**	**-**	**131,707**	**799,948**	**1,242,004**	**2,235,707**	**95,335**	**2,331,042**

* The hyperinflation reserve comprises foreign currency differences arising from the translation of the financial statements of RAK Ceramics (PJSC) Limited, Iran and the effect of translating the financial statements at the corresponding inflation index in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies.
* Other reserves - Refer note 22(vii)

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

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

Notes to the consolidated financial statements

for the year ended 31 December 2025

1. GENERAL INFORMATION

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

These consolidated financial statements as at and for the year ended 31 December 2025 comprise the financial statements of the Company and its subsidiaries (collectively referred to as "the Group" and individually as "the Group entities") and the Group's interest in equity accounted investees. The Group's subsidiaries and equity accounted investees, their principal activities and the Group's interest have been disclosed in Note 36 to these consolidated financial statements.

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

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

2.1 New and revised IFRS Accounting Standards applied by the Group

In the current financial period, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2025. The application of these amendments to IFRS Accounting Standards has not had any material impact on the amounts reported for the current period but may affect the accounting for the Group's future transactions or arrangements.

• Amendments to IAS 21: (Lack of Exchangeability) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

• The International Sustainability Standards Board (ISSB) has issued amendments to the Sustainability Accounting Standards Board (SASB) standards to enhance their international applicability. The amendments remove and replace jurisdiction-specific references and definitions, without substantially altering industries, topics or metrics (effective from 1 January 2025).

Other than the above, there are no significant IFRS Accounting Standards and amendments that were effective for the first time for the financial year beginning on or after 1 January 2025.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

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

2.2 New and revised IFRS Accounting Standards in issue but not yet effective and not early adopted

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

- Amendment to IFRS 17 - comparative information at first time adoption of IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments.
- Amendments to IAS 21: (Lack of Exchangeability) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- IFRS 18 Presentation and disclosures in financial statements - The new standard contains requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. (effective 1 January 2027).
- IFRS 19 subsidiaries without Public Accountability: Disclosures – the new standard specifies reduced disclosure requirements to eligible entities instead of full disclosure requirements in other standards. (effective 1 January 2027).
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture (effective date deferred indefinitely, early adoption permitted).
- Annual Improvements to IFRS Accounting Standards — Volume 11 (effective on or after 1 January 2026)

IFRS 1: Hedge accounting by a first-time adopter
IFRS 7: Gain or loss on de-recognition
IFRS 7: Disclosure of deferred difference between fair value and transaction price
IFRS 7: Credit risk disclosures
IFRS 9: Lessee de-recognition of lease liabilities
IFRS 9: Transaction price
IFRS 10: Determination of a 'de facto agent'
IAS 7: Cost method

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

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

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

(e) Measurement of fair values

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

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

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

3. BASIS OF PREPARATION (CONTD.)

(e) Measurement of fair values (Continued)

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

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

(f) Basis of consolidation

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

Control is achieved when the Company:

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

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

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

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

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

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

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

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

3. BASIS OF PREPARATION

(f) Basis of consolidation (Continued)

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations

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

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

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

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

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

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

(b) Goodwill

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

(c) Interests in equity accounted investees

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(c) Interests in equity accounted investees (continued)

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

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

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

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

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

(d) Hyperinflation

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

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

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(e) Foreign currencies

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

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

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

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

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments

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

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

Financial assets

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

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

Classification of financial assets

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

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

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

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

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

Amortized cost and effective interest method

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

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

Amortized cost and effective interest method (continued)

A financial asset is held for trading if:

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

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

Impairment of financial assets

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

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

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

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

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

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

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

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

Significant increase in credit risk

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

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

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

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

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

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

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

Definition of default

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

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

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

Write-off policy

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

Measurement and recognition of ECL

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

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

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

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

De-recognition of financial assets

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

Hedge accounting

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

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

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

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

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

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

Fair value hedges

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

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

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

Cash flow hedges

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

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

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

Derivative financial instruments

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

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

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

Embedded derivatives

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

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

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

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

Financial liabilities and equity

Financial liabilities

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

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

De-recognition of financial liabilities

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

Classification as debt or equity

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

Equity instruments

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

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

Share capital

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

Offsetting

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(g) Property, plant and equipment

Recognition and measurement

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

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

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

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

Subsequent expenditure

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

Reclassification to investment property

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

Depreciation

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

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

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

(h) Capital work in progress

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(i) Intangible assets

Recognition and measurement

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

Subsequent expenditure

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

Amortization

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

(j) Investment properties

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

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

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

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

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

(k) Leases

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Leases (continued)

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

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

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

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

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

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

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

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

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

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

The Group as lessor

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Leases (continued)

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

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

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

(l) Inventories

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

(m) Impairment of non-financial assets

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

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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

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

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

(n) Employee benefits

Short- term employee benefits

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

Defined contribution plans

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

Annual leave and leave passage

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

Terminal benefits

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

(o) Provisions

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

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(p) Assets held for sale

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

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

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

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

(q) Revenue

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

For sales of goods to the wholesale market, revenue is recognized when control of the goods has transferred, to the customer in accordance with the relevant terms agreed with the customer.

Similarly, for sales to retail customers, revenue is recognized in accordance with the terms agreed with the customers. Payment of the transaction price is due immediately at the point the customer purchases the goods.

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

Rendering of services

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(q) Revenue (Continued)

Dividend income

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

(r) Finance income and finance costs

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

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

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

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

(s) Tax

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

Current tax

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

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

Deferred tax

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(s) Tax (Continued)

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

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

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

Current tax and deferred tax for the year

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

Zakat

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

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

(t) Basic and diluted earnings per share

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

(u) Segment reporting

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

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

(v) Government grants

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

5. REVENUE

	2025 AED'000	2024 AED'000
Sale of goods	**3,279,323**	3,228,135
Others	**5,259**	3,884
	3,284,582	3,232,019

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

(a) Disaggregation of revenue by geographical markets

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers.

2025	**Ceramic Products AED'000**	**Faucets AED'000**	**Other Industrial AED'000**	**Others AED'000**	**Total AED'000**
United Arab Emirates	**1,073,082**	**143,926**	**32,037**	**36,863**	**1,285,908**
Europe	**456,629**	**256,831**	**-**	**-**	**713,460**
India	**331,119**	**-**	**-**	**8,222**	**339,341**
Saudi Arabia	**232,105**	**7,207**	**-**	**-**	**239,312**
Bangladesh	**220,473**	**-**	**-**	**1,997**	**222,470**
Other Middle East Countries*	**162,987**	**18,076**	**-**	**-**	**181,063**
Other countries**	**250,061**	**38,935**	**7,000**	**7,032**	**303,028**
	2,726,456	**464,975**	**39,037**	**54,114**	**3,284,582**

2024	Ceramic Products AED'000	Faucets AED'000	Other Industrial AED'000	Others AED'000	Total AED'000
United Arab Emirates	994,367	131,888	70,186	1,595	1,198,036
Europe	462,382	187,886	-	-	650,268
India	364,747	-	-	-	364,747
Saudi Arabia	282,047	5,550	-	-	287,597
Bangladesh	209,904	-		2,231	212,135
Other Middle East Countries*	154,974	28,265	-	-	183,239
Other countries**	266,027	63,912	6,000	58	335,997
	2,734,448	417,501	76,186	3,884	3,232,019

*Mainly includes Lebanon, Oman, Qatar, and Kuwait.

**Mainly includes African countries and other Asian countries.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

6. COST OF SALES

	2025 AED'000	2024 AED'000
Raw materials consumed	**990,167**	1,006,216
Direct labor	**276,072**	276,315
Power and fuel	**136,696**	132,365
Depreciation on property, plant and equipment (refer Note 13)	**132,498**	120,971
Repairs and maintenance	**124,916**	111,456
LPG and natural gas	**122,954**	120,569
Packing material	**96,681**	95,322
Allowance for slow moving inventories – (refer Note 18)	**32,795**	32,584
Insurance	**6,140**	6,593
Clearing charges on trading goods	**3,299**	4,535
Amortization of intangible assets	**884**	1,083
Depreciation of right-of-use assets (refer Note 15)	**550**	1,648
Hire charges on machinery & equipment	**292**	2,187
Change in inventory of finished goods	**(17,643)**	(6,708)
Other Costs	**65,542**	57,135
	1,971,843	1,962,271

7. ADMINISTRATIVE AND GENERAL EXPENSES

	2025 AED'000	2024 AED'000
Staff salaries and other associated costs	**126,850**	111,498
Legal and professional fees	**19,850**	14,225
Information technology licenses and consultancy expenses	**18,849**	12,332
Depreciation on property, plant and equipment (refer Note 13)	**12,374**	14,256
Depreciation on investment properties (refer Note 16)	**12,272**	12,403
Repairs and maintenance	**8,228**	8,152
Telephone, postal and office supplies	**6,254**	6,126
Utility expenses	**6,099**	5,362
Expenses on investment properties (refer Note 16(iii))	**5,778**	6,743
Amortization of intangible assets	**4,021**	4,330
Insurance	**3,913**	2,781
Directors' remuneration	**3,700**	3,700
Rent charges	**3,359**	2,394
Security charges	**1,769**	1,645
Vehicles and equipment hire charges	**1,412**	868
Social contribution expenses	**1,115**	682
Travelling expense	**1,057**	2,180
Depreciation of right-of-use assets (refer Note 15)	**732**	686
Loss on disposal of property, plant and equipment	**41**	621
Other Administrative expenses	**23,970**	22,801
	261,643	233,785

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

7(i). IMPAIRMENT LOSS/(REVERSAL)

	2025 AED'000	2024 AED'000
Impairment loss on trade receivables (refer Note 17)	**10,174**	22,638
Reversal of impairment loss on trade receivables (refer note 17)	**-**	(4,000)
Impairment loss on other receivables (refer Note 17)	**14,942**	14,000
	25,116	32,638

8. SELLING AND DISTRIBUTION EXPENSES

	2025 AED'000	2024 AED'000
Staff salaries and other associated costs	**258,578**	232,909
Freight, duty and transportation	**234,477**	246,086
Advertisement and promotion	**74,525**	71,629
Depreciation of right-of-use assets (refer Note 15)	**37,776**	35,343
Agents' commission	**31,233**	25,846
Depreciation on property, plant and equipment (refer Note 13)	**18,612**	17,065
Travel and entertainment	**8,074**	7,166
Rental expenses	**4,858**	5,300
Postal, courier charge and stationary	**4,710**	3,124
Consultancy and outsourcing Charges	**3,586**	3,266
Repairs, maintenance and consumables	**3,523**	3,314
Vehicle maintenance	**3,265**	2,816
Royalty	**1,850**	2,029
Product Development and Innovation	**1,179**	808
Testing and certification charges	**923**	849
Other selling expenses	**26,690**	29,185
	713,859	686,735

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

9. OTHER OPERATING INCOME

	2025 AED'000	2024 AED'000
Rental income from investment properties (refer Note 16(iii))	**44,825**	47,400
Provisions written back*	**35,919**	27
Reversal of impairment on land	**11,640**	-
Gain on disposal of investment properties	**6,067**	3,627
Gain on disposal of property, plant and equipment	**5,973**	-
Sale of scrap and miscellaneous items	**4,364**	7,736
Discounts earned on purchases and freight	**4,327**	8,557
Insurance claims	**735**	1,416
Lease rental for property plant & equipment	**647**	1,238
Duty draw back and subsidy received	**337**	618
Other miscellaneous income	**5,570**	13,803
	120,404	84,422

* During the year group reviewed its outstanding liabilities and identified certain balances for which management does not expect any further outflows of economic benefits. Accordingly these liabilities have been written back.

10. FINANCE COSTS AND INCOME

	2025 AED'000	2024 AED'000
Finance costs		
Interest on bank financing	**65,722**	73,181
Profit expense on Islamic financing	**23,957**	33,114
Interest expense on lease liabilities (refer Note 15)	**8,893**	8,294
Bank charges	**4,984**	4,038
Net change in the fair value of derivatives	**2,287**	-
Interest on amount due to related parties (refer Note 19 (B))	**290**	302
Net foreign exchange loss	**-**	7,318
Total (A)	**106,133**	126,247
Finance Income		
Profit on wakala deposits	**-**	141
Interest on bank deposits	**3,118**	3,922
Net change in the fair value of derivatives	**-**	5,044
Net foreign exchange gain	**5,135**	-
Total (B)	**8,253**	9,107
Net finance costs (A-B)	**97,880**	117,140

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

11. INCOME TAXES

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

	2025 AED'000	2024 AED'000
Current tax		
In respect of corporate income tax	**51,974**	51,513
In respect of DMTT	**23,797**	-
Deferred tax		
(Reversal) / origination of temporary tax differences during the year	**7,526**	(8,958)
Tax expense for the year	**83,297**	42,555
Tax assets/liabilities:		
Provision for tax (refer note 36)	**84,006**	49,791
Deferred tax liabilities	**16,637**	20,742
Deferred tax assets	**3,783**	5,638

Movements of Net deferred tax

	2025 AED'000	2024 AED'000
Net deferred tax liability balance at the beginning of the year	**15,104**	23,932
Reversal for the year	**(2,250)**	(8,828)
Net deferred tax liability balance at the end of the year	**12,854**	15,104

Reconciliation of effective tax rate

	2025 Tax rate	2025 AED'000	2024 Tax rate	2024 AED'000
Profit before tax from continuing operation		**331,820**		276,640
Tax using the Company's domestic tax rate*	**9.8%**	**45,967**	10.20%	34,900
Effect of tax rates in foreign jurisdiction**	**-**	**13,533**	-	7,660
Current tax expense related to global minimum top up tax	**5.07%**	**23,797**	-	-
Effective tax rate	**25.10%**	**83,297**	15.38%	42,560

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

* Tax rate is inclusive of deferred tax.

** Tax is payable in foreign jurisdictions even where losses are incurred in certain locations, in accordance with local tax laws and the effective tax rate on foreign jurisdiction constitute 9.24% in current year (2024: 10.66%).

"Effective 1 January 2025, the UAE introduced the Domestic Minimum Top-up Tax (DMTT) as part of the implementation of the OECD's Pillar Two global tax framework. The Group falls within the scope of the DMTT regime based on the applicable revenue threshold and has recognized additional current income tax expense to ensure compliance with the 15% global minimum effective tax rate (ETR) requirement."

For the year ended 31December 2025, the Group recognized an amount of AED 23.79 million in current income tax expense relating to the DMTT, specifically for UAE-based subsidiaries. The inclusion of DMTT has contributed to an increase in the consolidated effective tax rate (ETR), which is 25.10% for the year ended December 2025 (2024: 15.38%). Excluding the impact of DMTT, the underlying ETR is 17.89%

The International Tax Reforms under Pillar Two Model Rules apply in certain jurisdictions where the Group operates. The UAE Domestic Top-up Tax of 15% on qualifying multi-national companies in the UAE applied effective from 1 January 2025.

The Group had recognized a deferred tax expense of AED 7.6 million towards recognition of a deferred tax liability on the purchase price allocation adjustments on a corporate transaction completed in a prior accounting period, as required by IFRS Accounting Standards, considering the UAE Corporate Tax and applicability of Global Minimum Tax of 15% in the UAE.

12. EARNINGS PER SHARE

	2025 AED'000	2024 AED'000
Profit attributable to the owners of the Company (AED'000)	**243,716**	221,094
Weighted average number of ordinary shares ('000s)	**993,703**	993,703
Basic and diluted earnings per share (AED)	**0.245**	0.222

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings AED'000	Plant and equipment AED'000	Vehicles AED'000	Furniture and fixtures AED'000	Office equipment AED'000	Road and asphalting AED'000	Capital work in progress AED'000	Total AED'000
Cost								
Balance at 1 January 2024	829,950	2,729,303	54,875	165,459	83,252	31,729	171,179	4,065,747
Hyperinflation impact (refer Note 32)	-	168,486	3,070	565	579	1,695	-	174,395
Additions during the year	5,948	24,754	2,198	10,741	5,610	1,955	132,093	183,299
Transfer from capital work in progress	24,594	185,600	386	4,370	1,586	33	(216,569)	-
Transfer to investment properties	-	-	-	-	-	-	(1,830)	(1,830)
Disposals/write offs	(31,484)	(47,418)	(2,367)	(5,500)	(2,376)	-	(14,716)	(103,861)
Effect of movements in exchange rates	(15,838)	(153,086)	(2,195)	(5,686)	(2,038)	(1,280)	(3,238)	(183,361)
Balance at 31 December 2024	813,170	2,907,639	55,967	169,949	86,613	34,132	66,919	4,134,389
Balance at 1 January 2025	**813,170**	**2,907,639**	**55,967**	**169,949**	**86,613**	**34,132**	**66,919**	**4,134,389**
Hyperinflation impact (refer Note 32)	**-**	**276,154**	**5,012**	**1,038**	**988**	**2,781**	**(27)**	**285,946**
Additions during the year	**15,321**	**18,082**	**2,516**	**6,747**	**4,406**	**3**	**226,847**	**273,756**
Transfer from capital work in progress	**13,966**	**140,650**	**84**	**3,568**	**2,057**	**-**	**(160,491)**	**-**
Disposals/write offs	**(35)**	**(71,080)**	**(2,244)**	**(3,783)**	**(2,685)**	**-**	**-**	**(79,827)**
Effect of movements in exchange rates	**12,310**	**(236,716)**	**(3,965)**	**11,306**	**1,298**	**(2,620)**	**(2,748)**	**(221,135)**
Balance at 31 December 2025	**854,732**	**3,034,729**	**57,370**	**188,825**	**92,677**	**34,296**	**130,500**	**4,393,129**
Accumulated depreciation and impairment								
Balance at 1 January 2024	384,616	2,043,374	43,717	142,901	74,918	21,477	-	2,711,003
Hyperinflation impact (refer Note 32)	-	160,691	3,070	498	477	1,591	-	166,327
Charge for the year	28,704	105,770	3,058	8,295	5,350	1,115	-	152,292
Disposals/write offs	(19,911)	(36,637)	(2,113)	(4,818)	(2,290)	-	-	(65,769)
Effect of movements in exchange rates	(6,121)	(141,083)	(2,895)	(4,814)	(1,563)	(1,090)	-	(157,566)
Balance at 31 December 2024	387,288	2,132,115	44,837	142,062	76,892	23,093	-	2,806,287
Balance at 1 January 2025	**387,288**	**2,132,115**	**44,837**	**142,062**	**76,892**	**23,093**	**-**	**2,806,287**
Hyperinflation impact (refer Note 32)	**-**	**264,851**	**5,012**	946	852	2,641	-	274,302
Charge for the year	**31,412**	**113,976**	**3,354**	8,423	5,260	1,059	-	163,484
Disposals/write offs	**(2,907)**	**(62,033)**	**(1,651)**	(2,635)	(2,597)		-	(71,823)
Effect of movements in exchange rates	**2,548**	**(218,270)**	**(4,138)**	9,486	1,206	(2,459)	-	(211,627)
Balance at 31 December 2025	**418,341**	**2,230,639**	**47,414**	**158,282**	**81,613**	**24,334**	**-**	**2,960,623**
Carrying amount								
31 December 2025	**436,391**	**804,090**	**9,956**	**30,543**	**11,064**	**9,962**	**130,500**	**1,432,506**
31 December 2024	425,882	775,524	11,130	27,887	9,721	**11,039**	66,919	1,328,102

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

The depreciation charge has been allocated as follows:

	2025 AED'000	2024 AED'000
Cost of sales (refer Note 6)	**132,498**	120,971
Administrative and general expenses (refer Note 7)	**12,374**	14,256
Selling and distribution expenses (refer Note 8)	**18,612**	17,065
	163,484	152,292

Property Plant & Equipment and Vehicles aggregating to AED 130.0 million (2024: AED 130.5 million) have been pledged as security in favor of certain banks against facilities obtained by the Group (refer Note 24 (b)(ii)).

(i) Land and buildings

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

(ii) Capital work-in-progress

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

14. GOODWILL

	2025 AED'000	2024 AED'000
Balance as at 1 January	**120,122**	120,135
Goodwill recognized during the year	**4,462**	-
Add: effect of movements in exchange rate	**341**	(13)
Balance as at 31 December	**124,925**	120,122

As at 31 December 2025, Goodwill comprises AED 50.4 million, AED 5.5 million, AED 6.0 million, AED 58.5 million, AED 4.5 million recognized on acquisition of Ceramin FZ LLC, UAE, distribution entities in UK, Italy, Saudi Arabia and newly acquired entity, Bankook Design in Spain respectively.

During the current year, the Group has recognized goodwill of AED 4.5 million on the acquisition of Bankook Design Chambre S.L Spain, by the Group's subsidiary, RAK Porcelain Luxembourg for a purchase consideration of AED 4.3 million.

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

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

	2025	2024
Discount rate	**12%-14%**	12%-14%
Average annual growth rate	**3%**	3%
Terminal value growth rate	**1%**	1%
Years of forecast	**5 years**	5 years

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

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

15. RIGHTS-OF-USE-ASSETS

	Properties AED'000	Vehicles AED'000	Total AED'000
Cost			
Balance at 1 January 2024	187,729	27,200	214,929
Additions during the year	63,598	2,420	66,018
Termination	(14,622)	(73)	(14,695)
Effects of movements in exchange rate	(3,706)	(463)	(4,169)
Balance at 31 December 2024	232,999	29,084	262,083
Balance at 1 January 2025	**232,999**	**29,084**	**262,083**
Additions during the year	**24,124**	**3,676**	**27,800**
Deletions	**(9,209)**	**(317)**	**(9,526)**
Effects of movements in exchange rate	**6,605**	**864**	**7,469**
Balance at 31 December 2025	**254,519**	**33,307**	**287,827**
Accumulated depreciation			
Balance at 1 January 2024	107,142	20,155	127,297
Charge for the year	35,296	2,381	37,677
Termination	(10,675)	(59)	(10,734)
Effects of movements in exchange rate	(2,719)	(502)	(3,221)
Balance at 31 December 2024	129,044	21,975	151,019
Balance at 1 January 2025	**129,044**	**21,975**	**151,019**
Charge for the year	**36,688**	**2,369**	**39,058**
Termination	**(8,190)**	**(82)**	**(8,272)**
Effects of movements in exchange rate	**1,883**	**290**	**2,173**
Balance at 31 December 2025	**159,425**	**24,552**	**183,978**
Carrying amount			
31 December 2025	**95,094**	**8,755**	**103,849**
31 December 2024	103,955	7,109	111,064

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

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

The depreciation charge has been allocated as follows:

	2025 AED'000	2024 AED'000
Cost of sales (refer Note 6)	**550**	1,648
Administrative and general expenses (refer Note 7)	**732**	686
Selling and distribution expenses (refer Note 8)	**37,775**	35,343
	39,057	37,677

The Group leases several assets including showrooms and vehicles. The average lease term is 2-5 years. The maturity analysis of lease liabilities is disclosed in Note 25.

Amounts recognized in the consolidated statement of profit or loss:

	2025 AED'000	2024 AED'000
Depreciation of right-of-use assets	**39,057**	37,677
Expenses relating to short-term leases / low value assets (Refer Note 7 & 8)	**9,059**	7,694
Interest expense on lease liabilities	**8,893**	8,294

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

16. INVESTMENT PROPERTIES

	2025 AED'000	2024 AED'000
Cost		
Balance at 1 January	**1,307,498**	1,290,485
Hyperinflation impact (refer Note 32)	**61,676**	37,816
Additions during the year	**2,773**	10,069
Disposal during the year	**(26,253)**	(4,263)
Effect of movement in exchange rates	**(56,284)**	(26,609)
Balance at 31 December	**1,289,410**	1,307,498
Accumulated depreciation and impairment		
Balance at 1 January	**410,019**	389,743
Hyperinflation impact (refer Note 32)	**49,996**	29,446
Charge for the year (refer Note 7)	**12,202**	12,403
Reversal of impairment*	**(11,640)**	-
Disposal during the year	**(22,380)**	(1,575)
Effect of movement in exchange rates	**(45,361)**	(19,998)
Balance at 31 December	**392,836**	410,019
Carrying amount – at 31 December	**896,574**	897,479
Fair value – at 31 December	**1,126,636**	1,094,829

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

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

	Inside UAE			Outside UAE		Total
December	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
			AED'000			
Land						
Net book value	**708,840**	697,144	**15,085**	15,440	**723,925**	712,593
Fair value	**708,840**	698,000	**18,464**	18,643	**727,304**	716,643
Building						
Net book value	**162,896**	174,825	**9,753**	10,070	**172,649**	184,895
Fair value	**377,707**	352,833	**21,625**	25,353	**399,332**	378,186
Total Net book value	**871,736**	871,969	**24,838**	25,510	**896,574**	897,479
Total Fair value	**1,086,547**	1,050,833	**40,089**	43,996	**1,126,636**	1,094,829

*In prior years, an impairment of AED 202.2 million was recognised in respect of a plot of land in UAE. During the current year, an impairment reversal of AED 11.6 million was recognised based on an independent external valuation, who assessed the market value at AED 245 per square foot (2024: AED 241 per square foot).

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

16. INVESTMENT PROPERTIES (CONTD.)

(iii)During the year ended 31 December 2025, the Group earned rental income amounting to AED 44.8 million (2024: AED 47.4 million) from its investment properties (refer Note 9) and direct operating expenses incurred on these investment properties amounted to AED 5.8 million (2024: AED 6.7 million) (refer Note 7).

An independent valuation of the fair value of all the Group's properties is undertaken annually. The fair value of the Group's investment properties at 31 December 2025 was determined based on valuations performed by professionally qualified valuers. The valuation was performed in accordance with the RICS valuation standards, adopting the IFRS basis of fair value and using established valuation techniques. The valuer has appropriate qualifications and recent experience in the valuation of properties in the location and category of the property being valued. The fair values of various investment properties have been determined by using Comparable Method or Income Capitalization Method.

The fair values of the investment properties, determined through Income Capitalisation Method incorporates analysis of the income cash flow achievable for the buildings and takes into account the projected annual expenditure. Both the contracted rent and estimated rental values have been considered in the valuation with allowances for running costs, vacancy rates and other costs.

The fair value of the properties, determined using the comparable method, incorporates key observable inputs, including market prices from similar transaction.

The fair value as at 31 December 2025 was AED 1,126.6 million (2024: AED 1,094.8 million).

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

Any significant movement in the assumptions used for the fair valuation of investment properties such as market price per sq. ft, discount rates, yield, rental growth, vacancy rate etc. would result in increase / decrease in fair value of those assets.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

17. TRADE AND OTHER RECEIVABLES

	2025 AED'000	2024 AED'000
Trade receivables	**887,228**	924,937
Less: Allowance for expected credit loss	**(123,017)**	(153,167)
Subtotal (A)	**764,211**	771,770
Other receivables (refer note 36)	**129,154**	164,552
Less: Allowance for expected credit loss	**(96,368)**	(83,213)
Subtotal (B)	**32,786**	81,339
Advances and prepayments (C)	**138,755**	112,252
Deposits (D)	**32,261**	28,373
Total (A+B+C+D)	**968,013**	993,734

Trade receivables amounting to AED 138.3 million (2024: AED 163.4 million) are subject to a charge in favor of banks against facilities obtained by the Group (refer Note 24(b)(ii)).

No interest is charged on outstanding trade receivables.

The Group has assessed the recoverability of the remaining other receivables and, based on historical experience and current information, does not consider these balances to be impaired.

Other receivables include receivables due from a Sudanese Group AED 53.0 million which are fully provided. The remaining balance of other receivables are considered recoverable.

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

Long-term receivables

	2025 AED'000	2024 AED'000
Trade receivables	**107,978**	71,554
Less: Allowance for expected credit loss	**(28,017)**	(5,883)
	79,961	65,671
Less : current portion included in trade receivables	**(24,670)**	(50,572)
Long-term trade receivables (A)	**55,291**	15,099
Other receivables	**2,284**	3,760
Long-term other receivables (B)	**2,284**	3,760
Long-term receivables (A+B)	**57,575**	18,859

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

17. TRADE AND OTHER RECEIVABLES (CONTD.)

Expected credit loss assessment for trade receivables

The following table provides information about the exposure to credit risk and the loss allowance for trade receivables (including long-term portion) as at 31 December 2025.

	Weighted average loss rate %	Gross carrying amount AED'000	Loss allowance AED'000	Credit impaired
Current (not past due)	**1.8%**	**547,990**	**(9,681)**	**No**
1 – 90 days past due	**3.2%**	**176,537**	**(5,634)**	**No**
91 – 180 days past due	**13.2%**	**43,885**	**(5,780)**	**No**
181 – 360 days past due	**31.3%**	**43,470**	**(13,592)**	**Yes**
More than 360 days past due	**73.3%**	**158,654**	**(116,347)**	**Yes**
	15.6%	**970,536**	**(151,034)**	

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

The following table provides information about the exposure to credit risk and the loss allowance for trade receivables as at 31 December 2024.

	Weighted average loss rate %	Gross carrying amount AED'000	Loss allowance AED'000	Credit impaired
Current (not past due)	1.9%	497,990	(9,551)	No
1 – 90 days past due	3.2%	197,927	(6,259)	No
91 – 180 days past due	16.6%	43,631	(7,255)	No
181 – 360 days past due	34.9%	24,765	(8,647)	Yes
More than 360 days past due	70.1%	181,606	(127,338)	Yes
	16.8%	945,919	(159,050)	

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

17. TRADE AND OTHER RECEIVABLES (CONTD.)

Impairment losses

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

	2025 AED'000	2024 AED'000
At 1 January	**159,050**	175,305
Charge during the year (refer Note 7(i))	**10,174**	22,638
Written off during the year	**(17,990)**	(34,615)
Reversal during the year	**-**	(4,000)
Effect of movements in exchange rate	**(200)**	(278)
At 31 December	**151,034**	159,050

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

	2025 AED'000	2024 AED'000
At 1 January	**83,213**	105,588
Charge during the year (refer Note 7(i))	**14,942**	14,000
Written off during the year	**(1,787)**	(36,375)
At 31 December	**96,368**	83,213

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

18. INVENTORIES

	2025 AED'000	2024 AED'000
Finished goods (net of net realizable value adjustments)	**1,029,513**	955,862
Less : Allowance for slow-moving inventories	**(133,834)**	(136,220)
Subtotal (A)	**895,679**	819,642
Raw materials	**238,738**	233,887
Stores and spares	**332,188**	305,908
	570,926	539,795
Less : Allowance for slow-moving inventories	**(109,386)**	(93,981)
Subtotal (B)	**461,540**	445,814
Goods-in-transit (C)	**34,068**	34,257
Work-in-progress (D)	**52,945**	56,199
Total (A+B+C+D)	**1,444,232**	1,355,912

At 31 December 2025, the Group has recognized a cumulative loss due to write-down of finished goods inventories of AED 119.4 million against cost of AED 408.9 million (2024: AED 138.5 million against cost of AED 387.2 million) to bring finished goods to net realizable value which was lower than the cost. The difference in write down of AED 19.1 million (2024: AED 14.5 million) is included in cost of sales in the consolidated statement of profit or loss with a currency loss of AED 0.9 million for the year (2024: AED 0.3 million).

Inventories amounting to AED 181.1 million (2024: AED 205.8 million) have been pledged as security in favor of certain banks against facilities obtained by the Group (refer Note 24 (b)(ii)).

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

	2025 AED'000	2024 AED'000
As at 1 January	**230,201**	251,262
Add: charge for the year (refer Note 6)	**32,795**	32,548
Less: written off	**(19,991)**	(50,124)
Effect of movements in exchange rates	**215**	(3,485)
As at 31 December	**243,220**	230,201

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

19. RELATED PARTIES

The transactions of the Group with its related parties are at arm's length. The related parties include equity accounted investees and the parties where the members of the board or key management personnel have interest. The significant transactions entered into by the Group with related parties during the year, other than those disclosed elsewhere in these consolidated financial statements are as follows:

Transactions with related parties

	2025 AED'000	2024 AED'000
A) Equity accounted investees		
Sale of goods and services and construction contracts	**2,908**	5,855
Royalty	**372**	450
B) Other related parties		
Sale of goods and services and construction contracts	**127,656**	74,688
Purchase of goods and rendering of services	**148,205**	137,618
Interest expenses (refer Note 10)	**290**	302
Rental income	**3,544**	3,626

Key management personnel compensation

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

	2025 AED'000	2024 AED'000
Short-term benefits	**11,717**	13,054
Staff terminal benefits	**234**	235
Board of Directors' remuneration	**3,700**	3,700

Due from related parties

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

	2025 AED'000	2024 AED'000
Equity accounted investees	**6,178**	2,298
Other related parties	**61,725**	55,165
	67,903	57,463
Less : Allowance for expected credit loss	**(4,539)**	(3,263)
	63,364	54,200

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

19. RELATED PARTIES (CONTD.)

Due from related parties

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

	2025 AED'000	2024 AED'000
At 1 January	**3,263**	1,637
Addition during the year	**1,276**	2,000
Written off during the year	**-**	(374)
At 31 December	**4,539**	3,263

Due to related parties
Long-term loan

	2025 AED'000	2024 AED'000
Other related parties	**3,004**	3,186
	3,004	3,186

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

Current Liabilities	2025 AED'000	2024 AED'000
Other related parties	**64,618**	36,963
	64,618	36,963

Carrying amount of due to related parties subject to supplier Finance arrangement	2025 AED'000	2024 AED'000
Presented within due to related parties	**60,556**	34,695
- of which supplier has received the payment from the bank	**48,620**	23,140
Range of payment due dates		
Due to related parties subject to supplier finance arrangement (days after invoice date)	**140-150**	110-120

*In order to ensure easy access to credit for its suppliers, the Group has entered into reverse factoring arrangements. Due to related parties include AED 60.5 million (31 December 2024: AED 34.6 million) owed under this arrangement.

In order to facilitate efficient payment processing as well as facilitating payment to suppliers, the Group participates in a supplier finance arrangement under which its suppliers elect to receive early payment of their invoices from the bank. The bank agrees to pay the underlying amount to the suppliers and the Group pays the bank at an agreed date later. This arrangement does not result in any material extension of initially agreed payment term with the suppliers. All payables under this arrangement are classified due to related parties at the balance sheet date as payment to the supplier by the banks does not release the Group from its legal liability to the suppliers.

The Group has not derecognized the original due to related parties relating to the arrangement because neither a legal release was obtained nor was the original liability substantially modified on entering into the arrangement.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

19. RELATED PARTIES (CONTD.)

Due from related parties

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

	2025 AED'000	2024 AED'000
At 1 January	**3,263**	1,637
Addition during the year	**1,276**	2,000
Written off during the year	**-**	(374)
At 31 December	**4,539**	3,263

Due to related parties
Long-term loan

	2025 AED'000	2024 AED'000
Other related parties	**3,004**	3,186
	3,004	3,186

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

Current Liabilities	2025 AED'000	2024 AED'000
Other related parties	**64,618**	36,963
	64,618	36,963

Carrying amount of due to related parties subject to supplier Finance arrangement	2025 AED'000	2024 AED'000
Presented within due to related parties	**60,556**	34,695
- of which supplier has received the payment from the bank	**48,620**	23,140
Range of payment due dates		
Due to related parties subject to supplier finance arrangement (days after invoice date)	**140-150**	110-120

*In order to ensure easy access to credit for its suppliers, the Group has entered into reverse factoring arrangements. Due to related parties include AED 60.5 million (31 December 2024: AED 34.6 million) owed under this arrangement.

In order to facilitate efficient payment processing as well as facilitating payment to suppliers, the Group participates in a supplier finance arrangement under which its suppliers elect to receive early payment of their invoices from the bank. The bank agrees to pay the underlying amount to the suppliers and the Group pays the bank at an agreed date later. This arrangement does not result in any material extension of initially agreed payment term with the suppliers. All payables under this arrangement are classified due to related parties at the balance sheet date as payment to the supplier by the banks does not release the Group from its legal liability to the suppliers.

The Group has not derecognized the original due to related parties relating to the arrangement because neither a legal release was obtained nor was the original liability substantially modified on entering into the arrangement.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

20. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

	2025 AED'000	2024 AED'000
Non-current		
Derivative financial assets		
Interest rate swaps used for hedging	**241**	1,938
	241	1,938
Current		
Derivative financial assets		
Interest rate swaps used for hedging	**1,363**	3,661
Forward exchange contracts / options	**-**	1,138
	1,363	4,799
Current		
Derivative financial liabilities		
Forward exchange contracts	**1,539**	-
Other currency and interest rate swaps	**-**	390
	1,539	390

21. BANK BALANCES AND CASH

	2025 AED'000	2024 AED'000
Cash in hand	**1,140**	3,221
Cash at bank		
- in bank deposits with maturity less than three months	**-**	113
- in current accounts	**179,874**	185,252
- in call accounts	**3,263**	6,081
Cash and cash equivalents (excluding allowance for expected credit loss)	**184,277**	194,667
Less : Allowance for expected credit loss (refer Note7 (i))	**(183)**	(183)
Cash and cash equivalents (A)	**184,094**	194,484
Bank deposits with an original maturity of more than three months (B)	**855**	838
Deposits under lien-restricted cash (C)	**11,147**	7,287
Bank balances and cash (A+B)	**196,096**	202,609

Cash in hand and cash at bank includes AED 0.3 million (2024: AED 0.4 million) and AED 91.9 million (2024: AED 83.9 million) respectively, held outside the UAE.

All fixed deposits carry interest at commercial rates. Bank deposits with an original maturity of more than three months include AED 3.9 million (2024: AED 1.2 million) and less than three months include AED 4.2 million (2024: AED 2.5 million) which are held by bank under lien against bank facilities availed by the Group (refer Note 26 (b) (ii)). Current accounts and margin deposits are non-interest bearing accounts.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

22. CAPITAL AND RESERVES

(i) Share capital

	2025 AED'000	2024 AED'000
Authorized, issued and paid up		
170,000,000 shares of AED 1 each paid up in cash	**170,000**	170,000
823,703,958 shares of AED 1 each issued as bonus shares	**823,703**	823,703
Total	**993,703**	993,703

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

(ii) Legal reserve

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

(iii) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of monetary items that form part of the Group's net investment in foreign operations, except for the translation difference of the subsidiary in Iran which is included in hyperinflation reserve. At 31 December 2025 and 2024, the translation reserve reflected a negative, balance indicating that cumulative losses in the account exceeded cumulative gains.

(iv) Hyperinflation reserve

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

	AED'000
As at 31 December 2023	(162,835)
For the year 2024	
Foreign currency translation differences	(15,171)
Hyperinflation effect (refer Note 32) – gain	24,587
As at 31 December 2024	(153,419)
For the year 2025	
Foreign currency translation differences	(38,760)
Hyperinflation effect (refer Note 32) – gain	33,682
As at 31 December 2025	(158,497)

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

22. CAPITAL AND RESERVES (CONTD.)

(v) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

(vi) General reserve

At the Annual General Meeting (AGM) held on 26 March 2024, the shareholders approved to transfer the entire balance of General Reserve amounting to AED 82.8 million to Retained Earnings.

(vii) Other reserve

Other reserve includes:

- the Group's share in the share premium of its subsidiary in Bangladesh amounting to AED 56.7 million. The subsidiary completed an initial public offering in the year 2011 and subsequently issued shares at a premium. While the parent did not subscribe to any shares, it is legally entitled to its proportionate share of the subsidiary's share premium reserve

- an amount of AED 75.0 million (2024: AED 75.0 million) which represents the Group's share of retained earnings capitalised by certain subsidiaries through issuance of bonus shares to the parent from time to time. The capital reserve is non-distributable.

(viii) Dividend

Below are the details of dividend distribution:

- During the current year, the Group paid an annual dividend of 10 fils per share (AED 99,370.5 thousand) in respect of the year ended 2024 and an interim dividend of 10 fils per share (AED 99,370.5 thousand) for the current year, resulting in a total dividend distribution of 20 fils per share amounting to AED 198,741 thousand.

- During year ended 2024, the Group paid an annual dividend of 10 fils per share (AED 99,370.5 thousand) in respect of the year ended 2023 and an interim dividend of 10 fils per share (AED 99,370.5 thousand) for the year ended 2024, resulting in a total dividend distribution of 20 fils per share amounting to AED 198,741 thousand.

The Board of Directors have proposed a final dividend distribution of 10 fils per share (AED 99,370.5 thousand) for the second half of the year 2025, which will be submitted for the approval of shareholders at the Annual General Meeting on 17 March 2026.

(ix) Directors' remuneration

At the Annual General Meeting (AGM) held on 24 March 2025, the shareholders approved the Directors' remuneration amounting to AED 3,700 thousand for the year ended 31 December 2024, (for the year ended 31 December 2023, approved AED 3,700 thousand; paid in 2024.(Refer note 7).

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

23. NON-CONTROLLING INTERESTS

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

	RAK Ceramics (Bangladesh) PLC		Others (India & UAE)		Elimination		Total	
	AED'000				AED'000			
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
Non-current assets	**127,273**	138,711	**69,552**	108,943			**196,825**	247,654
Current assets	**207,388**	348,065	**139,849**	132,768			**347,237**	480,833
Non-current liabilities	**(9,194)**	(15,045)	**(36,995)**	(48,231)			**(46,189)**	(63,276)
Current liabilities	**(135,092)**	(251,590)	**(91,967)**	(106,789)			**(227,059)**	(358,379)
Net assets	**190,375**	220,141	**80,439**	86,691			**270,814**	306,832
NCI Percentage	31.87%	31.87%	12%-53%	12%-53%				
Net assets attributable to NCI	**60,673**	70,518	**38,474**	39,857	**(13,896)**	**(15,040)**	**85,251**	95,335
Revenue	**222,221**	212,135	**249,789**	238,912			**472,010**	451,047
(Loss)/profit	**(11,933)**	(869)	**16,457**	24,115			**4,524**	23,246
NCI Percentage	31.87%	31.87%	12%-53%	12%-53%				
(Loss)/profit allocated to NCI	**(3,803)**	(277)	**8,610**	13,265			**4,807**	12,988
Dividend distributed to NCI	**4,182**	4,565	**7,950**	13,780			**12,132**	18,345
Net cash generated from operating activities	**13,102**	13,016	**18,723**	24,378			**31,825**	37,394
Net cash used in investing activities	**(6,294)**	(14,333)	**1,392**	(33,562)			**(4,902)**	(47,895)
Net cash used in financing activities	**(10,166)**	(4,893)	**(14,156)**	6,232			**(24,322)**	1,339

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

24. BANK FINANCING ARRANGEMENTS

(a) Islamic bank financing

	2025 AED'000	2024 AED'000
(i) Short-term		
Mudaraba facilities (A)	**61,643**	65,827
Commodity Murabaha facilities (B)	**49,576**	36,248
Current portion of long-term financing (refer Note 24 (a)(ii))	**125,625**	116,556
	236,844	218,631
(ii) Long-term - Islamic bank financing		
Mudaraba facilities(A)	**288,333**	197,292
Commodity Murabaha facilities (B)	**84,804**	73,711
Ijarah facilities (C)	**51,806**	93,778
Less : current portion of long-term financing (refer Note 24 (a)(i))	**(125,625)**	(116,556)
	299,318	248,225
Movement:		
Balance as at 1 January	**364,781**	420,844
Availed during the year	**179,062**	70,000
Less : repaid during the year	**(118,900)**	(126,063)
Balance as at end of the year	**424,944**	364,781
Less : current portion included in short-term (refer Note 24 (a)(i))	**(125,625)**	(116,556)
	299,318	248,225

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

Currency	2025 Profit range	2024 Profit range	2025 AED'000	2024 AED'000
USD	**2.70%- 4.00%**	2.70%- 4.00%	**51,806**	105,654
AED	**2.3% - 5.3%**	1.75% - 6.60%	**341,455**	232,234
EURO	**2.7% - 3.3%**	2.80% - 3.00%	**31,683**	26,893
			424,944	364,781

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

Currency	2025 Profit range	2024 Profit range	2025 AED'000	2024 AED'000
AED	**4.6% - 4.7%**	5.60% - 5.90%	**25,000**	25,000
EURO	**2.8% - 3.5%**	3.40%- 4.50%	**86,219**	77,075
			111,219	102,075

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

24. BANK FINANCING ARRANGEMENTS (CONTD.)

(a) Islamic bank financing (Continued)

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

The financing is secured by:

- pari passu rights among each other;
- assignment of a blanket insurance policy of certain Group entities in favour of the bank; and
- a promissory note for AED 1,018.0 million (2024: AED 1,038.0 million)

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

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

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

(b) Interest bearing bank financing

	2025 AED'000	2024 AED'000
(i) Short-term		
Bank overdraft	**56,896**	65,434
Short-term bank loan	**366,002**	234,844
Current portion of long-term financing (refer Note 26 (b)(ii))	**196,434**	189,790
	619,332	490,068

	2025 AED'000	2024 AED'000
(ii) Long-term bank loans		
Opening	**826,480**	835,547
Availed during the year	**98,572**	318,605
Less : repaid during the year	**(197,253)**	(327,673)
Balance as at end of the year	**727,799**	826,480
Less : current portion of long-term financing (refer Note 26 (b)(i))	**(196,434)**	(189,790)
	531,365	636,689

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

24. BANK FINANCING ARRANGEMENTS (CONTD.)

(b) Interest bearing bank financing (Continued)

(ii) Long-term bank loans (Continued)

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

Currency	2025 Interest Range	2024 Interest Range	2025 AED'000	2024 AED'000
AED	**4.80% - 5.30%**	4.8% - 6.0%	**252,710**	295,004
USD	**1.7% - 5.10 %**	2.2% - 6.6%	**438,896**	482,054
INR	**8.2% - 8.90%**	9.2% - 10.0%	**21,923**	31,286
BDT	**12.9%-15.1%**	12.4% - 14.6%	**14,094**	17,216
EUR	**7.3% - 7.4%**	4.8% - 5.3%	**176**	420
HUF	**0.5% - 1.0%**	0.5% - 1.0%	**-**	500
			727,799	826,480

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

Currency	2025 Interest Range	2024 Interest Range	2025 AED'000	2024 AED'000
AED	**5.3% - 5.9%**	5.3% - 5.9%	**143,829**	94,751
USD	**5.7% - 7.9%**	5.7% - 7.9%	**23,685**	17,792
INR	**8.3% - 10.9%**	8.3% - 10.9%	**72,923**	58,603
BDT	**12.4% - 14.6%**	12.4% - 14.6%	**28,759**	22,864
EUR	**3.6% - 6.9%**	3.6% - 6.9%	**153,702**	105,668
HUF	**0.5% - 1.0%**	0.5% - 1.0%	**-**	600
			422,898	300,278

The Group has obtained long-term and short-term interest bearing bank facilities from various banks for financing the acquisition of assets, project financing or to meet its working capital requirements. Rates of interest on the above bank loans are based on normal commercial rates. The long-term bank loans mature up to 2031.

These bank borrowings are secured by:

- pari passu rights among each other;
- a promissory note for AED 3,763.0 million (2024: AED 2,466.0 million);
- assignment of a blanket insurance policy of certain Group entities in favor of the bank;
- hypothecation of inventories and assignment of receivables of certain Group entities (refer Notes 18 and 17) respectively.
- fixed deposits held under lien (refer Note 21).
- hypothecation of Property Plant & Equipment and Vehicle of certain Group entities (refer Notes 13).

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

25. LEASE LIABILITY

	2025 AED'000	2024 AED'000
Analysed as:		
Non-current	**80,807**	89,157
Current	**37,386**	37,117
Total	**118,193**	126,274

Maturity analysis

	2025 AED'000	2024 AED'000
As at 1 January	**126,274**	100,650
Addition during the year	**26,546**	62,059
Repayments during the year	**(43,520)**	(44,729)
Interest on lease liability (refer note 10)	**8,893**	8,294
As at 31 December	**118,193**	126,274

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

26. TRADE AND OTHER PAYABLES

	2025 AED'000	2024 (Restated) AED'000
Trade payables*	**352,821**	361,963
Accrued and other expenses	**308,745**	278,059
Advance from customers	**75,041**	84,828
Commission payable	**59,670**	53,992
Other payables (refer note 36)	**88,794**	58,226
Total	**885,071**	837,068

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

The carrying amount of trade payables approximates their fair value.

27. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2025 AED'000	2024 AED'000
As at 1 January	**113,702**	118,453
Charge for the year	**27,096**	20,817
Payments made during the year	**(24,492)**	(25,367)
Effect of movements in exchange rate	**3,568**	(201)
As at 31 December	**119,874**	113,702

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

28.CONTINGENT LIABILITIES AND COMMITMENTS

	2025 AED'000	2024 AED'000
Contingent liabilities		
Letters of guarantee	**66,531**	53,954
Letters of credit	**27,465**	67,628
Value added tax and other tax contingencies	**56,370**	34,374
Commitments		
Capital commitments	**185,091**	168,145

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

29. OPERATING LEASES

As lessor

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

Matuarity analysis

	2025 AED'000	2024 AED'000
Less than one year	**8,760**	10,106
One to two years	**7,773**	8,558
Two to three years	**7,500**	7,500
Three to four years	**7,500**	7,500
Four to five years	**625**	8,125
	32,158	41,789

30. ACQUISITION OF NCI

During the year 2024, the Group acquired the remaining 8% shareholding in one subsidiary, RAK Porcelain LLC, UAE, for a consideration of AED 44.0 million thus increasing the shareholding to 100%. Accordingly, the Group has recognized:

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

31. FINANCIAL INSTRUMENTS

Accounting classifications and fair values

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

	Carrying value					Fair value			
31 December 2025	**Fair value hedging instruments AED'000**	**Mandatory at FVTPL* AED'000**	**Financial assets at amortised cost AED'000**	**Financial liabilites at amortised cost AED'000**	**Total AED'000**	**Level 1 AED'000**	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
Financial assets measured at fair value									
Interest rate swaps used for hedging	1,604	-	-	-	1,604	-	1,604	-	1,604
Other Currency and Interest Rate Swap	-	-	-		-	-	-	-	-
	1,604	-	-	-	1,604	-	1,604	-	1,604
Financial assets measured at amortised cost									
Long-term receivables	-	-	57,575	-	57,575	-	-	-	-
Trade and other receivables	-	-	829,258	-	829,258	-	-	-	-
Due from related parties	-	-	63,364	-	63,364	-	-	-	-
Bank balances and cash	-	-	196,096	-	196,096	-	-	-	-
	-	-	1,146,293	-	1,146,293	-	-	-	-
Financial liabilities measured at fair value									
Forward exchange contracts / Options	-	1,539	-	-	1,539	-	1,539	-	1,539
	-	1,539	-	-	1,539	-	1,539	-	1,539
Financial liabilities measured at amortized cost									
Islamic bank financing	-	-	-	536,162	536,162	-	-	-	-
Interest bearing bank financing	-	-	-	1,150,697	1,150,697	-	-	-	-
Long Term Loan due to related party	-	-	-	3,004	3,004	-	-	-	-
Trade and other payables	-	-	-	810,030	810,030	-	-	-	-
Due to related parties	-	-	-	64,618	64,618	-	-	-	-
Lease liabilities	-	-	-	118,193	118,193	-	-	-	-
	-	-	-	2,682,704	2,682,704	-	-	-	-

*FVTPL: fair value through profit or loss

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

31. FINANCIAL INSTRUMENTS (CONTD.)

Accounting classifications and fair values (continued)

	Carrying value					Fair value			
31 December 2024	**Fair value hedging instruments AED'000**	**Financial assets at FVTPL* AED'000**	**Financial assets at amortised cost AED'000**	**Financial liabilites at amortised cost AED'000**	**Total AED'000**	**Level 1 AED'000**	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
Financial assets measured at fair value									
Interest rate swaps used for hedging	5,599	-	-	-	5,599	-	5,599	-	5,599
Other Currency and Interest Rate Swap	-	1,138	-		1,138	-	1,138	-	1,138
	5,599	1,138	-	-	6,737	-	6,737	-	6,737
Financial assets measured at amortised cost									
Long-term receivables	-	-	18,859	-	18,859	-	-	-	-
Trade and other receivables	-	-	881,482	-	881,482	-	-	-	-
Due from related parties	-	-	54,200	-	54,200	-	-	-	-
Bank balances and cash	-	-	202,609	-	202,609	-	-	-	-
	-	-	1,157,150	-	1,157,150	-	-	-	-
Financial liabilities measured at fair value									
Forward exchange contracts / Options	-	-	-	390	390	-	390	-	390
	-	-	-	390	390	-	390	-	390
Financial liabilities measured at amortised cost									
Islamic bank financing	-	-	-	466,856	466,856	-	-	-	-
Interest bearing bank financing	-	-	-	1,126,758	1,126,758	-	-	-	-
Due to Related Parties Long Term Loans	-	-	-	3,186	3,186	-	-	-	-
Trade and other payables	-	-	-	752,240	752,240	-	-	-	-
Due to related parties	-	-	-	36,963	36,963	-	-	-	-
Lease liabilities	-	-	-	126,274	126,274	-	-	-	-
	-	-	-	2,512,276	2,512,276	-	-	-	-

*FVTPL: fair value through profit or loss

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

31. FINANCIAL INSTRUMENTS (CONTD.)

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

Risk management framework

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

- Credit risk
- Market risk
- Liquidity risk

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

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

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

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

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

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

31. FINANCIAL INSTRUMENTS (CONTD.)

Credit risk

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

Exposure to credit risk

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

	2025 AED'000	2024 AED'000
Long-term receivables	**57,575**	18,859
Trade and other receivables		
(excluding advances and prepayments)	**829,258**	881,482
Due from related parties	**63,364**	54,200
Bank balances	**196,096**	202,609
	1,146,293	1,157,150

Trade and other receivables and amount due from related parties

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which the customers operate, as these factors may have an influence on credit risk. The Group's ten largest customers account for 21.57% (2024: 19.97 %) of the outstanding gross trade receivables as at 31 December 2025. Geographically the credit risk is materially concentrated in the Middle East, Europe and Asian regions.

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

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

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

Geographic regions:	**2025 AED'000**	2024 AED'000
Middle East (ME)	**622,706**	564,059
Asian countries (Other than ME)	**172,917**	199,978
Europe	**98,041**	148,331
Other regions	**56,533**	42,173
	950,197	954,541
Trading and manufacturing	**832,444**	902,853
Faucets	**84,102**	26,265
Other industrial	**27,892**	15,224
Others	**5,759**	10,199
	950,197	954,541

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

31. FINANCIAL INSTRUMENTS (CONTD.)

Balances with banks

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

Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties by S&P (A-1 to A+), Fitch (F-1) and Moody's (P-2 to P-1).

Market risk

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

Currency risk

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

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

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

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

Exposure to currency risk

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

	GBP'000	AUD'000	EUR'000
31 December 2025			
Trade and other receivable (including due from related parties)	**19,310**	**198**	**124,673**
Cash and bank balances	**116**	**878**	**(7,012)**
Trade and other payables	**(2,488)**	**(11)**	**(17,261)**
Bank borrowings			**(54,771)**
Derivative – currency swap			
forward exchange contracts	**(17,400)**	**(1,400)**	**(55,900)**
Net exposure	**(462)**	**(335)**	**(10,271)**

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

31. FINANCIAL INSTRUMENTS (CONTD.)

Currency risk (Continued)

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

The following are exchange rates applied during the year:

	Spot rate		Average rate	
Reporting Date	**2025**	2024	**2025**	2024
Great Britain Pound (GBP)	**4.939**	4.661	**4.838**	4.688
Euro (EUR)	**4.311**	3.860	**4.143**	3.974
Australian Dollar (AUD)	**2.454**	2.420	**2.367**	2.440

Sensitivity analysis

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

	Strengthening		Weakening	
Reporting Date	**Profit/(loss) AED'000**	**Equity AED'000**	**Profit/(loss) AED'000**	**Equity AED'000**
31 December 2025				
GBP	**114**	**-**	**(114)**	**-**
EUR	**2,214**	**-**	**(2,214)**	**-**
AUD	**41**	**-**	**(41)**	**-**
31 December 2024				
GBP	(15)	-	(15)	-
EUR	484	-	484	-
AUD	(20)	-	20	-

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

31. FINANCIAL INSTRUMENTS (CONTD.)

Currency risk (Continued)

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

Hedging Instrument	Notional Value (respective foreign currency)	Notional principle value	Carrying amount of the hedging instruments assets/(liabilites)	Change in fair value used for recognizing hedge ineffectiveness
	2025 AED'000	2025 AED'000	2025 AED'000	2025 AED'000
Forward contracts				
- GBP	**17,400**	**85,935**	**(634)**	**-**
- EUR	**55,900**	**240,982**	**(891)**	**-**
- AUD	**1,400**	**3,436**	**(17)**	**-**
Currency swap				
- GBP				

Hedging Instrument	Notional Value (respective foreign currency)	Notional principle value	Carrying amount of the hedging instruments assets/(liabilites)	Change in fair value used for recognizing hedge ineffectiveness
	2024 AED'000	2024 AED'000	2024 AED'000	2024 AED'000
Forward contracts				
- GBP	16,600	77,375	1,234	-
- EUR	42,350	163,458	(25)	-
- AUD	1,400	3,387	77	-
Currency swap				
- GBP	2,581	12,031	(390)	-

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

31. FINANCIAL INSTRUMENTS (CONTD.)

Currency risk (Continued)

Hedge item	Notional principle value	Accumulated amount of fair value hedge adjustment included in carrying amount	Change in fair value used for recognizing hedge ineffectiveness
	2025 AED'000	2025 AED'000	2025 AED'000
Trade receivables			
- GBP	**(85,935)**	**634**	**-**
- EUR	**(240,982)**	**891**	**-**
- AUD	**(3,436)**	**17**	**-**
Term loan			
- GBP			

Hedge item	Notional principle value	Accumulated amount of fair value hedge adjustment included in carrying amount	Change in fair value used for recognizing hedge ineffectiveness
	2024 AED'000	2024 AED'000	2024 AED'000
Trade receivables			
- GBP	(77,375)	(1,234)	-
- EUR	(163,458)	25	-
- AUD	(3,387)	(77)	-
Term loan			
- GBP	(12,031)	390	-

Interest rate risk

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

The Group's policy is to manage its financing cost using a mix of fixed and floating interest/profit rate. To manage this, from time to time the Group enters into interest rate swaps, whereby the Group agrees to exchange, at specified intervals, the difference between fixed and floating rate amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2025, 20.52% (2024: 31.05%) of the Group's term financings were at a fixed rate of interest.

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

31. FINANCIAL INSTRUMENTS (CONTD.)

Intrest rate risk (Continued)

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

Cash Flow hedges

Hedging Instrument	**Average contracted fixed interest rate**	**Notional principle value**	**Carrying amount of the hedging instruments assets/(liabilites)**	**Change in fair value used for calculating hedge ineffectiveness**
	2025 %	**2025 AED'000**	**2025 AED'000**	**2025 AED'000**
Receive floating, pay fixed , contracts	**1.25%**	**87,048**	**1,604**	**-**

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

Designated Hedge Items	**Nominal Amount to be hedged items assets/ liabilities**	**Change in value used for calculating hedge ineffectiveness**	**Balance in cash flow hedge reserve for continuing hedges**	**Balance in cash flow hedge reserve for which hedge accounting is no longer applied**
	2025 AED'000	**2025 AED'000**	**2025 AED'000**	**2025 AED'000**
Variable rate borrowings	**(87,048)**	**-**	**(1,604)**	**-**

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

31. FINANCIAL INSTRUMENTS (CONTD.)

Cash Flow hedges (Continued)

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

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

	2025 AED'000	2024 AED'000
Fixed rate instruments		
Financial assets		
Bank deposits	**8,137**	4,698
Financial liability		
Islamic bank financing	**118,502**	210,109
Interest bearing bank financing	**183,352**	117,542
Variable rate instruments		
Financial liability		
Islamic bank financing	**417,661**	256,747
Interest bearing bank financing	**967,345**	1,009,216
Due to related parties	**3,004**	3,186

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

31. FINANCIAL INSTRUMENTS (CONTD.)

Cash Flow hedges (Continued)

	Profit/(loss)	
Reporting Date	100bp Increase AED'000	100bp Decrease AED'000
31 December 2025		
Financial liability		
Variable instruments	**(13,880)**	**13,880**
31 December 2024		
Financial liability		
Variable instruments	(12,691)	12,691

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

31. FINANCIAL INSTRUMENTS (CONTD.)

Liquidity risk

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

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

The Group's credit terms require the amounts to be received within 90-180 days (2024: 90 -180 days) from the date of invoice. Trade payables are normally settled within 45-90 days (2024: 45-90 days) of the date of purchase.

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

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

		Contractual cash flows			
	Carrying amount AED'000	Total AED'000	0-1 years AED'000	1-2 years AED'000	More than 2 years AED'000
At 31 December 2025					
Non-derivative financial liabilities					
Bank financing	**1,686,859**	**(1,824,850)**	**(909,372)**	**(312,631)**	**(602,847)**
Lease Liability	**118,193**	**(150,956)**	**(42,094)**	**(30,107)**	**(78,755)**
Trade and other payables	**793,752**	**(793,752)**	**(793,752)**	**-**	**-**
Long Term loan due to related party	**3,004**	**(4,012)**	**-**	**-**	**(4,012)**
Due to related parties	**64,618**	**(64,618)**	**(64,618)**	**-**	**-**
	2,666,426	**(2,838,188)**	**(1,809,836)**	**(342,738)**	**(685,614)**
Derivative financial liabilities					
Other currency and interest rate swaps	**-**	**-**	**-**	**-**	**-**
Forward exchange contracts	**1,539**	**(1,539)**	**(1,539)**	**-**	**-**
	1,539	**(1,539)**	**(1,539)**	**-**	**-**

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

31. FINANCIAL INSTRUMENTS (CONTD.)

Liquidity risk (Continued)

		Contractual cash flows			
	Carrying amount AED'000	Total AED'000	0-1 years AED'000	1-2 years AED'000	More than 2 years AED'000
At 31 December 2024					
Non-derivative financial liabilities					
Bank financing	1,593,614	(1,766,815)	(773,793)	(337,726)	(655,296)
Lease Liability	126,274	(193,698)	(47,868)	(38,906)	(106,923)
Trade and other payables	732,705	(732,705)	(732,705)	-	-
Long Term loan due to related party	3,186	(4,558)	-	-	(4,558)
Due to related parties	36,963	(36,963)	(36,963)	-	-
	2,492,742	(2,734,739)	(1,591,329)	(376,632)	(766,777)
Derivative financial liabilities					
Other currency and interest swaps	390	(390)	(390)	-	-
	390	(390)	(390)	-	-

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

31. FINANCIAL INSTRUMENTS (CONTD.)

Equity risk

The Group is not significantly exposed to equity price risk.

Capital management

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

The Group manages its capital structure and adjusts it in light of changes in business conditions. Capital comprises share capital, reserves, retained earnings and non-controlling interests and amounts to AED 2.3 million as at 31 December 2025 (2024: AED 2.3 million). Debt comprises Islamic and interest bearing loans and equity includes all capital and reserves of the Group that are managed as capital.

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

	2025 AED'000	2024 AED'000
Equity	**2,329,563**	2,331,042
Debt	**1,686,859**	1,593,614
Debt equity ratio	**0.72**	0.68

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

32. HYPERINFLATIONARY ECONOMY

The Group has a subsidiary in the Islamic Republic of Iran which was designated as hyper-inflationary economy during the current year, having previously ceased to be so in 2015. The subsidiary did not have material operations during the years ended 31 December 2025 or 31 December 2024 and the total assets of the Iranian subsidiary are approximately 0.55 % of the Group's consolidated total assets as at 31 December 2025.

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

	Index	Conversion factor
31 December 2025	**3,435.46**	2.1600
31 December 2024	**1,590.48**	1.9329
31 December 2023	**822.86**	1.4616
31 December 2022	**563.00**	1.4847
31 December 2021	**379.20**	1.3514
31 December 2020	**280.60**	1.4479

The above-mentioned restatement is effected as follows:

- Hyperinflation accounting was applied as of 1 January 2020;
- The statement of profit or loss is adjusted at the end of each reporting period using the change in the general price index.
- Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the date of the statement of financial position. Monetary items are money held and items to be recovered or paid in money; and
- Non-monetary assets and liabilities are stated at historical cost (e.g. property plant and equipment, investment properties etc.) and equity of the subsidiary is restated using an inflation index. The hyperinflation impact resulting from changes in the general purchasing power until 31 December 2024 were reported in Hyperinflation reserve directly as a component of equity and the impacts of changes in the general purchasing power from 1 January 2025 are reported through the statement of profit or loss in a separate line as a loss on net monetary position, besides having the impact on depreciation charge for the period.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

32. HYPERINFLATIONARY ECONOMY (CONTD.)

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

	1 Jan 2025 AED'000	1 Jan 2024 AED'000
Impact on consolidated statement of financial position		
Increase in property, plant and equipment – net	**11,644**	8,068
Increase in investment properties – net	**11,680**	8,370
Increase in other assets	**10,358**	8,149
Increase in equity	**33,682**	24,587
Allocated to: Increase in opening equity due to cumulative hyperinflation	**33,682**	24,587

	2025 AED'000	2024 AED'000
Impact on consolidated statement of profit or loss		
Increase in depreciation charge for the year	**2,252**	2,871
Loss on net monetary position	**3,461**	7,038
	5,713	9,909

33. SEGMENT REPORTING

Basis for segmentation

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

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

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

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

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

33. SEGMENT REPORTING (CONTD.)

Information about the reportable segments

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

	Ceramic Products AED'000	Faucets AED'000	Other industrial AED'000	Others AED'000	Elimination AED'000	Total AED'000
At 31 December 2025						
External revenue	**2,736,228**	**466,493**	**76,602**	**5,259**	**-**	**3,284,582**
Intersegment revenue	**450,748**	**117,645**	**135,974**	**2,218**	**(706,585)**	**-**
Segment revenue	**3,186,976**	**584,138**	**212,576**	**7,477**	**(706,585)**	**3,284,582**
Segment profit/(loss)	**369,125**	**(50,525)**	**7,973**	**23,698**	**(101,748)**	**248,523**
Segment EBITDA	**699,757**	**(10,381)**	**12,621**	**18,144**	**(96,498)**	**623,643**
Interest/profit income	**24,579**	**1,313**	**68**	**577**	**(22,453)**	**4,084**
Interest/profit expense	**105,923**	**14,808**	**1,105**	**292**	**(23,266)**	**98,862**
Depreciation and amortization	**190,655**	**23,169**	**4,335**	**7,601**	**(6,042)**	**219,718**
Share of (loss)/profit in equity accounted investees	**636**	**-**	**-**	**-**	**-**	**636**
Segment assets	**7,046,246**	**648,402**	**153,987**	**145,700**	**(2,681,120)**	**5,313,215**
Segment liabilities	**3,675,414**	**579,902**	**51,475**	**82,999**	**(1,406,138)**	**2,983,652**

	Ceramic Products AED'000	Faucets AED'000	Other industrial AED'000	Others AED'000	Elimination AED'000	Total AED'000
At 31 December 2024						
External revenue	2,734,448	417,501	76,186	3,884	-	3,232,019
Intersegment revenue	521,038	98,517	107,231	3,209	(729,995)	-
Segment revenue	3,255,486	516,018	183,417	7,093	(729,995)	3,232,019
Segment profit/(loss)	262,852	(27,353)	9,066	13,721	(24,204)	234,082
Segment EBITDA	582,670	6,258	16,029	18,571	(31,284)	592,244
Interest/profit income	20,775	2,887	105	200	(19,904)	4,063
Interest/profit expense	120,261	14,251	302	317	(20,240)	114,891
Depreciation and amortization	181,600	20,761	3,548	7,127	(5,251)	207,785
Share of profit in equity accounted investees	(197)	-	-	-	-	(197)
Segment assets	6,759,715	604,073	145,515	179,380	(2,571,400)	5,117,283
Segment liabilities	3,539,682	401,644	53,751	107,423	(1,316,259)	2,786,241

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

33. SEGMENT REPORTING (CONTD.)

Geographic information

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

Geographical information on revenue is presented in Note 5. In presenting information on the basis of geography, segment non-current assets are based on the geographical location of the assets. Investment in equity accounted investees is presented based on the geographical location of the entity holding the investment.

	2025 AED'000	2024 AED'000
Non-currents assets		
Middle East (ME)	**2,085,701**	1,970,132
Asian countries	**264,982**	310,152
Other	**289,464**	225,745
	2,640,147	2,506,029

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

33. SEGMENT REPORTING (CONTD.)

Reconciliation of reportable segment

	2025 AED'000	2024 AED'000
Revenues		
Total revenue for reportable segments	**3,991,167**	3,962,014
Elimination of intersegment revenue	**(706,585)**	(729,995)
Consolidated revenue	**3,284,582**	3,232,019
Profit		
Total profit for reportable segments	**350,751**	258,286
Elimination of inter-segment profits	**(102,228)**	(24,204)
Consolidated profit	**248,523**	234,082
Assets		
Total assets for reportable segment	**5,302,889**	5,241,634
Equity accounted investees	**10,326**	10,282
Consolidated total assets	**5,313,215**	5,251,916
Interest/profit expense		
Total interest expense of reportable segments	**122,128**	135,131
Elimination of intersegment expense	**(23,266)**	(20,240)
Other finance cost	**7,271**	11,356
Consolidated finance cost	**106,133**	126,247
Other material items		
Interest/profit income	**4,084**	4,063
Interest/profit expense	**98,862**	114,891
Depreciation and amortization	**219,718**	207,785

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

34. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTEES

Name of the entity	Country of incorporation	Effective ownership interest 2025	Effective ownership interest 2024	Principal activities
A Subsidiaries of RAK Ceramics P.J.S.C				
RAK Ceramics (Bangladesh) PLC	**Bangladesh**	**68.13%**	68.13%	Manufacturing of ceramic tiles and sanitary ware
RAK Ceramics PJSC Limited	**Iran**	**100%**	100%	Manufacturing of ceramic tiles
RAK Ceramics India Private Limited	**India**	**100%**	100%	Manufacturing of ceramic tiles and sanitary ware
Elegance Ceramics LLC*	**UAE**	**100%**	100%	Manufacturing of ceramic tiles
RAK Ceramics Australia PTY Limited	**Australia**	**100%**	100%	Trading in ceramic tiles
RAK Bathware PTY Limited	**Australia**	**100%**	100%	Trading in sanitary ware
Acacia Hotels LLC*	**UAE**	**100%**	100%	Lease of investment property
RAK Ceramics Holding LLC	**UAE**	**100%**	100%	Investment company
Al Jazeerah Utility Services LLC*	**UAE**	**100%**	100%	Provision of utility services
Ceramin FZ LLC*	**UAE**	**100%**	100%	Manufacturing, processing import & export of industrial minerals
Al Hamra Construction Company LLC*	**UAE**	**100%**	100%	Construction company
RAK Porcelain LLC (refer Note 33)	**UAE**	**100%**	100%	Manufacturing of porcelain tableware
RAK Ceramics UK Limited	**UK**	**100%**	100%	Trading in ceramic tiles and sanitary ware
RAK Ceramics GmbH	**Germany**	**100%**	100%	Trading in ceramic tiles and sanitary ware
ARK International Trading Company Limited	**Saudi Arabia**	**100%**	100%	Trading in ceramic tiles and sanitary ware
Kludi RAK LLC *	**UAE**	**100%**	100%	Manufacturing of water tap faucets etc.
RAK Industrial LLC	**Saudi Arabia**	**100%**	100%	Proposed manufacturing of ceramic tiles
RAK Ceramics Austria GmbH	**Austria**	**100%**	100%	Investment company
B Subsidiaries of RAK Ceramics (Bangldesh) PLC				
RAK Power Private Limited	**Bangladesh**	**100%**	100%	Power generation for captive consumption
RAK Securities and Services Private Limited	**Bangladesh**	**100%**	100%	Providing security services
C Subsidiaries of RAK Ceramics Holding LLC				
RAK Paints LLC	**UAE**	**51%**	51%	Manufacturing of paints and allied products
RAK Universal Plastics Industries LLC	**UAE**	**87.6%**	87.6%	Manufacturing of pipes
D Subsidiaries of RAK Ceramics UK Limited				
RAK Distribution Europe SARL	**Italy**	**100%**	100%	Trading in ceramic tiles and sanitary ware
E Subsidiary of RAK Distribution Europe SARL				
RAK Ceramics CE GmbH	**Germany**	**100%**	100%	Trading in ceramic tiles and sanitary ware
F Subsidiaries of Ceramin FZ LLC				
Ceramin India Private Limited*	**India**	**100%**	100%	Extraction, trading and export of clay and other minerals

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

34. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTEES (CONTD.)

Name of the entity	Country	Effective ownership interest 2025	2024	Principal activities
G Subsidiaries of RAK Porcelain LLC				
RAK Porcelain Europe S.A.	Luxemburg	100%	100%	Import and export of porcelain tableware
Restofair RAK LLC	UAE	47%	47%	Contracting of furnishing the public firms
H Subsidiary of RAK Porcelain Europe S.A.				
RAK Porcelain USA Inc.	USA	100%	100%	Trading of tableware
Bankook Design Chamber S.L	Spain	100%	-	Design and distribution of tableware
I Subsidiaries of RAK Ceramics India Private Limited				
Gris Ceramics Limited Liability Partnership	India	51%	51%	Manufacturing of ceramic tiles
Gryphon Ceramics Private Limited	India	51%	51%	Manufacturing of ceramic tiles
Totus Ceramics India Private Limited	India	100%	100%	Trading of ceramic tiles and sanitary ware
RAK Retail Pvt. LTD	India	51%	51%	Trading of ceramic tiles and sanitary ware
J Joint Venture of RAK Ceramics Australia PTY LTD				
Massa Imports PTY Limited	Australia	50%	50%	Trading in ceramic tiles
K Subsidiary of RAK Ceramics Australia PTY Ltd.				
Touchstone Holdings Pty Ltd. Australia	Australia	100%	100%	Trading of Tiles and Sanitary ware
L Subsidiary of Touchstone Holdings Pty Ltd.				
RAK Ceramics Pty Ltd. Australia	Australia	100%	100%	Trading of Tiles and Sanitary ware
M Associate of Restofair RAK LLC				
Naranjee Hirjee Hotel Supplies LLC	Oman	25%	25%	Hotel supplies
N Subsidiary of RAK Ceramics Austria GmbH				
Scheffer Beteiligungs GmbH (DE)	Germany	100%	100%	Investment company
Kludi Armaturen GmbH & Co. KG (AT)	Austria	100%	100%	Manufacturing and trading of faucets
Kludi Armaturen GmbH (AT)	Austria	100%	100%	Investment Company
Kludi GmbH & Co. KG (DE)	Germany	100%	100%	Manufacturing and trading of faucets
Kludi Management GmbH (DE)	Germany	100%	100%	Investment Company
O Subsidiary of Kludi Armaturen Austria GmbH				
Kludi Armaturen SP. Z.O.O. (PL)	Poland	100%	100%	Trading of faucets
Kludi Szerelvenyek (HU)	Hungary	99.46%	99.46%	Manufacturing and trading of faucets
Kludi France S.A.R.L.	France	100%	100%	Trading of faucets
Kludi Sanitary Products Shanghai	China	100%	100%	Trading of faucets
S.C Kludi Romania S.R.L.	Romania	100%	100%	Trading of faucets

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

34. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTEES (CONTD.)

Name of the entity	Country	Effective ownership interest 2025	2024	Principal activities
P Subsidiary of Kludi Szerelvenyek (HU)				
Kludi Bulgaria EOOD	Bulgaria	100%	100%	Trading of faucets
Q Subsidiary of Kludi GmbH & Co. KG (DE)				
Kludi Benelux C.V. (NL)	Netherlands	100%	100%	Trading of faucets
Kludi UK Ltd.	United Kingdom	100%	100%	Dormant
R Subsidiary of Kludi GmbH & Co. KG (DE)				
Kludi Asia-Pacific LLP (Singapore)	Singapore	100%	100%	Dormant
Kludi Armaturen Austria GmbH	Austria	100%	100%	Manufacturing and trading of faucets
S Subsidiary of Kludi Armaturen SP. Z.O.O. (PL)				
Kludi Armaturen S.R.O. (CZ)	Czech Republic	100%	100%	Trading of faucets
Kludi Myjava S.R.O. (SK)	Slovakia	100%	100%	Trading of faucets
T Subsidiary of Kludi France S.A.R.L.				
Kludi Armaturen Espana	Spain	100%	100%	Dormant
U Subsidiary of Kludi RAK, LLC				
Kludi RAK Egypt	Egypt	100%	100%	Trading of faucets
Kludi RAK India	India	100%	100%	Trading of faucets
V Subsidiary of RAK Paints LLC				
Altek Emirates LLC **	UAE	-	100%	Manufacturing of paints and adhesive products.

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

**The Group's subsidiary RAK Paints LLC, UAE disposed of its stake in its subsidiary Alltek Emirates LLC. There was no material financial impact.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

35. MATERIAL ACCOUNTING ESTIMATES AND CRITICAL ACCOUNTING JUDGEMENTS

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

Critical accounting judgements

Key sources of estimation uncertainty

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

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

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

Fair valuation of investment properties

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

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

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

Impairment of Goodwill

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

35. MATERIAL ACCOUNTING ESTIMATES AND CRITICAL ACCOUNTING JUDGEMENTS (CONTD.)

Impairment of goodwill Continued)

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

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

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

Growth rate

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

Profit margins

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

Discount rates

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

Calculation of loss allowance

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

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

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

If the ECL rates on trade receivables between 91 and 180 days past due had been 5 per cent higher (lower) as of 31 December 2025, the loss allowance on trade receivables would have been AED 0.33 million (2024: AED 0.31million) higher (lower).

If the ECL rates on trade receivables between 181 and 360 days past due had been 5 per cent higher (lower) as of 31 December 2025, the loss allowance on trade receivables would have been AED 0.55 million (2024: AED 0.43 million) higher (lower).

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

36. COMPARATIVE INFORMATION

In the consolidated financial statements for the year ended 31 December 2024, the Group presented certain income tax payments made against the respective tax liabilities, in a foreign jurisdiction, on a gross basis.

In accordance with IAS 12 Income Taxes, these balances are now presented on a net basis as the Group has a legally enforceable right to offset the relevant income tax assets and liabilities and in practice settles them on a net basis. The comparative information including opening consolidated statement of financial position is as follows:

	Note	31 December 2025 AED'000	31 December 2024 AED'000	1 January 2024 AED'000
Trade and other receivables	17	**977,012**	993,734	1,044,216
Provision for taxation	11	**84,536**	49,791	30,251

The prior year balances have been reclassified for consistency of presentation as follows:

	Note	As Previously reported as at 31 December 2024 AED'000	Adjustments AED'000	As adjusted as at 31 December 2024 AED'000
As at 31 December 2024				
Trade and other receivables	17	1,128,367	(134,633)	993,734
Other assets		4,123,549	-	4,123,549
Total assets		5,251,916	(134,633)	5,117,283
Provision for taxation	11	184,424	(134,633)	49,791
Other liabilities		2,736,450	-	2,736,450
Total liabilities		2,920,874	(134,633)	2,786,241
Total equity		2,331,042	-	2,331,042

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2025

36. COMPARATIVE INFORMATION (CONTD.)

	As Previously reported as at 31 December 2023 AED'000	Adjustments AED'000	As adjusted as at 1 January 2024 AED'000
As at 1 January 2024			
Trade and other receivables	1,185,292	(141,076)	1,044,216
Other assets	4171799	-	4171799
Total assets	5,357,091	(141,076)	5,216,015
Provision for taxation	171,327	(141,076)	30,251
Other liabilities	2,817,014	-	2,817,014
Total liabilities	2,988,341	(141,076)	2,847,265
Total equity	2,368,750	-	2,368,750

Additionally, in the consolidated statement of cash flows for the year ended 31 December 2024, the cash paid for the acquisition of additional shares in a subsidiary was previously presented under investing activities.

In accordance with IAS 7 Statement of cash flows, this has been reclassified to cash flows from financing activities as follows:

	As Previously reported 31 December 2024 AED'000	Adjustments AED'000	As adjusted as at 31 December 2024 AED'000
Net cash generated from operating activities	576,323	-	576,323
Net cash used in from investing activities	(138,230)	44,000	(94,230)
Net cash used in financing activities	(429,694)	(44,000)	(473,694)
Net cash and cash equivalents at the end of the period	129,050	-	129,050

The above adjustments, had no impact on the Groups' previously reported profit, basic or diluted EPS for the period ended 31 December 2024.

37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 11 February 2026.

HEAD OFFICE

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RAK CERAMICS

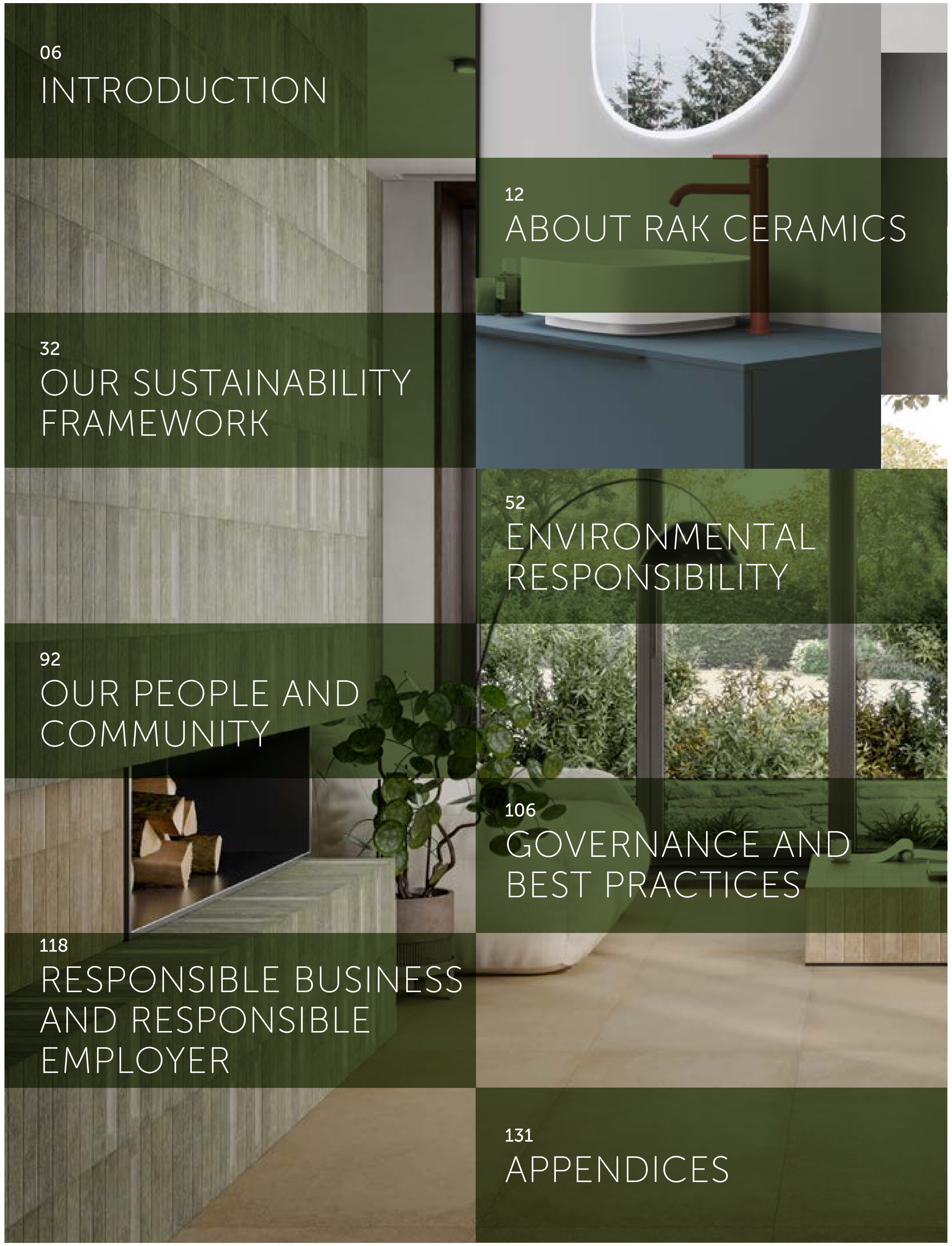
SUSTAINABILITY REPORT
2025

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

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

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

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

ABOUT THIS REPORT

We are pleased to present our sixth public Sustainability Report, which outlines RAK Ceramics' sustainability performance and progress. Sustainability is a defining pillar of RAK Ceramics' identity, shaping how we operate, innovate, and create long-term value across our global footprint. At RAK Ceramics, sustainability continues to guide our initiatives and inform our strategic direction.

The 2025 Sustainability Report provides a comprehensive overview of our annual performance and actions for the reporting period from 1 January to 31 December 2025. The report primarily focuses on our United Arab Emirates (UAE) operations, while also highlighting significant contributions from our international entities. It has been developed collaboratively by our Sustainability Working Group, Senior Management, and key stakeholders, reflecting our commitment to responsible and sustainable business practices.

For this reporting cycle, we conducted an internal assurance process, which included a detailed review and validation of report content with management and internal stakeholders. While no external third-party assurance was obtained for this report, the appointment of an external assurer remains an option that may be considered in future reporting cycles.

This Sustainability Report has been prepared with reference to the GRI Standards and incorporates disclosures aligned with leading international sustainability frameworks. It also includes reporting against the Abu Dhabi Securities Exchange's 31 Key Performance Indicators (KPIs), which are presented in detail in the Appendix.

We remain committed to contributing to the United Nations Sustainable Development Goals (UN SDGs) and to supporting national priorities, including the UAE Net Zero by 2050 Strategic Initiative, the UAE Climate Change Plan 2017–2050, and the UAE Energy Strategy 2050. In line with our values of transparency and accountability, sustainability considerations are integrated across our core operations, and our progress is disclosed annually through this Sustainability Report, which is published alongside our Annual Report and Corporate Governance Report. Together, these publications provide stakeholders with a comprehensive view of our financial performance, governance structure, risk management approach, and sustainability impact.

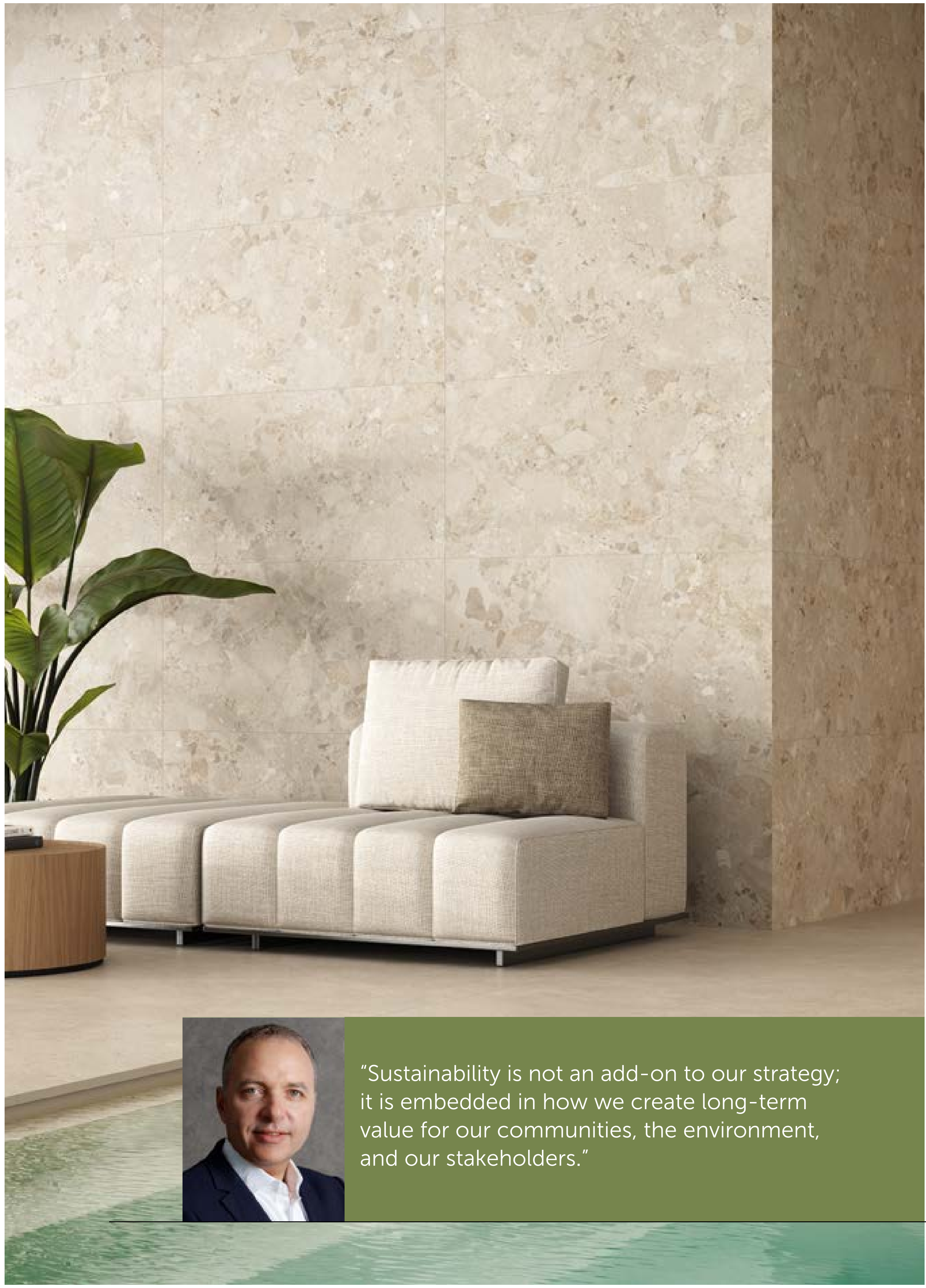
References to the "Global Group" or "Group" in this report include our operations in the UAE, Bangladesh, and India, as well as our subsidiaries RAK Porcelain LLC, Kludi RAK LLC, and Elegance Ceramics LLC in the UAE. Where RAK Ceramics "Tableware Division" or "Tableware" is referenced, it shall be read and understood as RAK Porcelain LLC. The initiatives, KPI's and data within this Sustainability Report refer solely to our operations in UAE, if not explicitly described as Global Group details.

This year, we are pleased to have improved our data provision, by breaking down energy, water, waste and emissions data per manufacturing line (Tiles, Sanitaryware, Faucets & Tableware).

We thank you for your interest in RAK Ceramics and our sustainability journey.

FURTHER INFORMATION

For any inquiries related to this report, please contact the Chief Sustainability and Governance Officer at **ESG.communications@rakceramics.com.**



"Sustainability is not an add-on to our strategy; it is embedded in how we create long-term value for our communities, the environment, and our stakeholders."

Group CEO's Message

Dear Stakeholders,

At RAK Ceramics, sustainability is not an add-on to our strategy; it is embedded in how we create long-term value for our communities, the environment, and our stakeholders. Our progress is guided by the four pillars of our sustainability framework: **Environmental Responsibility; Our People and Community; Governance and Best Practices; and Responsible Business, Responsible Employer.**

This sixth Sustainability Report highlights how these commitments are translated into action, shaping our operations, informing strategic decisions, and driving sustainable growth across the Group.

In advancing our environmental ambitions, 2025 marked a significant milestone through our partnership with Gulf Cryo to establish the UAE's first industrial carbon recovery and reuse facility. This pioneering project captures CO_2 emissions from our operations and converts them into high-purity, food-grade CO_2 for use across the food, healthcare, and agriculture sectors, demonstrating leadership in circular carbon management and supporting the UAE's Net Zero 2050 agenda. During the year, we also achieved full utilization of our Effluent Treatment Plant (ETP), further strengthening our commitment to responsible water stewardship and resource efficiency.

Our people and the communities in which we operate remain central to our success. Throughout 2025, we continued to priorities employee wellbeing, development, and engagement, advancing Emiratization, expanding our workforce, and reinforcing our focus on safety, training, diversity, and wellbeing. Through deeper community engagement and local talent development, we aim to create shared value and contribute meaningfully to national development priorities.

Strong governance and ethical conduct support our approach to responsible business. In 2025, we strengthened our governance framework through updates to our Global Code of Conduct and Conflict of Interest policies. These enhancements embed our mission, vision, and purpose; strengthen human rights protections; expand guidance on digital ethics and the responsible use of AI; reinforce legal and financial compliance; clarify anti-bribery practices; and deepen our commitment to diversity, equity, and inclusion, fostering a workplace free from discrimination and harassment.

As a Responsible Business and Employer, we further advanced our circular economy practices by expanding our Re-Use tile range, manufactured entirely from recycled materials. This initiative enhances product performance, broadens market access, and introduces innovative designs that reduce waste, conserve resources, and support more sustainable production processes.

As a signatory to the United Nations Global Compact, we remain committed to ethical business conduct, transparency, and alignment with global sustainability principles. We continue to embed best practices in corporate governance, data protection, and compliance to ensure accountability across the Group.

Looking ahead, we remain focused on innovation, strategic partnerships, and responsible growth, building a resilient business that delivers sustainable products, protects the environment, empowers our people, and creates long-term value for all stakeholders.

ABDALLAH MASSAAD
Group CEO

About RAK Ceramics

Our Vision

To be the world's leading ceramics lifestyle solutions provider. With the latest technologies all under one roof, we can offer true customization in every sense of the word.

ABOUT RAK CERAMICS

Business Overview

Founded in 1989 and headquartered in the United Arab Emirates, we serve clients in more than 150 countries through a network of operational hubs in Middle East, Europe, Africa, Asia, North and South America and Australia. Within UAE we have more than 7,000 staff from more than 40 nationalities.

We are a publicly listed company on the Abu Dhabi Securities Exchange in the United Arab Emirates and on the Dhaka Stock Exchange in Bangladesh and as a group have an annual turnover of approximately US$1 billion.

In 2025, our global manufacturing capacity reached 118 million square meters for ceramics and gres porcelain tiles. Sanitaryware production capacity totaled 5.7 million pieces, tableware output reached 36 million pieces, and faucets output stood at 2.6 million pieces. Our continued focus on quality, innovation, and customer satisfaction remains central to our ambition to shape the future of the ceramics industry.

RAK Ceramics operates an integrated manufacturing and distribution model, supported by a diversified product portfolio spanning tiles, sanitaryware, faucets, and tableware. The Group's vertically integrated operations, advanced manufacturing capabilities, and global distribution network enable it to serve a wide range of residential, commercial, and hospitality customers across international markets.

With a strong focus on design, quality, and innovation, RAK Ceramics combines large-scale production with technical expertise to deliver value-driven solutions tailored to evolving customer and market requirements. The Group continues to leverage its manufacturing scale, brand portfolio, and operational efficiencies to strengthen its competitive position while supporting long-term growth across key geographies.

118 Million
SQUARE METERS OF TILES GLOBALLY

5.7 Million
PIECES OF SANITARYWARE GLOBALLY

23
STATE OF THE ART PLANTS GLOBALLY

PRESENCE IN
150 Countries

USD $ 1 Billion
ANNUAL TURNOVER GLOBALLY

7,098
STAFF IN UAE

Business Overview

OWNERSHIP STRUCTURE OF RAK CERAMICS

RAK Ceramics maintains a diversified shareholding structure that supports strong corporate governance and long-term stability. As at the reporting period, **Falcon Investment Co. LLC** is the largest identified shareholder, holding **20.71%** of the Company's shares, followed by **Al Rajhi Partners LLC** with **6.88%**, and the **Government of Ras Al Khaimah** with a **5.02%** shareholding. The remaining 67.39% of shares are held by other public and institutional investors.

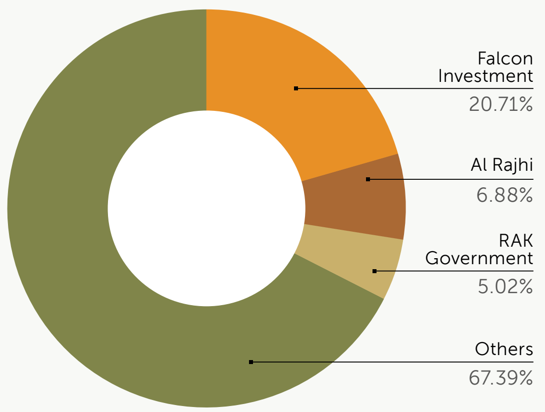
This diversified ownership base enhances market liquidity and reflects broad investor confidence in the Company's strategy and performance. The shareholding structure supports balanced oversight, accountability, and alignment with shareholder interests, in line with applicable regulatory requirements and best practices in corporate governance.

OREVENUE BY GLOBAL REGIONS

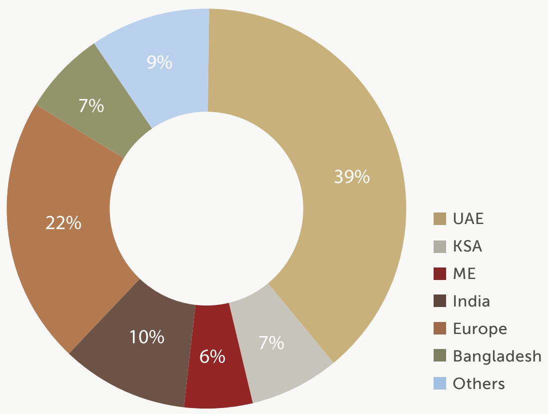
Revenue is led by the **UAE (39.1%)**, followed by **Europe (21.7%)** and **India (10.1%)**, with the remaining share distributed across KSA, SME, Bangladesh, and other markets.

Listed on the Abu Dhabi Securities Exchange, we consistently achieve a stable annual turnover of approximately US$ 1 billion, our exceptional gross margins were maintained through optimized production processes and enhanced capacity utilization.

Overview of RAK Ceramics' Ownership distribution as at the reporting period



Overview of RAK Ceramics' Distribution of Revenue across Regions



Economic Performance KPIs

1.54%

INCREASE IN SALES COMPARED TO 2024 GLOBALLY

AED 623.6M

TOTAL EBITDA GLOBALLY

AED 248.5M

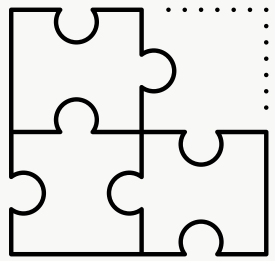
NET PROFIT GLOBALLY

2.4X

NET DEBT TO EBITDA IN 2025 GLOBALLY

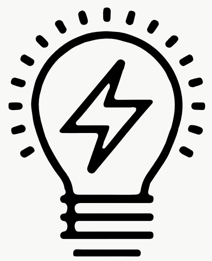
Our Purpose Today

To become the world's leading ceramic lifestyle solutions provider



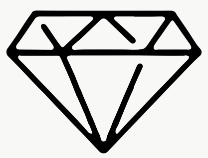
LIFESTYLE BRAND

We are a globally recognized ceramics brand offering integrated lifestyle solutions that combine design, functionality, and performance across residential, commercial, and hospitality spaces.



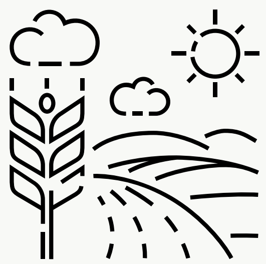
INNOVATION

Innovation is central to our philosophy. Through continuous investment in technology, design, and process improvement, we consistently advance product development and manufacturing excellence.



HIGH-END QUALITY

We are known for our extensive product range and our ability to deliver premium-quality products at competitive value, supported by advanced manufacturing capabilities and rigorous quality standards.



SUSTAINABILITY

We operate responsibly and in harmony with our communities, embedding ethical practices, resource efficiency, and environmental stewardship across our operations to create long-term positive impact.

Our Purpose
Performance Highlights 2025

Environmental Responsibility

Our People & Community

Governance & Best Practices

Responsible Business, Responsible Employer

⬇ 0.55%
Reduction in Total Energy Consumption

⬇ 26%
Decrease in Overall Petrol Consumption

17
Governance Meetings held in 2025 with ESG reporting to the Board

⬆ 12.4%
Increase in Desalination Water Treated

0
Substantiated data privacy complaints

0
Material data leaks, cybersecurity incidents, or reportable breaches

⬇ 35.5%
Reduction in Total Sulfur Oxides emissions

⬇ 2.09%
Energy Intensity of Sales

MENA Green Building Awards 2025
Sustainable Building Product of the Year (Indoor Air Quality - Porcelain & Ceramic Tiles)

⬇ 336 tCO_2e
Carbon Emissions Saved from transition to Rail Transport

EcoLabel Certification
by EPDA Ras Al Khaimah (February 2025)

78%
Local supplier base across red clays, GCC materials, and Persian Gulf inputs

7,098
Total Number RAK Ceramics UAE Employees

12.7%
Employees of local nationality in alignment with the Emiratization law

8.96%
Percentage of Female Emirati Employees

Our History

1989

Founded by H.H. Sheikh Saud Bin Saqr Al Qasimi, Ruler of Ras Al Khaimah.

1991

Our first tile plant began operating with an annual output of 1,825,000 square meters of tiles.

1993

Our first sanitaryware plant began operating with an annual output of 350,000 pieces of sanitaryware.

2000

The opening of our tile plant in Bangladesh with an annual output of 3,650,000 sqm.

2004

RAK Luminous, ability to glow in the dark & RAK Slim, a thickness of just 4.5mm are introduced.

2006

Our 10th UAE tile plant with an annual output of 16,425,000 square meters of tiles.

Kludi RAK was established, producing exquisite designer and water saving faucets.

2010

Producing 115 million sqm. of tiles per year, we became the world's largest ceramics brand.

2012

1 billion square meters of tiles supplied to projects around the world.

Launch of Maximus Mega Slab, a super-sized slab.

2016

The launch of the new RAK Ceramics global brand identity.

2019

The partnership with sanitaryware designers.

2020 - 21

RAK Ceramics celebrates 30 years of success.

RAK Ceramics collaborates with international fashion brand to launch bathroom and surface collection.

2022

RAK Ceramics inks 100% KLUDI acquisition deal.

2023

RAK Ceramics pioneers sustainable logistics by partnering with DHL and Rail Direct - Etihad.

RAK Ceramics participates in COP28

2024

Attainment of ISO 50001 across Tiles, Sanitaryware and Tableware.

CookingRAK receives most prestigious 'Best of the Best' RED DOT award.

2025

ICV Excellence Award at Make it in the emirates Awards

Continua Plus Launch.

Carbon Capture Plant Inauguration - Gulf Cryo x RAK Ceramics

Product Overview - Brands & Product Line

RAK Ceramics operates a structured brand portfolio delivering integrated ceramic and bathroom solutions across global markets. The flagship RAK Ceramics brand offers tiles, and sanitaryware, while RAK Porcelain specializes in premium tableware, and Kludi focuses on faucets and sanitary fittings. Together, the brands provide a comprehensive product portfolio spanning tiles, sanitaryware, faucets, and tableware, supporting diverse residential, commercial, and hospitality needs worldwide. RAK Ceramics manages an integrated value chain spanning raw material processing, manufacturing, distribution, and after-sales services.

TILES

We offer one of the largest collection of Ceramic and Gres Porcelain wall and floor tiles and super-sized slabs in the industry. Our Tiles are known for their premium design and quality.

SANITARYWARE

Complete solutions provider offering products designed to suit all budgets and tastes with accessories and bathroom furniture.

TABLEWARE

Products supplied to over 40,000 hotels in more than 165 countries with clients including JW Marriott, Hilton, Hyatt and Sheraton amongst others.

FAUCETS

Eco-friendly faucets and bathroom fittings with a strong focus on water-saving technology, offering up to 60% saving on water consumption.

Awards 2025

In 2025, RAK Ceramics earned widespread regional and international recognition across sustainability, manufacturing excellence, design innovation, product quality, and national value creation, reinforcing its leadership in responsible manufacturing and premium design.

EcoLabel Award

RAK Ceramics was awarded the EcoLabel Certification by the Environment Protection and Development Authority (EPDA), Ras Al Khaimah, under its EcoLabel Program in February 2025. The recognition reflects the Group's commitment to environmental stewardship and responsible operational practices.

Business Excellence Award – Westford Awards 2025

RAK Ceramics received the Business Excellence Award at the Westford Awards 2025 in Dubai. This recognition underscores the Group's continued focus on innovation, sustainability, and leadership within the ceramics industry.

Design Middle East Award 2025 –KLUDI

KLUDI was honored with the Design Middle East Award 2025 for Design Excellence in Bathroom Fittings. The award celebrates the brand's commitment to innovation, precision engineering, and timeless design.

In-Country Value (ICV) Excellence Award – Make it in the Emirates 2025

RAK Ceramics was awarded the ICV Excellence Award at the Make it in the Emirates (MIITE) Awards 2025, hosted by the UAE Ministry of Industry and Advanced Technology. The award recognizes the Group's commitment to local manufacturing, procurement, and talent development in support of the UAE's ICV Programme, aimed at enhancing national economic resilience.

MENA Green Building Awards 2025

RAK Ceramics was recognized for Sustainable Building Product of the Year – Indoor Air Quality for Porcelain and Ceramic Tiles at the MENA Green Building Awards 2025. In addition, the Re-Use Series Tiles were shortlisted for Sustainable Building Material of the Year – Construction Material, highlighting progress in circular design, innovation and resource efficiency.

Sustainability 2040 Awards – Manufacturing (Gold), Middle East

RAK Ceramics received the Gold Award in the Manufacturing category at the Sustainability 2040 Awards – Middle East. The recognition acknowledges leadership and sustained efforts in advancing sustainable manufacturing practices across the region.

Awards 2025 (contd.)

The Major German Brands 2026 – KLUDI

KLUDI participated in the release of The Major German Brands 2026, held under the theme "The Transformative Power of Design." The recognition highlights KLUDI's commitment to design-led innovation and forward-thinking product solutions.

Top Luxury Brand 2025 – KLUDI

KLUDI was awarded the Top Luxury Brand 2025 title by WAD, recognizing its leadership in luxury, innovation, and design excellence in bathroom and kitchen fittings.

Archiproducts Design Awards 2025 – Longlisting

Two product ranges, I SASSI with SofTech Technology and RE-USE, a 100% recycled tile range, were longlisted for the Archiproducts Design Awards 2025. The recognition highlights excellence in innovation, craftsmanship, and responsible product design.

Quality Circle Forum – Performance Highlights

RAK Ceramics achieved strong results at the Quality Circle Forum, with seven case studies submitted across Tiles and Logistics & Warehouse functions. Based on QCFI evaluation, the submissions received six Gold trophies and one Silver trophy, reflecting a culture of continuous improvement.

Gold Idea Design Award 2025 – Distinction Product

The RAK-Batu washbasin collection received the Distinction Product award at the Gold Idea Design Award 2025 in China. This accolade recognizes outstanding achievement in design and innovation, reinforcing the Group's global design leadership.

Red Dot: Best of the Best - Product Design category

CookingRAK, our invisible induction cooktop, had the highest recognition in the competition, awarded to products that truly exemplify the pinnacle of design and quality. Additionally, we secured the "Red Dot" acknowledgment in the Product Design category for CookingRAK's outstanding innovative design.

Innovation and Research First

Transforming Innovation and Research into **Safer, More Durable,** and **Sustainable Living Environments**

Innovation and research are central to RAK Ceramics' sustainability journey, enabling the development of products that combine advanced performance, durability, and responsible design. At the core of this effort is the InnoTech Lab, the Group's research and innovation hub, which continuously develops cutting-edge solutions that redefine material performance and user experience while extending product life cycles and reducing long-term environmental impact.

Two key innovations introduced through the InnoTech Lab, SOFTECH and ScratchGuard, demonstrate how technological advancement can enhance functionality, safety, and durability without compromising design aesthetics.

SOFTECH – SEAMLESS INDOOR–OUTDOOR PERFORMANCE

SOFTECH technology has been developed to support fluid, safe, and comfortable spaces as contemporary architecture increasingly integrates indoor and outdoor environments. Its innovation lies in an advanced micro-particle application process that fills surface micro-cavities, creating a velvety, uniform, and easily cleanable finish while maintaining refined aesthetics.

The surface delivers anti-reflective and non-slip performance, with safety confirmed by R10 A+B ratings for interior applications and R11 A+B+C ratings for exterior applications, supporting use across residential, commercial, and public spaces. SOFTECH is showcased in the I Sassi (The Stones) collection, previewed at Cersaie, which draws inspiration from ancient calcarenite stone settlements and is available in Borgogna and Matera styles across four neutral color variations.

SCRATCHGUARD – DURABILITY, RESISTANCE, AND HYGIENE

ScratchGuard is one of the most advanced anti-scratch technologies developed by RAK Ceramics for porcelain stoneware surfaces, addressing the growing demand for long-lasting performance alongside visual appeal. Applicable to polished finishes, the technology provides enhanced protection against deep scratches caused by metallic objects, preserving surface integrity and appearance over time.

By extending product lifespan and reducing maintenance and replacement needs, ScratchGuard supports long-term resource efficiency and improved hygiene. The technology is featured in collections such as Calacatta Macchia Vecchia and Alaska White, offered in Maximus formats suitable for continuous surfaces and high-traffic applications.

Sustainability at RAK Ceramics

RAK CERAMICS

Our Sustainability Commitment

"We are dedicated to leveraging our products and expertise to create a sustainable world jointly in collaboration with our customers, partners and wider community. We prioritize key initiatives that have multiplier via decarbonization, sustainable products and circularity, high performing workforce, sustainable procurement, community investment and sustainability governance."

OUR SUSTAINABILITY FRAMEWORK

Sustainability Commitment at RAK Ceramics

"Our commitment to sustainability goes beyond environmental performance, it is about people, progress, and purpose.At RAK Ceramics, we are dedicated to operating responsibly, empowering our workforce, and supporting the communities we serve. As we advance our Sustainability Strategy 2024–2030, we remain focused on building a business that delivers lasting impact for both society and the planet."

At RAK Ceramics, sustainability is a core element of our mission and underpins every aspect of our business. We leverage our products, expertise, and scale to create long-term value in collaboration with our customers, partners, and the wider community, focusing on high-impact priorities such as decarbonization, circular and sustainable products, a high-performing workforce, responsible procurement, community investment, and strong sustainability governance. Environmental stewardship is embedded across our entire manufacturing chain, from product design and raw material sourcing to efficient operational processes, allowing us to make a meaningful and lasting contribution to society, strengthen communities, and enhance the quality of life for both local communities and our workforce.

To further strengthen this commitment, we have been actively working on our Sustainability Strategy for 2024–2030, aligned with global best practices and industry standards. This strategy will guide our long-term sustainability roadmap and focus on key priority areas such as decarbonization, circularity, resource efficiency, innovation, and workforce development. It will be embedded across our operations and implemented through a structured Sustainability Governance framework to ensure accountability, transparency, and continuous improvement.

In response to evolving market demands, we have increased our focus on the production of gres porcelain tiles, a more resource-intensive process. To mitigate the associated environmental impact, we have implemented a range of resource-reduction initiatives, detailed in this report, aimed at optimizing energy, water, and raw material consumption. Our efforts include improving energy efficiency, reducing pollution, enhancing biodiversity, and adopting Clean Development Mechanism (CDM) projects to lower carbon emissions during manufacturing.

Waste management remains a critical pillar of our sustainability approach. Through a comprehensive waste management framework, we minimize, recycle, and repurpose waste, supporting a circular economy and reducing our overall environmental footprint. Our Closed Loop Manufacturing System enables the treatment and reuse of wastewater and the recycling of waste materials across all product lines, significantly optimizing water and waste management processes.

Innovation and creativity are deeply embedded in our organizational culture. We foster an environment that encourages imagination, curiosity, and continuous improvement, empowering our teams to challenge conventions and develop innovative solutions that drive positive change within our industry and beyond.

At RAK Ceramics, sustainability shapes every facet of our operations. We take pride in using our products, expertise, and partnerships to contribute to a better world, and we remain committed to advancing oursustainability journey through our 2024–2030 strategy, creating long-term value for our business, society, and the environment.

Our Sustainability Pillars & Material Topics

RAK Ceramics has identified 18 key sustainability material topics that form the foundation of this report, based on a comprehensive materiality assessment conducted in early 2023. The assessment was led by a dedicated sustainability working group in collaboration with senior management, who evaluated each topic by considering the impacts of our operations, stakeholder expectations, and evolving sustainability trends within the ceramics and manufacturing sector.

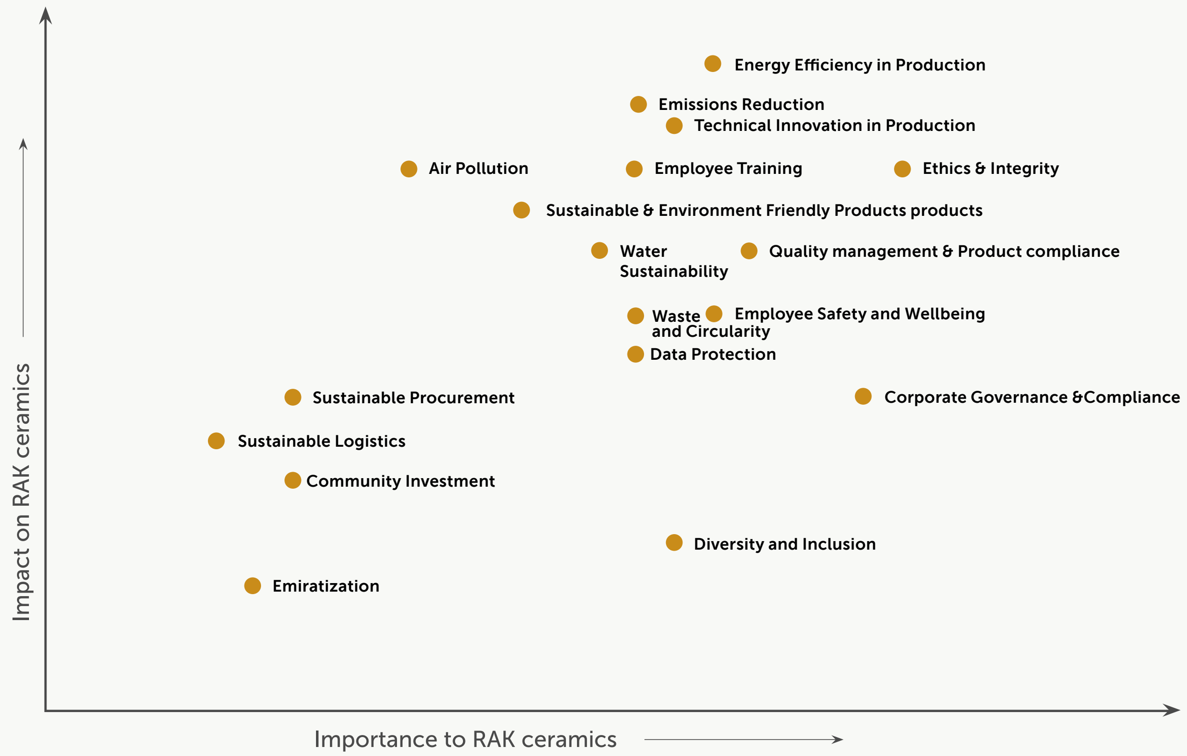
To ensure continued relevance and responsiveness, RAK Ceramics will periodically review and update its materiality assessment to reflect changes in our business, regulatory landscape, stakeholder priorities, and industry best practices. This approach enables us to continuously reassess the significance of sustainability topics and focus our efforts on areas that matter most to our business and stakeholders over time.

The outcomes of our materiality process reinforce our commitment to these priority topics and guide the ongoing development of our sustainability strategy, initiatives, and disclosures, supporting our ambition to strengthen sustainability performance and leadership in the years ahead.

List of Material issues

1. Ethics & Integrity
2. Corporate Governance & Compliance
3. Energy Efficiency in Production
4. Water Sustainability
5. Waste and Circularity
6. Sustainable Logistics
7. Air Pollution
8. Emissions Reduction
9. Employee Safety and Wellbeing
10. Emiratization
11. Diversity and Inclusion
12. Employee Training
13. Responsible & Sustainable Procurement
14. Community Investment
15. Data Protection
16. Technological Innovation in Production
17. Quality management & Product compliance
18. Sustainable products/ Environmentally friendly products

RAK Ceramics Materiality Assessment



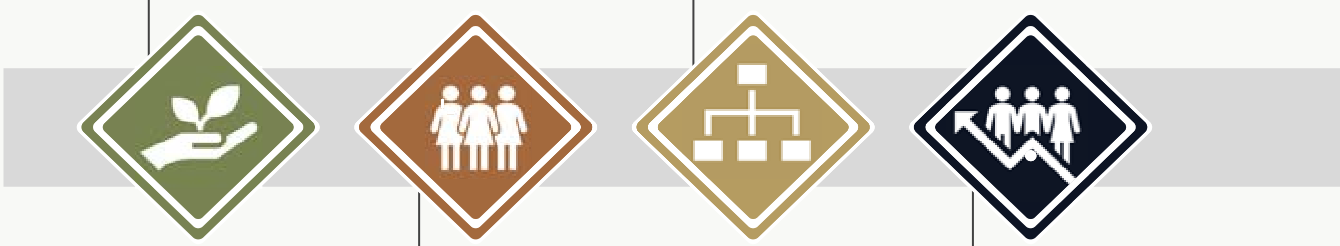
Our 18 material sustainability topics have been organized into four strategic pillars, which together form the foundation of our Sustainability Framework. These pillars provide a structured approach to prioritizing actions, guiding the development of initiatives, enabling effective resource allocation, and supporting consistent tracking and reporting of sustainability performance.

Environmental Responsibility

- Energy Efficiency
- Water Sustainability
- Waste & Circularity
- Sustainable Logistics
- Air Pollution
- Emissions Reduction

Governance & Best Practices

- Ethics & Integrity
- Corporate Governance & Compliance
- Data Protection



Our People and Community

- Employee Safety & Wellbeing
- Diversity & Inclusion
- Emiratization
- Employee Training
- Community Investment

Responsible Business, Responsible Employer

- Product Quality & Compliance
- Sustainable & Responsible Procurement
- Technological Innovation in Production
- Sustainable Products

Commitments

Our Sustainability Commitments are **Driving Long-term Value Creation**

We remain committed to continuous improvement, regularly evaluating our sustainability performance to refine targets and strengthen outcomes. In 2025, we further invested in reducing resource intensity through the adoption of state-of-the-art technologies, including the largest and most energy-efficient sanitaryware kiln, robotic palletisers, and shrink hood wrapping systems. These investments support improved operational efficiency, reduced environmental impact, and enhanced long-term sustainability performance.

Our sustainability commitments across each material topic form the foundation of our approach to responsible growth.

Sustainability Pillar & Material Topic		Commitments
Pillar 1: Environmental Impact		
1	Energy Efficiency in Production	Improve the energy efficiency of production through manufacturing innovation.
2	Water Sustainability	Optimize water consumption and improve circularity and use of treated wastewater.
3	Waste and Circularity	Innovate in manufacturing process to optimize use of raw materials and improve re-use of waste in production and final products.
4	Sustainable Logistics	Optimize shipping routes to reduce emissions.
5	Air Pollution	Implement best technologies to reduce air pollutants.
6	Emissions Reduction	Implement a range of initiatives, such as manufacturing innovation and improving accuracy and completeness of emissions calculations, to effectively reduce emissions.
Pillar 2: People & Community		
7	Employee Safety and Wellbeing	Provide a safe and healthy working environment for all our employees to thrive.
8	Employee Training	Create an environment where our employees can continuously develop and improve their capabilities and are recognized for their contributions.
9	Diversity and Inclusion	Foster a diverse and inclusive environment where every employee feels valued, respected and empowered to enable creativity, innovation and employee satisfaction.
10	Emiratization	Invest in the development and progress of UAE nationals by providing them with employment opportunities, support with their growth, and empower them to contribute to the nation's workforce and sustainable development.
11	Community Investment	Use our position as a large global manufacturing company to serve the communities in which we operate.
Pillar 3: Governance & Best Practices		
12	Ethics and Integrity	Conduct business with transparency and accountability, and ensure highest standards of ethics and integrity.
13	Corporate Governance and Compliance	Maintain clear processes and procedures to ensure the the highest standards of corporate governance and compliance, in-line with international and industry best practices.
14	Data Protection	Safeguard our customer data and digital assets by embedding robust data protection processes in our operations.
Pillar 4: Responsible Business & Responsible Employer		
15	Responsible and Sustainable Procurement	Undertake initiatives to improve sustainability in our supply chains and integrate sustainability considerations in procurement processes.
16	Technological Innovation in Production	Continuously innovate and push boundaries to enhance integration of technologies in our production.
17	Product Quality and Compliance	Implement and ensure the continuous improvement of our Quality Management System to manage market needs, risks and opportunities.
18	Sustainable Products	Design and develop production processes and products that consume resources responsibly.

Our Stakeholders

At RAK Ceramics, effective stakeholder engagement is a core component of our sustainability approach and decision-making process. We engage regularly with a diverse range of stakeholders to understand their perspectives, manage risks and opportunities, and ensure our business practices remain aligned with stakeholder expectations, regulatory requirements, and national sustainability priorities. The table below outlines our key stakeholder groups, areas of engagement, and the outcomes achieved through these interactions.

Stakeholder Group	Who They Are	Key Engagement Areas	Engagement Outcomes
Strategic Partners	Board and senior leadership responsible for governance and strategic oversight	Financial performance, value creation, transparency and disclosure, climate change, energy use, sustainable products	Strategic oversight, informed decision-making, alignment on long-term strategy and performance
Business Partners	Investors and key commercial partners supporting business growth and market presence	Product quality and cost, climate change mitigation, innovation, partnerships, customer satisfaction, relationship management	Cost optimization, improved environmental performance, continued product innovation and partnership development
Talent Community	RAK Ceramics employees across all functions and locations	Rewards and benefits, career development, health and safety, wellbeing, diversity, equity and inclusion, community involvement	Employee goal setting, skills development, structured onboarding, improved engagement and retention
Supply Chain Collaborators	Suppliers, contractors, and logistics partners involved in delivering materials and services	Reputation management, partnership development, timely payments, supply chain management, sustainability practices	Long-standing partnerships, quality assurance, ethical practices, responsible and resilient supply chains
Regulatory Partners	Government authorities and regulatory bodies at local and national levels	Compliance with regulations, alignment with UAE Vision 2030, UAE Net Zero 2050, UAE Energy Strategy 2050, climate and energy policies	Regulatory compliance, alignment with national sustainability priorities, constructive engagement with authorities
Community Partners	Local communities, social organizations, and non-governmental organizations	Social impact initiatives, partnerships, sponsorships, volunteering and community engagement	Community participation, volunteering activities, positive social outcomes and local development

Leadership and Stakeholder Engagement

RAK Ceramics' commitment to corporate responsibility extends to active industry thought leadership and strategic engagement across regional and global platforms. In 2025, Leonardo de Muro, Corporate Vice President for International Business Development, Marketing and Communication, represented RAK Ceramics at the Al Quoz Entrepreneur Forum, reinforcing the Group's advocacy for sustainable business practices and responsible growth. Through this engagement, RAK Ceramics shared perspectives on sustainable design, innovation-led value creation, and the integration of Sustainability principles into industrial competitiveness. This participation reflects the Group's commitment to transparent governance, cross-sector collaboration, and strategic dialogue, while supporting progress towards SDG 9 (Industry, Innovation and Infrastructure) and SDG 12 (Responsible Consumption and Production).

RAK Ceramics actively engages with financial institutions, regulators, and sustainability leaders to support the advancement of sustainable finance and responsible investment frameworks in the UAE. In October 2025, the Group participated in the CFO Roundtable on Enabling Environments for SDG-Linked Investment, co-hosted by the UN Global Compact Network UAE and S&P Global, in partnership with the World Green Economy Organization, as part of the World Green Economy Summit in Dubai. Represented by Mr. P.K. Chand, Group CFO,, the closed-door forum brought together CFOs, regulators, and sustainability experts to exchange insights on scaling SDG-linked finance, sustainable finance taxonomy frameworks, disclosure standards, and policy enablers. This engagement reflects RAK Ceramics' commitment to contributing to credible, impact-linked investment decision-making and strengthening the broader sustainable finance ecosystem.

In parallel, RAK Ceramics engages with regulatory partners, business partners, industry peers, and community partners to support the global positioning of UAE manufacturing. Mr. Abdallah Massaad, Group Chief Executive Officer, participated in the Make it in the Emirates roundtable titled "What It Takes to Take the 'Made in the Emirates' Brand Globally". During the session, he highlighted the role of advanced manufacturing, quality assurance, sustainable production practices, innovation, technology integration, and workforce capability in enhancing global competitiveness. The discussion underscored the importance of collaborative engagement between the public and private sectors and the role of supportive regulatory frameworks in driving continuous improvement and elevating the UAE's manufacturing footprint internationally.

United Nations Sustainable Development Goals Alignment

RAK Ceramics supports the United Nations Sustainable Development Goals (SDGs) and aligns its business strategy and project pipeline with the full set of 17 Goals, integrating environmental, social, and governance priorities across its operations.

1 No Poverty

RAK Ceramics supports SDG 1 through employee wellbeing initiatives and by ensuring equitable access to employment, training, and career development opportunities across its operations. These initiatives are designed to support economic security, improve access to essential services, and reduce vulnerability, contributing to stable and inclusive employment conditions.

2 Zero Hunger

RAK Ceramics supports SDG 2 – Zero Hunger through its participation in the Joy of Giving Initiative, implemented in collaboration with the Red Crescent to provide essential food supplies to families facing hardship. The program reflects the Group's commitment to community welfare and humanitarian support, particularly for vulnerable segments of society. By contributing to timely food assistance and collective relief efforts, the initiative helps address immediate nutritional needs while reinforcing social solidarity and community resilience across the regions where the Group operates.

3 Good Health and Well-Being

RAK Ceramics contributes to SDG 3 through the implementation of a comprehensive Health and Safety Policy and a structured governance framework governing workplace health and safety practices. These efforts are reinforced through regular health and safety awareness initiatives and the provision of employee health benefits, supporting employee wellbeing and the effective management of health risks, including those associated with hazardous chemicals and pollution.

4 Quality Education

RAK Ceramics supports SDG 4 by investing in employee training and skills development programs across its operations. These programs include technical and vocational training, health and safety competency development, and digital and IT systems training, strengthening employee capabilities, productivity, and long-term career progression.

5 Gender Equality

RAK Ceramics aligns with SDG 5 by promoting gender diversity and inclusion across all organizational levels. The company focuses on increasing the representation of women in leadership and decision-making roles, supported by bias-free recruitment practices, inclusive workplace policies, and initiatives to address stereotypes and discrimination, ensuring equal opportunities for career advancement, and reflects our CEO's Statement of Support for gender equality.

6 Clean Water and Sanitation

RAK Ceramics contributes to SDG 6 through optimized water consumption and strengthened circular water management practices across its operations. Fully functional Effluent Treatment Plants (ETP) and Sewage Treatment Plants (STP) enable water treatment and reuse, with the Tableware service line achieving 100% reuse of treated water through its ETP. The company continues to improve water-use efficiency and progress toward water stewardship certification, reinforcing its commitment to responsible and sustainable water management.

United Nations Sustainable Development Goals Alignment (contd.)

Affordable and Clean Energy

RAK Ceramics supports SDG 7 by enhancing energy efficiency across its manufacturing processes. Through process optimization and the adoption of energy-efficient technologies, the company works to reduce energy intensity and promote cleaner energy use within its operations.

Decent Work and Economic Growth

RAK Ceramics contributes to SDG 8 by strengthening economic productivity through innovation, technological upgrading, and responsible resource use. The company aims to improve year-on-year economic performance while promoting decent work, safe working conditions, and sustainable industrial growth.

Industry, Innovation and Infrastructure

RAK Ceramics aligns with SDG 9 through ongoing investment in innovation and the upgrading of industrial infrastructure. The adoption of advanced technologies, research initiatives, and resilient production systems supports improved operational efficiency, product quality, and long-term competitiveness.

Reduced Inequalities

RAK Ceramics supports SDG 10 through inclusive workplace practices that promote fairness, equal opportunity, and employee wellbeing. Policies relating to recruitment, training, and career progression help foster a respectful and equitable working environment across the organization.

Sustainable Cities and Communities

RAK Ceramics contributes to SDG 11 by reducing the environmental impact of its manufacturing operations, particularly in urban and industrial areas. Initiatives focused on waste recycling, circular production practices, and energy efficiency and emissions reduction help limit air pollution and waste generation, supporting more sustainable communities.

Responsible Consumption and Production

RAK Ceramics demonstrates strong alignment with SDG 12 through responsible resource management across its production processes. The company improves the management of raw materials, chemicals, and waste while reducing emissions. Its sustainable porcelain tile, RE-USE Quartz, is manufactured using 100% pre-consumer recycled material, diverting production waste from landfill and reducing reliance on virgin resources, and responsible production practices.

Climate Action

RAK Ceramics supports SDG 13 by integrating climate-related considerations into its operational strategies. Its initiatives are aligned with the UAE Net Zero 2050 strategic initiative and focus on improving energy efficiency, reducing emissions, and advancing decarbonization. This includes investments in innovative solutions such as the Gulf Cryo Carbon Capture initiative. Together, these efforts contribute to mitigating climate-related risks and supporting broader climate action objectives.

Life Below Water

RAK Ceramics contributes to SDG 14 through effective wastewater and discharge management practices, supported by fully functional Effluent Treatment Plants (ETP) and Sewage Treatment Plants (STP) that enable water treatment and reuse. By controlling land-based sources of pollution, the company works to minimize potential impacts on marine and aquatic ecosystems. In parallel, its mangrove plantation initiative in partnership with EPDA helps protect coastal biodiversity.

Life on Land

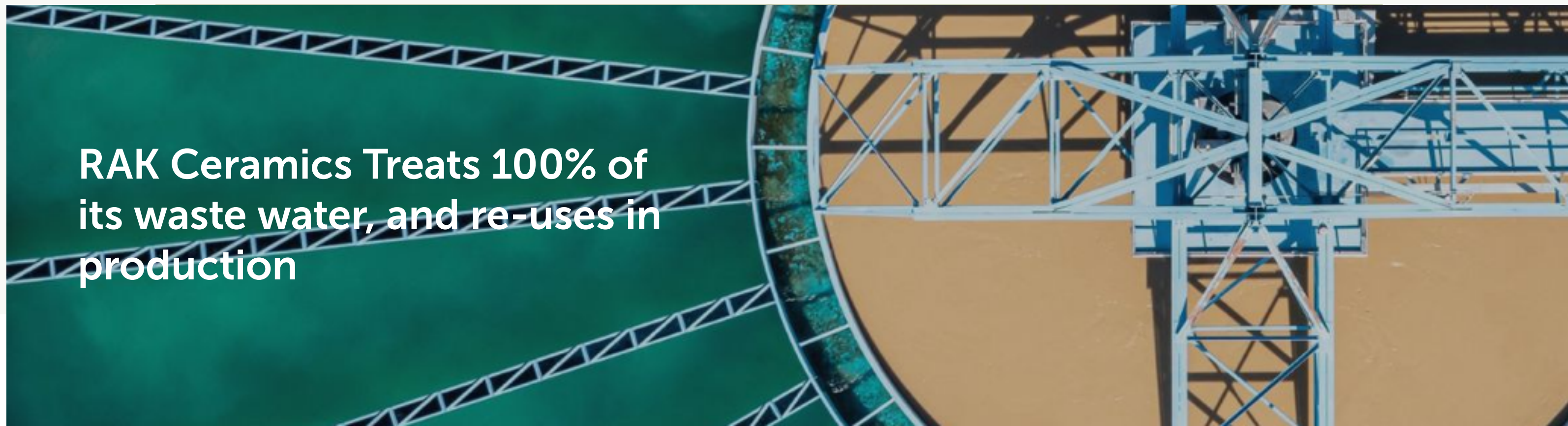
RAK Ceramics aligns with SDG 15 by promoting sustainable resource use and waste reduction to minimize pressure on natural resources. These practices contribute to reduced land degradation and support the protection of terrestrial ecosystems.

Peace, Justice and Strong Institutions

RAK Ceramics supports SDG 16 through strong governance structures, ethical business practices, and transparent institutional frameworks. The company maintains zero tolerance towards child labor and reinforces accountability through its Global Code of Conduct, which in 2025 was enhanced to prohibit forced labor and modern slavery, strengthen anti-bribery safeguards, responsible digital and AI use, and emphasize diversity, equity, inclusion, and ESG responsibilities.

Partnerships for the Goals

RAK Ceramics advances SDG 17 by collaborating with logistics providers, industry partners, and humanitarian organizations to support sustainability outcomes. Engagements focused on low-carbon supply chains, participation in sustainability platforms, and collaboration with humanitarian organizations strengthen collective action towards sustainable development.



United Nations Sustainable Development Goals Alignment (contd.)

RAK Ceramics has shaped its sustainability and impact strategy to support a more resilient and sustainable future, aligned with all 17 UN Sustainable Development Goals across our four strategic pillars, reflecting the breadth of our operations and value chain and our commitment to creating positive impact for people, planet, and prosperity.

Pillars	Material Topics & Related Future SDGs	1 No Poverty	2 Zero Hunger	3 Good Health and Well-Being	4 Quality Education	5 Gender Equality	6 Clean Water and Sanitation	7 Affordable and Clean Energy	8 Decent Work and Economic Growth	9 Industry, Innovation and Infrastructure	10 Reduced Inequalities	11 Sustainable Cities and Communities	12 Responsible Consumption and Production	13 Climate Action	14 Life Below Water	15 Life on Land	16 Peace, Justice and Strong Institutions	17 Partnerships for the Goals
Environmental Responsibility	Climate Change Impacts, Including GHG Emissions											●	●	●				
	Energy Use (Scope 1 & 2 Related)							●					●					
	Water Use (Scope 3 Related)						●			●								
	Pollution (Air/Water)			●					●						●			
	Waste (Hazardous/Non-Hazardous Types)											●	●			●		
Our People & Community	New Supplier Ethical Treatment					●					●						●	
	Skill Development				●													
	Employee Wellbeing & Social Protection	●							●									
	Community Investment	●	●		●				●	●	●							●
Governance & Best Practices	Partnerships & Global Initiatives																	●
Responsible Business, Responsible Employer	Sustainable Procurement								●				●					●
	Technological Innovation in Production									●			●	●				
	Product Quality and Compliance			●									●				●	
	Sustainable Products									●			●	●				

Energy and Sustainability Policy

RAK Ceramics' Energy & Sustainability Policy demonstrates the company's commitment to continually improving energy management, sustainability practices, and operational efficiency.

The policy covers the development and maintenance of energy management systems, reduction of energy consumption, adoption of sustainable products and technologies, and the promotion of awareness across employees and stakeholders. By integrating innovation, sustainable transportation, and nature-based solutions, RAK Ceramics ensures its operations actively contribute to reducing greenhouse gas emissions.

Our policy aligns us directly with the UAE's Net Zero 2050 objectives, we are dedicated to measurable, year-on-year improvements in environmental performance and supporting the nation's transition to a low-carbon, sustainable future.

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ENERGY & SUSTAINABILITY POLICY

It is the policy of RAK Ceramics to continually improve the company's energy and sustainability management practices and procedures by defining, developing, implementing and reviewing processes to meet our commitment to efficiently manage energy usage, the use of sustainable energy, products and services.

To achieve this, we will:

- Develop and maintain an energy management system with the goal of meeting all best practice in harmony with international standards.
- Ensure continual improvement in our energy performance and efficiency through innovation and the use of sustainable equipment, machinery and materials.
- Ensure that future manufacturing processes, technology, related services, and activities are evaluated in consideration with the energy efficiency and sustainability.
- Support the purchase of energy-efficient and sustainable products, equipment, and services.
- Reduce energy consumption on all processes and operations which use significant energy consumption.
- Ensure that the information and resources are provided to achieve the energy and sustainability objectives and targets.
- Minimize energy usage through energy performance improvement, innovation, engineering designs, processes, administrative control and use of sustainable materials and technology.
- Promote energy and sustainability policy throughout RAK Ceramics and stakeholders through awareness, training and best practice communication platform.
- Establish PDCA (Plan, Do, Check, Act) on energy and sustainability objectives and targets.
- Communicate and promote the energy and sustainability policy to stakeholders.
- Set targets and benchmark of our performances, to achieve continuous improvement and ensure compliance with all applicable UAE Regulations including best practice international standards.

The management will visibly and rigorously support the implementation of this policy. We also encourage all employees, contractors and others working for us to support our policy in order to make our Energy Management and Sustainability performance a success and secure the continuing confidence of our customers, investors, supply chain, local community and global stakeholders.

ABDALLAH MASSAAD
Group Chief Executive Officer
20th March 2023

United Nations Global Compact Commitment

RAK Ceramics is committed to the principles of the United Nations Global Compact (UNGC) and aligns its business practices with the Ten Principles covering human rights, labor, environment, and anti-corruption. The Group is also a member of the UN Global Compact Network UAE and actively participates in its subcommittees. This commitment reflects our approach to responsible business conduct and ethical operations across our value chain. The UN Global Compact principles are embedded within our Environmental, Social, and Governance (ESG) pillars, guiding our actions on environmental stewardship, workforce wellbeing and human rights, and strong governance and ethical business practices. By integrating these principles into our policies, governance frameworks, and day-to-day operations, we aim to strengthen transparency, accountability, and long-term value creation while contributing positively to sustainable development.

WE SUPPORT
UN GLOBAL COMPACT

Embedding **Global Principles** to drive **Responsible** and **Sustainable Growth**

03/09/2024

H.E. António Guterres
Secretary-General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary-General,

I am pleased to confirm that **RAK Ceramics PJSC** supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. With this communication, we express our commitment to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. **RAK Ceramics PJSC** will make a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the UN Global Compact is the annual submission of a Communication on Progress (CoP) that describes our company's efforts to implement the Ten Principles. We support public accountability and transparency, and therefore commit to report on progress starting the calendar year after joining the UN Global Compact, and annually thereafter according to the UN Global Compact CoP policy. This includes:

- A statement signed by the chief executive expressing continued support for the UN Global Compact and renewing our ongoing commitment to the initiative and its principles. This is separate from our initial letter of commitment to join the UN Global Compact.
- The completion of the online questionnaire of the Communication on Progress through which we will disclose our company's continuous efforts to integrate the Ten Principles into our business strategy, culture and daily operations, and contribute to United Nations goals, particularly the Sustainable Development Goals.

Sincerely yours,

Abdallah Massaad,

Group CEO at RAK Ceramics PJSC

"RAK Ceramics PJSC supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption"
Abdallah Massaad, Group CEO

Our Sustainability Associations

RAK Ceramics actively engages with recognized national and international organizations to strengthen its sustainability practices, contribute to collective action, and align its operations with leading environmental, social, and governance standards. These memberships and affiliations support knowledge sharing, policy alignment, and collaborative initiatives that advance sustainable development across the built environment.

Emirates Environmental Group (EEG)

RAK Ceramics is affiliated with the Emirates Environmental Group (EEG) and actively participates in key environmental initiatives such as UAE Clean Up Day and UAE Tree Plantation Day. Through this engagement, the Group contributes to community-led environmental action, supporting biodiversity conservation, ecosystem restoration, and environmental awareness across the UAE. RAK Ceramics is the only corporate logistics partner for the Emirates of Ras Al Khaimah for the Can Collection Drive .

Ecolabel Program

RAK Ceramics is certified under the Ecolabel Program, recognizing its innovative efforts to reduce energy and water consumption, minimize air pollution, and decrease waste generation. This certification reinforces the Group's commitment to responsible manufacturing practices and continuous environmental performance improvement.

IMPACT SEAL – Platinum Tier

RAK Ceramics has been awarded the IMPACT SEAL – Platinum Tier, the UAE's official federal recognition for entities demonstrating leading sustainable impact practices. The certification recognizes performance aligned with ESG criteria, the UN Sustainable Development Goals, and national sustainability priorities, reflecting the Group's contribution to sustainable development at a national level.

Red Crescent

RAK Ceramics partnered with the Red Crescent through the "Joy of Giving" initiative to support families facing hardship by providing essential food supplies. The collaboration reflects the Group's commitment to community welfare, humanitarian support, and positive social impact across the regions where it operates.

Emirates Green Building Council (Emirates GBC)

RAK Ceramics is a member of the Emirates Green Building Council, an organization dedicated to promoting sustainable, energy-efficient, and environmentally responsible building practices. Through this membership, the Group collaborates with industry peers, shares technical insights, and supports innovation aimed at advancing greener and healthier built environments, contributing to improved quality of life and sustainable construction practices.

Sheikh Saud bin Saqr Al Qasimi Foundation for Policy Research

RAK Ceramics signed a Memorandum of Understanding with the Sheikh Saud bin Saqr Al Qasimi Foundation for Policy Research to promote collaboration, knowledge exchange, and opportunities for Emirati youth. The partnership supports research, capacity-building, and talent development initiatives, reflecting the Group's commitment to national development and inclusive growth.

Environmental Responsibility

Advancing towards a low-impact future by strengthening energy and water efficiency, accelerating circularity, reducing emissions and pollution, and embedding responsible logistics across our value chain.

ENVIRONMENTAL RESPONSIBILITY

RAK Ceramics' Environmental Stewardship and Biodiversity Initiatives

RAK Ceramics remains committed to protecting nature, restoring ecosystems, and supporting sustainable communities through environmental initiatives that emphasize hands-on impact and strategic collaboration. Guided by its sustainability priorities, the Group integrates biodiversity conservation and ecosystem restoration into both community engagement and operational practices

MANGROVE RESTORATION AT KHOR AL MAZAHMI NATURE RESERVE

In partnership with the **Environment Protection and Development Authority (EPDA)**, RAK Ceramics conducted a mangrove tree plantation drive at the **Khor Al Mazahmi Nature Reserve** in Ras Al Khaimah. Mangroves play a vital role in protecting coastlines, enhancing biodiversity, and strengthening climate resilience by acting as natural carbon sinks and buffers against coastal erosion.

This initiative underscores the importance of consistent and conscious environmental action and reflects RAK Ceramics' commitment to biodiversity protection and ecosystem restoration. In recognition of its contribution, RAK Ceramics received a **Certificate of Appreciation from EPDA**, reinforcing the Group's role in supporting local environmental conservation efforts.

This initiative supports the following **United Nations Sustainable Development Goals (SDGs)**:

SDG 13 – Climate Action: Promoting nature-based climate solutions

SDG 14 – Life Below Water: Protecting coastal and marine ecosystems

SDG 15 – Life on Land: Restoring natural habitats and biodiversity

SDG 17 – Partnerships for the Goals: Collaborating with EPDA to deliver tangible environmental impact

COLLABORATIONS WITH THE EMIRATES ENVIRONMENTAL GROUP (EEG)

RAK Ceramics actively collaborates with the Emirates Environmental Group (EEG) to support community-driven environmental action and awareness. Key initiatives include participation in the #CleanUpUAE Campaign, which mobilizes volunteers to protect and preserve natural environments, and the #ForOurEmiratesWePlant initiative, which involved tree plantation at the Special Bee Reserve – Al Minae to support climate action, enhance biodiversity, and restore ecosystems.

These collaborations reflect the Group's commitment to long-term, hands-on environmental engagement and demonstrate the value of partnerships in delivering measurable and lasting environmental outcomes.

SUSTAINABLE PRACTICES ACROSS OPERATIONS

Environmental responsibility is embedded across RAK Ceramics' operations through a range of initiatives focused on ecosystem protection, resource stewardship, and risk management. These include ecosystem restoration and plantation drives aimed at afforestation and carbon sequestration, contributing to climate mitigation and habitat restoration.

The Group also invests in green infrastructure development, establishing green belts across office and plant premises to improve air quality, reduce heat impact, enhance biodiversity, and create healthier working environments. In addition, RAK Ceramics adopts a life cycle approach to environmental management, conducting Environmental Impact Assessments (EIAs), implementing Environmental Management Plans (EMPs), and undertaking continuous monitoring to mitigate environmental risks and reduce its overall footprint.

COMMITMENT TO LONG-TERM ENVIRONMENTAL IMPACT

Guided by the Group Sustainability Policy Statement and HSE Policy, RAK Ceramics remains committed to responsible water stewardship, biodiversity conservation, circularity, and minimizing environmental impacts across the project life cycle, from development through to decommissioning.

Through these initiatives, RAK Ceramics demonstrates its long-term commitment to environmental stewardship and sustainable development, ensuring meaningful contributions to the protection of natural ecosystems and the wellbeing of the communities in which it operates.

Continua Technology at MC5 Factory: Sustainable Innovation in Manufacturing

In 2025, RAK Ceramics achieved a major milestone in sustainable manufacturing with the integration of Continua+ Technology at the MC5 facility. This next-generation system represents a breakthrough in large-format gres porcelain slab production, combining cutting-edge innovation with environmental efficiency.

The new facility is equipped with a 300-meter kiln, the longest in the Middle East, and incorporates a seven-layer horizontal dryer that operates entirely on total heat recovery from the kiln. This closed-loop design significantly reduces fuel consumption and optimizes energy efficiency, contributing to RAK Ceramics' long-term commitment to sustainable industrial operations.

Continua+ Technology enables a more efficient, streamlined production process with precise raw material dosing and reduced waste generation compared to traditional pressing and cutting methods. The plant integrates smart automation systems, including digital glazing, automated quality control, and intelligent scheduling and storage, all of which enhance production precision and lower overall resource use.

Reduction in fuel consumption through total heat recovery from the kiln.

Optimized energy performance via advanced process automation.

Enhanced efficiency in **raw material use** and waste reduction.

Increased production capacity - up to 4 **million m²** annually, with slabs reaching 180 x 360 cm in size and thicknesses from 6 mm to 20 mm.

This initiative supports the following **United Nations Sustainable Development Goals (SDGs):**

SDG 9 – Industry, Innovation and Infrastructure
Introduces advanced manufacturing technology, improving industrial efficiency and supporting sustainable, innovative infrastructure.

SDG 12 – Responsible Consumption and Production
Reduces fuel consumption, optimizes energy use, and improves raw material efficiency, contributing to lower resource use and waste.

SDG 13 – Climate Action
Enhances energy efficiency and lowers fuel consumption, supporting reductions in greenhouse gas emissions from manufacturing operations.

The integration of Continua+ Technology at MC5 underscores RAK Ceramics' leadership in innovation, operational excellence, and sustainable production, setting new standards for efficiency and environmental responsibility in the ceramics industry.

"Our commitment to innovation and sustainability is at the core of our growth strategy. The launch of the new Continua+ line reinforces our leadership in the slab category and demonstrates our dedication to advancing sustainable manufacturing technologies."

Abdallah Massaad, Group CEO

Carbon Innovation Partnership: Launch of UAE's First Industrial CO_2 Recovery Plant

In 2025, RAK Ceramics reached a major sustainability milestone by partnering with Gulf Cryo to establish the UAE's first industrial carbon recovery and reuse facility. The project marks a pioneering step toward achieving national Net Zero 2050 goals and demonstrates RAK Ceramics' leadership in circular carbon management.

The facility captures carbon dioxide emissions generated from RAK Ceramics' production operations and purifies them into 99.99% food-grade CO_2, creating a valuable resource for industries such as food, healthcare, and agriculture. By transforming emissions into usable products, the initiative showcases how innovation can drive both environmental and economic value.

Beyond its technical achievements, the collaboration reflects a shared vision of industrial decarbonization through partnership and innovation. The plant is designed to recover approximately 17,000 metric tons of CO_2 per year, supporting significant reductions in the company's overall carbon footprint and reinforcing its commitment to responsible manufacturing.

Captures and reuses **17,000 metric tons of** CO_2 annually.

Converts emissions into **99.99% pure, food-grade** CO_2 for multiple sectors.

Supports the **UAE's Net Zero 2050 vision** through practical, scalable solutions.

This initiative supports the following **United Nations Sustainable Development Goals (SDGs):**

SDG 9 – Industry, Innovation and Infrastructure
Introduces advanced industrial carbon recovery technology, supporting innovation and low-carbon manufacturing.

SDG 12 – Responsible Consumption and Production
Transforms process emissions into a reusable, food-grade resource, advancing circular economy practices and resource efficiency

SDG 13 – Climate Action
Reduces industrial CO_2 emissions and supports the UAE's Net Zero 2050 targets through measurable emission reductions.

Overview

At RAK Ceramics, environmental responsibility is embedded across our manufacturing operations spanning Tiles, Sanitaryware, Faucets, and Tableware. As a group operating energy- and water-intensive production processes, we recognize the scale of our environmental footprint and the responsibility we carry in managing resources efficiently, reducing emissions, preventing pollution, and advancing circular practices. Our environmental strategy is driven by continuous improvement, underpinned by targeted investments in advanced technologies, process optimization, and operational controls across all service lines.

Energy efficiency and emissions reduction remain central to our environmental performance across Tiles, Sanitaryware, and Tableware manufacturing, supported by continuous upgrades to kilns, heat recovery systems, cogeneration plants, and process optimization initiatives. In Faucets manufacturing, energy-saving measures such as gas cycle optimization initiatives, equipment upgrades, and improved production controls. These initiatives contribute directly to lowering fuel and electricity consumption and reducing Scope 1 and Scope 2 greenhouse gas emissions across RAK Ceramics UAE.

In 2025, total energy consumption amounted to 978,435 GJ, while total Scope 1 and Scope 2 emissions stood at 378,346 tCO2e and 9,453 tCO2e respectively. Energy and emissions intensity metrics were 0.12 tCO2e/1000AED and 0.13 tCO2e/1000AED respectively, reflecting continued efficiency improvements.

Water stewardship is a key priority across all manufacturing operations. Tiles and Sanitaryware facilities continue to strengthen circular water management through wastewater treatment, reuse, and alternative water sourcing solutions, reducing reliance on freshwater supplies. In Faucets and Tableware manufacturing, water-efficient processes, monitoring systems, and reuse practices support lower water intensity across operations.

In 2025, total freshwater withdrawal was 3,411,767 m^3, across manufacturing sites.

Waste management and circularity are integral to environmental performance, particularly within Tiles and Sanitaryware manufacturing. Initiatives focus on reducing fired losses, increasing the use of recycled materials in production, and reintegrating process waste, including polishing sludge and Effluent Treatment Plant waste, back into manufacturing processes. Across the Group, waste segregation, recycling, and recovery programs aim to minimize landfill disposal and improve material efficiency.

Pollution prevention and environmental protection are managed through robust operational controls across all service lines. Emissions to air are addressed through improved combustion efficiency, cleaner fuel use, and process optimization, while effluents are managed through wastewater treatment systems designed to meet regulatory standards.

Responsible chemical management practices further support the prevention of soil, water, and air pollution, helping to minimize impacts on surrounding communities and ecosystems.In 2025 emissions to air and water remained within regulatory limits.

Highlights

2.09%
Decrease in Energy Intensity of Sales

336 tCO_2E
Carbon Emissions Saved from transition to Rail Transport

35.5%
Reduction in Sulfur Dioxide Emissions.

Looking ahead, RAK Ceramics will continue to strengthen its environmental performance across Tiles, Sanitaryware, Faucets, and Tableware manufacturing. By intensifying efforts to reduce energy, water, and emissions intensity, advancing circularity, and strengthening pollution prevention, we aim to decouple growth from resource consumption and reinforce our position as a responsible and forward-looking ceramics manufacturer.

Water Stewardship

37 Years of Protecting and Preserving Water Resources

We operate 3 Effluent Treatment Plants, 1 Sewage Treatment Plant and 1 Desalination Plant

Our organization has implemented a Closed-Loop Manufacturing System to enhance water and waste management across all production processes. We ensure that 100% of our wastewater is treated and partially reused on-site through our Effluent Treatment Plants, and Sewage Treatment Plant. Additionally, we have a Desalination Plant, all contributing to sustainable and efficient resource utilization.

In 2025, our 3 Effluent Treatment Plants (ETP) treated **968,695 m3**, and our 1 Sewage Treatment Plant (STP) treated **192,957 m3** of wastewater.

Impressively, 100% of all our wastewater continues to be treated on-site, ensuring compliance with regulatory standards and minimizing environmental impact. Our commitment to water sustainability is evident in our proactive approach to wastewater and desalinated water management. The total wastewater treated in 2025 was **1,161,652 m^3**, there was also a 12.45 % rise in the treatment of desalinated water, which reached a total of **2,186,778 m^3** in 2025.

Water Quality

RAK Ceramics UAE sources upstream water withdrawn from the sea for operational consumption, including production processes, offices, and worker accommodations. Treated process water is discharged and returned to the sea in compliance with regulatory requirements.

To ensure water quality, we conduct internal regular monitoring of key parameters and engage third-party laboratories for annual independent testing of both intake and discharge water. These measures verify that discharged water meets environmental standards and protect marine ecosystems.

In line with our ISO 14001 environmental management system, we have established an annual target of 5% reduction in water consumption intensity. Regular monitoring of consumption volumes supports tracking and achievement of this goal.

Looking ahead, we are developing more comprehensive water stewardship objectives, including participation in recognized Water Sense programs, enhanced water efficiency certifications, and setting ambitious long-term targets to further minimize our water footprint and promote responsible water management across operations.

2,186,778 M3
Desalination Water Treated

1,161,652 M3
Wastewater Treated

Water Stewardship

Water efficient Product Solutions

RAK-NEOFIX

RAK-Neofix flushing systems reflect RAK Ceramics' focus on water stewardship, combining advanced technology with efficient dual-flush mechanisms designed to reduce water consumption across residential and commercial applications. The concealed systems and designer push plates integrate seamlessly with wall-hung and back-to-wall WCs and bidets, enabling both aesthetic flexibility and responsible water use. By incorporating reliable, water-saving flush technology and durable concealed installations, RAK-Neofix supports efficient bathroom design while contributing to long-term resource conservation and sustainable built environments.

RAK MAXXFLUSH

This product enables water saving by allowing users to choose using the full flush or the half flush, with different flushing volumes: 6 Liters for the full and 3 Liters for the half flush. The cisterns can also be adjusted to flush with a reduced full flush volume at 4.5 Liters.

RAK-ProTeK

ANTIBACTERIAL AND HYGIENIC GLAZE

RAK-ProTeK is the innovative ceramic glaze developed to protect wash basin, toilets and urinals, to make them more hygienic and easier to clean. RAK-ProTeK, which is baked into the ceramic during firing, results to a smoother surface, unlike standard ceramic with irregular surface.

Water efficient Product Solutions

KLUDI- Efficient Aerator Technology

Advanced aerator systems enrich water with air, reducing flow rates of washbasin and kitchen fittings to **5 liters per minute or less**. This enables significant water savings while maintaining user comfort and performance.

KLUDI- Optimised Shower Flow

Integrated flow-limitation technology reduces shower water consumption to **9 liters per minute**, supporting water conservation without compromising the showering experience.

KLUDI- Sensor-Activated Water Control

Touchless, sensor-based fittings release water only when required, reducing unnecessary flow and lowering overall consumption. Standard flow reduction further enhances water efficiency in daily use.

KLUDI- Long-Life, High-Durability Components

KLUDI fittings are engineered for longevity, with single-lever mixers tested for up to **210,000 on/off cycles, equivalent to approximately 10 years of use**. Extended product lifespan supports resource efficiency and reduces replacement-related impacts.

Net Zero Strategy

RAK Ceramics recognizes the UAE Net Zero by 2050 Strategic Initiative and the national ambition to transition towards a low-carbon economy. As a manufacturing group with energy-intensive operations, we acknowledge the importance of aligning our climate approach with national priorities while ensuring that actions remain appropriate to our operational context.

Currently, RAK Ceramics is focused on monitoring and managing Scope 1 and Scope 2 greenhouse gas emissions, covering emissions associated with fuel consumption and purchased electricity across manufacturing operations. This provides a robust baseline for understanding emissions sources and identifying efficiency-driven opportunities that support emissions reduction.

Our approach to Net Zero alignment is centred on operational efficiency, energy optimization, and emissions-intensity improvements, which are consistent with the objectives of the UAE Net Zero 2050 Strategy. Through continued investments in energy-efficient technologies, process optimization, and cleaner energy use where feasible, we are progressively strengthening our climate performance while supporting national decarbonization efforts.

As data maturity, regulatory frameworks, and transition pathways continue to evolve, RAK Ceramics will review and enhance its climate approach over time, assessing opportunities to further align with the UAE Net Zero agenda in a phased and responsible manner.

Case Study

Advancing Zero-Emission Logistics Through Autonomous Electric Transport

RAK Ceramics has launched the UAE's first commercial fleet of self-driving electric trucks at its operations in the Al Hamra Industrial Zone, Ras Al Khaimah, in partnership with Evocargo Autonomous Logistic Services.

The Evocargo N1 autonomous electric trucks are deployed to transport cargo between RAK Ceramics' facilities within the industrial zone, supporting efficient, zero-emission internal logistics. Each vehicle offers a two-tonne payload capacity, can carry up to six EUR pallets, and operates with a range of up to 200 kilometers per charge.

This initiative directly supports RAK Ceramics' environmental, social and governance (ESG) commitments by reducing emissions from industrial transport, enhancing operational safety through advanced autonomous systems, and enabling responsible adoption of innovative technologies. The deployment also aligns with the UAE and Ras Al Khaimah government's smart mobility agenda, reinforcing RAK Ceramics' role in advancing sustainable industrial growth.

Sustainable Tiles Manufacturing

RE-USE QUARTZ and RE-USE MINERALS 100% pre-consumer recycled material **Sustainable porcelain tiles**

RAK Ceramics introduced Re-Use Quartz, a porcelain tile collection manufactured using 100% pre-consumer recycled materials. The collection integrates materials recovered from multiple ceramic production processes, supporting circular material use, improved resource efficiency, and reduced waste within tile manufacturing.

The Tiles manufacturing process at RAK Ceramics integrates sustainability considerations across each stage of production, from raw material preparation to final packaging. Through targeted initiatives embedded within individual process steps, we focus on improving energy efficiency, optimizing water use, reducing waste, and advancing circular material flows. The table below outlines the key sustainability initiatives implemented across the Tiles production process, alongside associated performance metrics, demonstrating how operational actions translate into measurable environmental outcomes.

SUSTAINABILITY EMBEDDED ACROSS THE TILE PRODUCTION PROCESS

1	Pre-consumer materials	Within Tiles manufacturing, RAK Ceramics promotes circular resource usage through the reuse of treated wastewater and recovered materials generated from Tiles, Sanitaryware, and Tableware operations. Wastewater recycling through the Effluent Treatment Plant (ETP) supports reduced freshwater withdrawal and improved water efficiency. In 2025, these initiatives supported water savings of **18,000 m^3** through internal reuse.
2	Crushing	RAK Ceramics strengthens material efficiency by crushing and reusing unused or rejected raw material stock within tile production. In 2025, a total of **75,446 tonnes** of crushed stock was utilized, compared to approximately **70,000 tonnes in 2024**, representing an increase of around **8%**. This practice significantly reduces the environmental impact associated with mining new raw materials.
3	Atomizing/ Spraying	Energy efficiency improvements at the atomizing and spraying stage were achieved through equipment upgrades and process optimization. Co-generation capacity utilization supported reduced energy consumption, while pump upgrades delivered tangible savings. In 2025, piston pump replacement resulted in electricity savings of approximately **77,112 kWh**, while the replacement of double piston pumps with single pumps delivered additional savings of **40,260 kWh.**
4	Pressing	Productivity and energy optimization were enhanced through the installation of new hydraulic presses. Each new press consumed **0.23 kWh/m^2**, compared to **0.36–0.47 kWh/m^2** for older presses, while productivity improved by approximately **350%** compared to legacy equipment.
5	Firing	Energy efficiency during the firing process was improved through the application of thermal emission refractory coatings, reducing heat loss from kilns. In parallel, the introduction of a **Regenerative Loop Wheel (RLW)** enhanced heat recovery performance, contributing to lower fuel consumption and reduced dryer energy demand.
6	Drying	Drying operations benefited from extensive heat recovery initiatives. Waste heat recovered from kilns and frit plants enabled the upgrade of dryers to operate with near-zero fuel consumption, utilizing hot air from kilns and significantly reducing reliance on additional fuel sources.
7	Polishing	Circular material usage was strengthened by recycling polishing sludge back into the production process. In 2025, a total of **13,063 tonnes** of polishing sludge was reintegrated into tile manufacturing, reducing waste generation and supporting material efficiency.
8	Squaring	Material losses during the squaring process were minimized through the recovery and reuse of squaring powder. In 2025, **15,137 tonnes** of squaring powder were recycled back into production, reducing raw material demand and waste disposal.
9	Packing	Packaging operations benefited from the adoption of eco-wrap and optimization of carton dimensions, reducing paper usage for final product packaging by minimizing excess material. Material handling processes benefited from the installation of a Robo Palletizer, reducing material wastage and improving productivity through automated palletizing operations. Sustainable packaging practices benefited from the elimination of green strap usage for specific carton sizes, reducing plastic consumption, while increasing the number of pieces per box and per pallet reduced the overall requirement for wooden pallets and associated material usage.

ENERGY EFFICIENCY IN PRODUCTION

As one of the world's leading tile manufacturers, RAK Ceramics continues to focus on improving energy efficiency and reducing emissions across its production operations. In 2025, total energy consumption for tile production increased in line with higher production volumes and a continued shift toward higher energy-intensity Gres Porcelain (GP) products. Total energy consumption for production reached approximately 30.72 million m^2 of GP, equivalent to 133,372,181 kWh, reflecting the higher energy requirements of GP manufacturing compared to ceramic tiles.

Despite the increase in overall energy demand, energy intensity for GP tile production improved, with electricity intensity decreasing by approximately 2.3% (from 4.444 kWh/m^2 in 2024 to 4.342 kWh/m^2 in 2025). Energy intensity for red body fuel consumption also improved, declining by approximately 5.9% (from 0.051 MMBTU/m^2 to 0.048 MMBTU/m^2), demonstrating continued operational efficiency gains. Electricity intensity for red body production declined by approximately 3.6% (from 2.301 kWh/m^2 to 2.219 kWh/m^2), reflecting process optimization and improved equipment performance.

Our sustainability initiatives continue to encompass both electricity efficiency and gas reduction strategies. In 2025, RAK Ceramics completed 37 electricity efficiency projects, and thermal efficiency initiatives, focusing on heat recovery from kilns and dryers, optimization of spray dryer operations, recovery of heat from ID fans, and improved utilization of co-generation waste heat. These initiatives delivered total energy savings of approximately 1.26 million kWh in 2025. In parallel, RAK Ceramics is advancing further efficiency measures, including the rollout of energy-centric predictive maintenance systems to monitor motor health, load management systems to optimize demand, and variable speed drives for motors and compressors, with additional projects planned for 2026 to further strengthen energy performance.

SMART ENERGY OPTIMIZATION

RAK Ceramics implemented a comprehensive portfolio of electrical and process optimization projects aimed at reducing power and fuel consumption across its tile manufacturing operations. During the year, a total of 52 electrical projects were identified specifically for power consumption reduction, of which 37 projects were successfully completed, resulting in an estimated electricity saving of 1,262,107 kWh.

Key initiatives included the installation of bypass lines to enhance heat recovery temperatures from kilns to dryers, improving thermal efficiency and reducing fuel requirements. In parallel, co-generation utilization was optimized to offset production from spray dryers, which have relatively higher gas consumption. These measures significantly improved energy integration across processes while reducing dependence on high-energy operations.

PROCESS-LEVEL SUSTAINABILITY IMPROVEMENTS

Across the production life cycle, multiple initiatives were implemented to enhance energy efficiency and reduce energy intensity. In the raw material preparation and crushing stages, process optimization and operational improvements reduced specific energy consumption while improving throughput and equipment utilization. Enhanced reuse of existing material streams also minimized energy demand associated with raw material processing.

In atomizing and spraying operations, targeted equipment upgrades and process reconfiguration improved thermal and electrical efficiency, resulting in reduced power consumption and improved operational reliability. Optimization of spray dryer operations further contributed to measurable reductions in electricity usage while maintaining consistent product quality.

At the pressing and firing stages, investments in upgraded machinery and kiln performance enhancements led to higher productivity with lower specific energy consumption. The introduction of regenerative heat recovery systems and optimized refractory solutions reduced heat losses, improved thermal efficiency, and lowered fuel consumption, contributing to reduced emissions and operating costs.

Sustainable Tiles Manufacturing (contd.)

ENERGY EFFICIENCY IN PRODUCTION

HEAT RECOVERY & DRYER ENERGY OPTIMIZATION

Significant progress was achieved in drying operations through enhanced heat recovery integration. Recovered thermal energy from kiln exhaust was reused in dryer systems, including near-zero fuel dryer upgrades, reducing reliance on primary fuel sources and improving overall process thermal efficiency. These initiatives resulted in lower gas consumption while sustaining production capacity and product quality.

ENERGY-FOCUSED TECHNOLOGY

Energy efficiency and operational performance were further strengthened through targeted technology and infrastructure upgrades. At one of our Plants, the installation of energy-efficient machinery delivered energy savings of 2.66 kWh/m^2, equivalent to approximately 3,891,382 kWh, supporting improved process efficiency across operations.

INFRASTRUCTURE UPGRADES

The introduction of automated defect-detection systems enhanced quality control, reduced rework and manpower requirements, and improved rejection rates, while the deployment of a Manufacturing Operations Management (MOM) system enabled digitalization and improved real-time monitoring, tracking, and control of daily manufacturing activities.

THERMAL SAVINGS

105,595 MMBTU

Estimated savings as a result of thermal efficiency initiatives executed in 2025

POWER SAVINGS

1,262,107 kWh

Estimated savings as a result of 37 power savings initiatives executed in 2025

Energy Efficiency Initiatives - 2026 and Beyond

- Energy-Centric Predictive Maintenance System: A predictive maintenance system focused on motor health monitoring is planned to improve equipment reliability and prevent energy losses due to inefficiencies and unplanned downtime.
- Variable Frequency Drives (VFDs) for Material Transportation Circuit (MTC) Ball Mills:Installation of VFDs on MTC ball mills is planned to optimize motor speed based on process demand, reducing unnecessary power consumption.
- Transformer Load Management System: A transformer load management system is planned to improve load balancing, enhance electrical efficiency, and minimize energy losses across the power distribution network.
- Power Load Optimization Initiatives: Advanced power load management solutions are planned to optimize energy usage, reduce power wastage, and improve overall electrical system efficiency.
- Variable Speed Drive (VSD) Compressors: The adoption of variable speed drive compressors is planned to reduce energy losses during loading and unloading cycles, improving compressed air system efficiency.

WATER SUSTAINABILITY

In 2025, water management within tile manufacturing operations continued to focus on optimized usage, increased reliance on treated water, and improved operational control. The production process also incorporated the use of recycled water and Pre-consumer materials generated from Tiles, Sanitaryware (SWD), and Tableware operations, supporting circular resource utilization across manufacturing units.

The Tiles department strengthened its commitment to alternative water sources, with treated water consumption reaching 947,211 m^3 in 2025, an increase of 4.12% over 2024. The higher utilization of treated water demonstrates continued efforts to reduce dependency on freshwater sources by integrating recycled and treated water into manufacturing processes wherever feasible.

In addition, the reutilization of wastewater through the commissioning of an Effluent Treatment Plant (ETP) at our plant enabled the reuse of treated effluent within operations, resulting in an estimated water saving of 18,000 m^3. This initiative further strengthened freshwater conservation and improved sustainable water management practices.

The ratio of wastewater reuse in tile production remained strong in 2025, reflecting sustained improvements in internal water circulation and reuse practices. Although the reuse percentage showed a marginal variation compared to the previous year, overall performance remained aligned with the company's long-term water stewardship objectives.

Total fresh water consumption for tile production in 2025 stood at 416,320 m^3, reflecting a 7.76% increase compared to 2024. This increase was primarily driven by changes in product portfolio, production mix and operating conditions, while maintaining strict controls on freshwater intake.

These initiatives underline the organization's ongoing focus on responsible water management, balancing production requirements with resource efficiency, and supporting broader sustainability and ESG commitments.

EFFLUENT TREATMENT PLANT (ETP) WATER UTILIZATION

The ETP water utilization project at our plant has been successfully completed, enabling the use of treated effluent within operations and supporting improved water efficiency and sustainable water management practices.

RECYCLED WATER UTILIZATION IN TILE PRODUCTION

Across tile manufacturing processes, recycled water and process-generated materials are increasingly utilized, particularly in the mud preparation and crushing stages. The reuse of treated wastewater through ETP systems has contributed to reduced freshwater intake while maintaining process stability and production efficiency.

PROCESS WATER REUSE & OPTIMIZATION

Water efficiency initiatives implemented across multiple production stages have enabled higher internal water reuse and improved circulation of treated water. These measures support responsible water stewardship by optimizing process water utilization and minimizing dependency on external freshwater resources.

SEA WATER PUMP HOUSE – PUMP UPGRADE

The seawater pump upgrade project at the seawater pump house was completed with the replacement of one pump, resulting in an estimated water saving of 1,500 m^3. This initiative improved pumping efficiency, optimized seawater utilization, and contributed to enhanced water resource management across operations.

Water Sustainability Initiatives - 2026 and Beyond

- Planned ETP Water Utilization Study: In 2026, feasibility studies are planned for the utilization of ETP-treated water in our plants. These studies aim to evaluate the integration of treated effluent into plant operations to enhance water efficiency, reduce reliance on freshwater sources, and strengthen sustainable water management practices across manufacturing facilities.

Sustainable Tiles Manufacturing (contd.)

WATER SUSTAINABILITY

WATER SAVINGS

69%

Of wastewater used in Total Water Consumption

WATER SAVINGS THROUGH RECYCLING

18,000 M3

Water saved from additional Effluent Treatment Plant

WASTE AND CIRCULARITY

In 2025, waste and circularity initiatives within tile manufacturing operations focused on maximizing internal reuse, reducing landfill disposal, and promoting circular material flows across production processes. The organization continued to integrate by-products and process residues back into manufacturing, strengthening its commitment to resource efficiency and circular economy principles.

Tiles operations reused 19.06% of waste in final products, and in Gres Porcelain Glazed (GPG), R&D-led formulation improvements reduced reliance on imported raw materials to 69.65%, increased locally sourced materials to 11.29%, and increased Pre-consumer materials utilization to 19.06% (166,313 tons).

REUSE OF PRE-CONSUMER MATERIALS MATERIALS IN PRODUCTION PROCESSES

The production process incorporated the reuse of Pre-consumer materials materials generated from Tiles, Sanitaryware (SWD), and Tableware operations, particularly in mud preparation and crushing stages. This approach reduced dependence on virgin raw materials, minimized waste generation, and supported production continuity through increased reuse of old stock in crushing operations, thereby lowering raw material extraction requirements.

RECYCLING OF POLISHING SLUDGE AND SQUARING POWDER

Significant progress was achieved in polishing and squaring operations through the recycling and reuse of process by-products. In 2025, approximately 13,063 tons of polishing sludge and 15,137 tons of squaring powder were recycled and reintegrated into the production process, substantially reducing waste sent for disposal while improving overall material utilization efficiency.

PACKAGING OPTIMIZATION AND MATERIAL REDUCTION

Packaging-related circularity measures were strengthened through the adoption of eco-wrap packaging, which enabled reduced carton dimensions and lower paper consumption. The elimination of green plastic strapping for selected product sizes reduced plastic usage, while optimized packing configurations increased pieces per box and per pallet, thereby reducing the overall requirement for wooden pallets.

AUTOMATION AND DIGITALIZATION FOR WASTE REDUCTION

Automation initiatives further supported waste reduction efforts with the installation of a robotic palletizer, which reduced material damage, handling losses, and rework. Technology upgrades and digitalization initiatives also enhanced quality control processes, contributing to lower rejection rates and reduced material waste across operations.

RESOURCE SAVINGS

206,025 Tons

Total Pre-consumer materials consumption

MATERIALS RECYCLED

95-98%

Of ETP sludge and Green Tile materials are recycled

In 2025, RAK Ceramics continued to strengthen waste efficiency and circular resource management across its tile production and effluent treatment operations through the high utilization of recycled input materials. The Company consumed approximately 47,665 tons of ETP sludge, representing 86.6% of total generation, significantly reducing the volume of waste requiring external disposal. Consumption of fired tile rejects reached 59,810 tons, with 53.8% sourced from current-year generation and the balance from existing inventory, demonstrating effective recovery and reuse of both current and legacy waste streams.

Polishing sludge was primarily utilized within the RAK Tiles business, achieving a utilization rate of approximately 55.5%, influenced by changes in ceramic production volumes and a reduced GP ratio; nevertheless, internal reuse continued to support waste diversion and process efficiency. The Company also consumed 77,755 tons of green tile rejects, equivalent to 100% of in-year generation, with additional quantities drawn from stock, reflecting full recovery of this material stream. In addition, 15,137 tons of squaring waste powder were consumed entirely from current-year generation, eliminating the need for disposal.

Overall, these practices enhanced waste efficiency by minimizing hazardous and non-hazardous waste sent to landfill, optimizing the reuse of production by-products, and improving material recovery rates, thereby supporting regulatory compliance, cost efficiency, and RAK Ceramics' broader sustainability objectives.

Waste and Circularity Sustainability Initiatives - 2026 and Beyond

- Planned Reduction of B-Grade Products and Rejections through Enhanced Quality Controls: Enhanced quality inspection protocols and targeted process improvements are planned to reduce B-grade output and product rejections. These initiatives aim to strengthen quality assurance across production stages, minimize material losses, and improve overall production efficiency while reducing waste generation.
- Planned Reutilization of ETP and Polishing Sludge in Manufacturing Processes: Initiatives are planned to expand the reutilization of ETP sludge and polishing sludge within manufacturing processes. These efforts aim to improve material circularity by diverting waste from disposal, reducing dependence on virgin raw materials, and enhancing overall resource efficiency across operations.
- Planned Body Formula Modifications to Increase Locally Sourced Material Content: Body formulation modifications are planned to increase the percentage of locally sourced raw materials used in production. This initiative aims to strengthen supply chain resilience, reduce transportation-related impacts, and improve material efficiency while maintaining product quality standards.

Recycled Input Materials (Generated from Tiles production & ETP only)	2023	2024	2025
ETP sludge	85% - 90%	95% - 98%	85% - 90%
Fired tiles	85% - 90%	190% - 200%	180% - 190%
Polishing sludge	55% - 60%	80% - 82%	55% - 60%
Green tile	95% - 100%	95% - 98%	110% - 115%
Squaring waste powder	95% - 100%	82% - 85%	102% - 105%

Sustainable Faucets Manufacturing

Design Middle East Award 2025

Recognizing **Excellence** in **Design, Innovation,** and Precision Engineering **Craftsmanship**

Sustainability is integrated across each stage of faucet manufacturing at RAK Ceramics, from material preparation to final packaging. Through targeted process optimization, energy-efficient technologies, water reuse, and responsible waste management, the Group focuses on reducing resource intensity, minimizing emissions, and improving operational efficiency across its faucets production processes.

SUSTAINABILITY EMBEDDED ACROSS THE FAUCETS PRODUCTION PROCESS

1. **Sand Core** – The cycle time reduction initiative improves production efficiency, resulting in lower energy consumption per unit and reduced emissions during the manufacturing process.
2. **Casting** – Dedicated furnaces for various brass grades enhance operational efficiency, lowering energy needs and minimizing excess emissions from material handling and temperature variation.
3. **CNC** – Optimizing manpower at the leak test machine through process automation improves operational efficiency, indirectly conserving energy and supporting productivity gains.
4. **Grinding & Polishing** – Surface machining advancements have improved grinding and polishing efficiency, decreasing cycle time and energy use per component while reducing related carbon emissions.
5. **Electroplating** – The adoption of a new pre-treatment chemical has improved process efficiency, reducing chemical waste and minimizing potential emissions from treatment residues.
6. **ETP** – The water treatment system enables the reuse of treated water, significantly reducing freshwater demand and supporting responsible wastewater management.
7. **Assembly** – The integration of a laser with PAD printing machine optimizes power use and enhances productivity, contributing to overall energy efficiency and lower emissions.
8. **Packing** – Packaging redesign focuses on both cost reduction and sustainability by promoting the reuse of cartons and transitioning to recyclable, compostable, and reusable materials, while a structured waste segregation system ensures proper categorization and disposal of general, special, and hazardous waste, minimizing environmental impact and supporting regulatory compliance.
9. **All waste disposals** – Replacing mercury vapor lamps with energy-efficient LED lighting reduces power consumption and emissions, while eliminating mercury-related environmental risks.

ENERGY EFFICIENCY IN PRODUCTION

In our faucets production division, we continue to make strides toward enhancing energy efficiency, even as we navigate operational changes and evolving production dynamics. In 2025, total electricity consumption for faucet production increased to 8.085 million kWh, up 67% from 4.845 million kWh in 2022, while total gas consumption rose to 6,103 MMBTU, a 103% increase from the 2022 baseline of 3,000 MMBTU.

Compared to 2024, overall energy consumption for the faucet line increased by 13.85%. In 2025, we undertook the strategic relocation of certain Stock Keeping Units (SKUs) from Hungary and Germany to the UAE. This shift has involved transitioning the production, storage, and management of select products to our UAE facilities to better align with market needs and operational efficiency. While faucet production volumes declined by 6.31% due to this relocation process, the consolidation of manufacturing in the UAE has delivered meaningful improvements in energy performance. Notably, energy intensity of faucet sales and production decreased by 15.4% and 4.5%, respectively. These reductions highlight the positive impact of centralizing operations, which has allowed us to achieve greater efficiency per unit despite the overall increase in total energy use during this transitional period.

At the same time, we have realized tangible energy savings through targeted initiatives under our Continuous Improvement Projects (CIP). Our efforts to ensure efficient energy use include the in-house production of core shooter shoot head housing components (previously sourced from third-party 'Original Equipment Manufacturer' (OEM) providers), which has enhanced process efficiency, reduced lead times, and contributed to cost and energy optimizations. Additionally, we replaced existing mercury vapor lamps with energy-efficient LED lamps across relevant areas of the production line, further supporting our commitment to lowering consumption while maintaining high-quality output.

Looking ahead, we are focused on continuous improvement and building on these gains to drive even greater energy efficiency in the coming years. As we continue to adapt and grow, we are committed to adopting innovative solutions that reduce our environmental footprint while supporting our business objective.

RAK Ceramics commits to bolstering energy efficiency in the faucets department through targeted initiatives like gas optimization, in-house manufacturing, LED transitions, AC upgrades, and chiller replacements, fostering a sustainable future with minimized greenhouse gas (GHG) emissions.

GAS CYCLE OPTIMIZATION

In the plating process, RAK Ceramics implemented a gas energy saving plan focused on minimizing empty cycle times. By streamlining operations, this initiative reduced machine running hours and subsequently lowered boiler operational time, even amid high production volumes. The result was a significant decrease in gas consumption measured in MMBTU, contributing to lower GHG emissions and cost savings. Apart from the efficient use of energy, this initiative also maintains product quality and output levels, aligning with our ESG objectives. Through careful monitoring and process adjustments, we achieved measurable reductions without compromising workflow. This initiative exemplifies how targeted optimizations can yield substantial environmental benefits, supporting our transition to more sustainable manufacturing practices in the faucets sector.

IN-HOUSE EQUIPMENT MAINTENANCE

RAK Ceramics transitioned from sourcing core shooter shoot head housing from external original equipment manufacturers (OEMs) to in-house production. This shift to local fabrication eliminates dependency on third-party suppliers, reducing procurement lead times and associated transportation emissions. By manufacturing these machine parts internally, we achieve notable cost savings and improve supply chain efficiency. The initiative also encourages skill development among our workforce and minimizes material waste through better control over our production processes. Overall, this move enhances operational agility and contributes to our energy efficiency goals by streamlining manufacturing in the faucets department.

Sustainable Faucets Manufacturing (contd.)

ENERGY INTENSITY

15.38%

Energy intensity of faucet sales in 2025 compared to 2024 (per GJ/000 AED)

LED LIGHTING UPGRADE

RAK Ceramics replaced outdated mercury vapor lamps with advanced LED lighting systems across the faucets production line. Mercury lights, known for high power consumption and environmental hazards due to toxic materials, were phased out in favor of LEDs that offer superior brightness, longer lifespan, and significantly lower energy use. This upgrade can reduce electricity bills by up to 70% in illuminated areas where this initiative was implemented while improving workplace safety for employees. LEDs also emit less heat, decreasing the load on cooling systems and further conserving energy.

Energy Efficiency Initiatives - 2026 and Beyond

- Efficient Chiller Replacement: In 2026, RAK Ceramics plans to replace obsolete water chillers in the faucets department with modern units featuring shell-type heat exchangers. The new shell-type exchangers will provide superior thermal efficiency and faster cooling cycles, achieving upto 25% savings in electricity usage. This initiative will help reduce water and energy consumption, aligning with water conservation goals in water scarce regions like the Middle East.
- Packaged AC Conversion: RAK Ceramics plans to convert sand core air conditioning systems to high-efficiency packaged units within the faucets production line. This upgrade will improve the reliability of our systems and extended equipment lifespan. Environmentally, it decreases overall energy use and greenhouse gas emissions associated with cooling processes critical for sand core molding.

WATER SUSTAINABILITY

In 2025, our water sustainability efforts within the faucets production division continued to demonstrate resilience amid growing operational demands. As sales of faucet units increased by 11.83% this year, overall water consumption in the faucet production line rose by 5.21%. This contained increase, well below the growth rate of faucet sales, reflects the effectiveness of water efficiency measures implemented in 2025

Despite these pressures, we are proud to report steady progress in water efficiency. Approximately 8.1% of our wastewater was successfully reused during faucet production, maintaining consistency with performance levels achieved in prior years. Through dedicated initiatives, we saved 1,610 m^3 of water this year, preserving production quality and efficiency.

Looking ahead, we are committed to further improvements through planned initiatives aimed at enhancing water reprocessing and reuse of treated water for industrial purposes, with the goal of minimizing freshwater consumption and building on the positive momentum already established.

RAK Ceramics commits to water sustainability in faucets manufacturing by optimizing usage for growth without added consumption and reusing treated wastewater industrially, reducing freshwater reliance and advancing circular practices in line with UAE environmental goals.

TREATED WATER REUSE

RAK Ceramics has advanced water sustainability in the faucets department by treating and reprocessing wastewater for reuse in industrial processes. Effluent from operations such as surface treatment and rinsing undergoes rigorous treatment in our high-efficiency Effluent Treatment Plant (ETP), before being recycled back into industrial processes.

This closed-loop system significantly cuts freshwater withdrawal and reduces wastewater discharge to near-zero. This initiative positions the faucets production as a model for resource-efficient manufacturing within RAK Ceramics' global operations. Ongoing enhancements, including aeration upgrades, will further optimize water use in this production line.

WATER SUSTAINABILITY

WASTEWATER SAVINGS

8.1%

% of wastewater reused in Faucets production

WATER SAVINGS THROUGH INITIATIVES

1,610 M^3

water saved through water efficiency initiatives

Water Efficiency Initiatives - 2026 and Beyond

To support sustainable growth without increasing overall water consumption, we are planning to implement an Effluent Treatment Plant (ETP) with a water recycling and reuse system.

This initiative will enable:

- Treatment and recovery of process wastewater
- Reuse of treated water in suitable operations
- Reduction in freshwater dependency
- Improved environmental compliance and long-term sustainability

These initiatives reflect our continued commitment to operational excellence and environmental responsibility.

WASTE AND CIRCULARITY

In our faucets production line, we have successfully maintained a 100% reuse rate for all rejected faucet pieces, reintegrating them fully back into the production process. This practice ensures that no material is wasted, delivering consistent savings in raw materials and associated costs ensuring the principles of circularity are effectively implemented into our production model.

A highlight this year has been the significant diversion of waste from landfill through our recycling efforts. Over 68,000 tons of input materials have been recycled and reused, protecting the environment and supporting resource conservation on a substantial scale. In addition, the total waste generated from the faucet service line remained exceptionally low, given the volumes handled during the reporting year, at approximately 180 tons, with 60 tons classified as hazardous and 120 tons as non-hazardous.

Going forward, we aim to build on this success through further waste reduction initiatives. Planned efforts include enhanced recycling of sand core and sand waste to reduce special waste, as well as targeted measures to minimize grinding belt waste and cutting-related special waste by approximately 1 ton per month.These accomplishments demonstrate the progress we continue to maximize resource efficiency during production of our faucets, steadily reducing our environmental footprint. We remain fully dedicated to driving innovation in circularity and advancing our sustainability goals with every step forward.

RAK Ceramics commits to enhancing waste management and circularity in faucets production through optimized electroplating chemicals, sustainable packaging redesign, rigorous waste segregation, and digital instruction transitions, minimizing waste generation and embracing circular principles for a greener future.

Sustainable Faucets Manufacturing (contd.)

ELECTROPLATING PRE-TREATMENT

In our electroplating operations, RAK Ceramics has adopted an advanced pre-treatment chemical that significantly reduces chemical waste volumes. This technology minimizes residue requiring treatment, lowers potential emissions, and enhances overall environmental performance in surface finishing. By reducing hazardous outputs, it decreases disposal needs, supports compliance with stringent regulations, and maintains the high-quality finish of our faucets.

PACKAGING REDESIGN

The packaging team redesigned cartons and materials which substantially reduced packaging waste generation by shifting to recyclable, compostable, and reusable options. This approach conserves natural resources and lowers the environmental impact from single-use materials extending material life cycles throughout the supply chain for faucets products.

TRANSITION TO DIGITAL INSTRUCTION MANUALS

We've transitioned from printed instruction manuals to QR codes, eliminating paper usage entirely. While this initiative streamlines access to assembly instructions for our customers, it also helps conserve water and trees used in paper production by removing unnecessary physical materials from the product life cycle.

Waste and Circularity Sustainability Initiatives - 2026 and Beyond

In alignment with our waste reduction and circular economy objectives, we are committed to minimizing wooden pallet waste generated during our operations.

Our key initiatives include:

- **Reuse:** Reutilizing pallets that are in good condition for internal logistics and material handling activities.
- **Segregation:** Systematically segregating damaged pallets to ensure proper handling and traceability.
- **Responsible Recycling:** Disposing of scrap pallets through authorized third-party recyclers to promote responsible material recovery and circularity.

Through these measures, we aim to reduce landfill waste, optimize resource utilization, and strengthen our sustainability performance.

PACKAGING CARTON WASTE

15%

Decrease in carton waste in 2025

REJECTED PRODUCT REUSE

100%

Of all rejected pieces are reused, integrating them back into the production process

MATERIALS RECYCLED

68,404 TONS

Of waste material was recycled into production

Sustainable Tableware Manufacturing

Recycling **100%** of our **water, repurposing waste,** and harnessing **solar energy**

Sustainability is embedded across RAK Ceramics' Tableware manufacturing operations under RAK Porcelain, with a focus on energy efficiency, water stewardship, and responsible resource use.

The Tableware* manufacturing process at RAK Ceramics embeds sustainability measures across all stages of production, from body and glaze preparation through firing, finishing, and packaging. Process-specific initiatives focus on maximizing water recycling, improving energy efficiency through heat recovery and optimized firing, reducing waste via reuse of rejects and sludge, controlling emissions, and promoting sustainable packaging. This ensures efficient resource use and compliance with environmental regulations while supporting circular production practices. Certain initiatives are consistently followed year-on-year, including 100% recycling of production wastewater across multiple stages, full reuse of rejected pieces at various points in the process, and the application of waste heat recovery techniques in kiln firing operations. These practices form the foundation of our circular approach, delivering reliable environmental benefits and resource savings every year.

SUSTAINABILITY EMBEDDED ACROSS THE TABLEWARE PRODUCTION PROCESS

1	Body & Glaze Preparation	Tableware Division promotes material efficiency and circularity in body and glaze preparation through recovery of surplus raw materials, 100% recycling of production wastewater via the Effluent Treatment Plant (ETP), and controlled reuse of finished and semi-finished rejections at specified percentages for body preparation. These practices reduce virgin raw material demand, minimize waste generation, and support lower freshwater withdrawal while maintaining product quality.
2	Casting	Tableware Division enhances resource circularity in casting by implementing 100% production wastewater recycling through the ETP and full reuse of semi-finished rejections. This approach diverts waste from disposal, conserves raw materials, and contributes to reduced environmental impact across the early forming and initial firing stages.
3	Biscuit Firing	Tableware Division improved kiln energy efficiency by optimizing biscuit firing through X-plates for better loading and firing performance, recovering waste heat from hot pipes to support combustion, and installing VFD inverters on kiln cooling, fume, and hot air fans, reducing fuel and power consumption, lowering GHG emissions, and enhancing overall thermal efficiency.
4	Glazing	Tableware Division ensures resource efficiency in glazing by maintaining 100% recycling of production wastewater through the ETP. This initiative supports reduced freshwater consumption, minimizes effluent discharge, and aligns with environmental compliance while preserving high-quality glaze application.
5	Glost Firing	Tableware Division advances energy efficiency in glost firing by employing X-plates to improve kiln efficiency and achieve lower energy consumption, alongside waste heat recovery from hot pipes to support combustion and VFD inverters on kiln cooling, fume, and hot air fans, reducing fuel and power consumption. These optimizations decrease fuel requirements, reduce operational costs, and lessen the environmental footprint of the final firing stage.
6	Decoration	Tableware Division minimizes material wastage in decoration by adopting a made-to-order approach for designs and applications. This practice avoids overproduction of decorated pieces, reduces scrap generation, and supports leaner resource use while maintaining flexibility and customization for customer needs.
7	QC / Sorting & Foot Grinding	Tableware Division reinforces circularity in quality control, sorting, and foot grinding by implementing 100% production wastewater recycling via the ETP and full recycling/reuse of finished piece rejections. These efforts eliminate landfill disposal, recover valuable materials, and contribute to overall waste minimization in the finishing stages.
8	Packing	Tableware Division advances sustainable packaging in the packing stage through a dedicated policy requiring only recyclable, compostable, or reusable materials, including cartons and boxes made from at least 80% recycled paper. This reduces reliance on virgin materials, lowers packaging-related environmental impact, and supports broader circular economy objectives.

*Where RAK Ceramics "Tableware Division" or "Tableware" is referenced, it shall be read and understood as RAK Porcelain LLC.

Sustainable Tableware Manufacturing (contd.)

ENERGY EFFICIENCY IN PRODUCTION

In 2025, our efforts to improve energy efficiency in tableware production continued to deliver strong results amid stable operations. Production volumes remained high, with 25.27 million pieces being produced.

We achieved a significant reduction in total energy consumption for the tableware service line, down by 13.12% to 368,113 GJ, with the energy mix comprising 84% natural gas and 16% electricity. These savings highlight the ongoing effectiveness of our efficiency measures.

Key energy efficiency initiatives completed in 2025 included the installation of additional Variable Frequency Drives (VFDs) on more production equipment, replacement of existing fans with energy-efficient BLDC fans, and the implementation of heat recovery systems on 4 kilns. These upgrades contributed to meaningful reductions, including a 11.85% decrease in gas consumption per unit for tableware production and savings of approximately 644,950 kWh through our power-saving initiatives.

While we build on the foundation established with the ISO 50001:2018 certification achieved in prior years, we remain dedicated to further optimizing energy usage and driving sustainability through continued innovation. In 2025 we Installed 100 energy meters on significant power-consuming equipment (SEUs) to enable accurate consumption monitoring, strengthen data-driven efficiency analysis, and provide immediate alerts on abnormal energy variations.

Looking ahead, we have targeted initiatives planned for 2026, including modifications to the hydraulic packs on isostatic presses with advanced systems, implementation of centralized vacuum systems in the press area, expansion of VFD usage across the production line, and replacement of existing LED T8 lamps with microwave-sensor-equipped T8 LED tubes. These steps will further enhance energy and cost savings in the coming year.

In 2025, RAK Ceramics' Tableware division advanced energy efficiency through targeted initiatives, achieving notable reductions in gas and electricity consumption. We remain committed to sustainable practices, continually investing in innovative technologies to minimize our environmental footprint and optimize resource use for a greener future.

VARIABLE FREQUENCY DRIVES (VFDS)

In 2025, the Tableware production line expanded the installation of VFDs across additional equipment including kilns, enabling precise control of motor speeds to match operational demands. This upgrade reduces energy wastage during variable load conditions.

BLDC FANS UPGRADE

Tableware Division replaced 125 existing fans with energy-efficient Brushless DC (BLDC) models, which consume significantly less electricity than traditional fans while providing superior performance and longevity. This initiative directly supports our power conservation goals through the reduction of maintenance needs, and promoting a more sustainable manufacturing environment.

KILN HEAT RECOVERY

Heat recovery systems were installed in four kilns to capture and reuse waste heat, improving thermal efficiency in the firing process. This resulted in a 11.85% reduction in gas consumption per unit, lowering GHG emissions and energy costs. By recycling heat, we enhance process sustainability, aligning with our broader ESG objectives for resource optimization in ceramics production.

ENERGY MONITORING & DATA-DRIVEN EFFICIENCY ENHANCEMENT INITIATIVE

As part of our commitment to energy efficiency and operational excellence, we installed 100 energy meters across significant power-consuming equipment (SEUs). This initiative strengthens real-time energy monitoring, enables detailed data analysis to identify efficiency improvement opportunities, and provides immediate alerts on abnormal consumption patterns.

ENERGY SAVINGS

13%

Reduction in Total Energy Consumption in 2025

Energy Efficiency Initiatives - 2026 and Beyond

- Hydraulic Pack Upgrade: The modification of isostatic presses will incorporate advanced hydraulic pack systems, replacing conventional setups. This upgrade minimizes energy losses from pumps and fluid dynamics, enhances precision in pressure application in the formation of our tableware products while lowering maintenance needs in high-pressure production. The project involves upgrading Isostatic Presses with an advanced hydraulic pack system, replacing the existing conventional setup to significantly reduce power consumption by adopting an inverter-driven motor and simplified hydraulic valve configuration. This modification achieves approximately 60% energy savings, lowers spare parts and maintenance costs by 40–50%, reduces downtime, and improves system reliability while extending the equipment life by nearly 15 years
- Kiln Slab Automation: In 2026, we plan to automate the cleaning process of the kiln slab through the introduction of robotic or mechanized systems to efficiently remove residues and maintain optimal kiln performance. By eliminating manual interventions and ensuring consistent cleanliness, this initiative improves thermal efficiency, reduces energy required for reheating or uneven firing, minimizes downtime, and contributes to lower gas consumption while enhancing product quality and operational safety.
- Centralized Vacuum System: Within the Tableware production line, RAK Ceramics plans to implement a centralized vacuum system within the press area which will consolidate multiple decentralized units into a single, high-efficiency network. This reduces redundant energy use from individual pumps through the optimization of airflow and pressure control within each pump. The introduction of this initiative will also lower noise and heat generation delivering substantial electricity savings through a demand-matched vacuum supply for dust and debris management. Within the Tableware production line, RAK Ceramics proposes to replace seven decentralized vacuum pumps with a single centralized inverter-driven vacuum pump using claw technology in the press area. This system optimizes airflow and pressure control to reduce power consumption by approximately 3.25 kW per hour, eliminate frequent pump servicing, lower spare part requirements, and improve machine uptime while reducing noise and heat generation
- Further improvements through VFD Installation:Further installation of Variable Frequency Drives (VFDs) on additional machines including kilns will enable precise motor speed control tailored to production loads. Building on existing applications, this expansion minimizes energy waste during variable operations, such as in conveyors, fans, or pumps, achieving significant power reductions.

WATER SUSTAINABILITY

Achieving water sustainability in our Tableware production has been a journey defined by hard work and dedication to continuous improvement.

Through rigorous planning and upgrades to our production process, we achieved a remarkable reduction in total water consumption for the tableware service line, more than halving it from 149,098 m^3 in 2024 to 65,923 m^3 in 2025 (a decrease of approximately 55.8%). This freshwater consumption was measured via monthly water meter readings from the RAK Ceramics power plant supply.

A cornerstone of this achievement was the performance of our in-house Effluent Treatment Plant (ETP) which was fully operational during this reporting year and only partially operational in 2024. Our in-house ETP enabled us to recycle 100% of the wastewater generated. In total, we recycled 141,101 m^3 of wastewater, with 93% (131,306 m^3) successfully reused directly in tableware production. This closed-loop approach not only minimized reliance on freshwater resources but also delivered tangible economic benefits, by substituting recycled water for fresh supplies.

We also made strong progress toward our efficiency targets. Water consumption per unit of tableware produced reached 0.003 m^3 in 2025, surpassing our aspirational 2025 target of 0.006 m^3 per unit and demonstrating outstanding optimization compared to prior performance, further advancing our circular production model.

Sustainable Tableware Manufacturing (contd.)

The effort behind these results was immense, from fine-tuning the ETP processes to implementing systems to reuse our recycled wastewater, which delivered 83,175 m^3 of freshwater saved. Looking ahead, we remain focused on building on this momentum with planned enhancements to the existing on-site ETP to optimize the operations.

RECYCLED WATER INTEGRATION

In 2025, the Tableware department successfully substituted up to 70% of fresh water requirements with treated effluent water (ETP water) for production needs, achieving 100% wastewater recycling in critical wet processes: Body & Glaze Preparation, Casting, Glazing, and QC/Sorting & Foot Grinding. The Tableware production line closed the water loop in these areas. By prioritizing recycled water, we enhance resource efficiency without affecting product quality or manufacturing performance.

WATER REUSE

93%

Of wastewater reused into Tableware production

WATER SAVINGS

83,175 m^3

Fresh Water saved in Tableware Production

Water Efficiency Initiatives - 2026 and Beyond

- ETP Optimization 2026: To complement our water recycling efforts, the 2026 plan focuses on technical optimizations to our in-house ETP. To make our water recycling process is as energy-efficient as it is environmentally effective, further reducing the total footprint of our production.

WASTE AND CIRCULARITY

A cornerstone of our sustainability efforts in tableware production continues to be the effective reuse of materials and the pursuit of zero-waste principles.
In 2025, we consumed a total of **14,045 tons** of raw materials, of which **617 tons**, were recycled input material from our production. This closed-loop approach reduces the demand for virgin resources and strengthens resource efficiency across our operations.

We are particularly proud to have maintained **100% reintroduction** of all rejected pieces back into the production process. By fully reintegrating these materials, we divert them entirely from landfill, achieve meaningful cost savings, and minimize our environmental impact.

RAW MATERIAL RECOVERY

In the body & glaze preparation process, surplus raw materials are systematically recovered and reused, while finished and semi-finished rejections are incorporated at specified percentages into new body preparations. This closed-loop approach reduces raw material consumption preserves natural resources while being cost-effective without compromising slurry quality or final product integrity.

EXTERNAL WASTE RECYCLING

In 2025, the Tableware department implemented a structured program sending recyclable plastic, wood, and paper waste to certified external vendors for processing and reuse. This initiative diverts significant volumes of non-hazardous waste from landfills and supports responsible disposal. 47% of total waste generated was recycled minimizing our environmental impact.

REJECTIONS REUSE PRODUCTION

During the production process, semi-finished rejections are collected and reused directly in production cycles. This immediate reintegration lowers the need for fresh inputs, and supports efficient resource utilization while upholding consistent casting performance.

SUSTAINABLE PACKAGING POLICY

A dedicated packaging policy mandates the use of only recyclable, compostable, or reusable materials. All packaging boxes and cartons are made from minimum 80% recycled paper. This shift eliminated virgin material dependency and reduces our overall packaging waste footprint.

Additional achievements carried forward and expanded in 2025 include enhanced waste segregation and recycling practices. We collected more comprehensive data on waste streams, with **5.56 tons** of hazardous and **504.4 tons** of non-hazardous waste generated, of which **47% (237.4 tons)** was recycled. We successfully completed the diversion of recyclable plastic, wood, and paper waste to a dedicated vendor, furthermore, we have increased amount of recycled material (production rejections) in our products to 7.5% (up from 7% the previous year).

We are also expanding our product recycling program capacity. Through these actions, we are taking responsibility for the entire life cycle of our materials and contributing to a future where waste is minimized, resources are continuously reused, and circular practices are fully embedded in our operations.

WASTE RECYCLED

47%

Of total waste generated was recycled

USE OF RECYCLED PRODUCT

7.5%

Increase in Recycled Tableware rejections used in final products compared to 2024

Waste and Circularity Sustainability Initiatives - 2026 and Beyond

- Product Recycling Program Expansion: In 2026, we are scaling our commitment to circular manufacturing by expanding our end-of-life tableware recovery initiative. This program minimizes our environmental footprint by diverting inert ceramic waste from landfills and reintegrating it into our production cycle. By substituting virgin minerals with recycled material, we are simultaneously conserving natural resources, reducing kiln energy consumption, and lowering greenhouse gas emissions. This expansion reinforces our leadership in stewardship, transitioning our operations from a linear model to a closed-loop system that upholds global ESG standards.

Sustainable Sanitaryware Manufacturing

Five new **spiral-flush** and **water closet products** were introduced in 2025, featuring shell and engine technology that reduced product weight by **15%** and enabled Spagless casting without heat energy for mould drying between cycles.

Sanitaryware production at RAK Ceramics is supported by a range of practical initiatives focused on improving resource efficiency and reducing environmental impact across the manufacturing process. These efforts cover key stages from body preparation and casting to sorting, equipment operation, and packaging. By recycling materials, recovering waste heat, optimizing energy use, and reducing water consumption, the sanitaryware division continues to strengthen its operational efficiency while supporting the Group's overall sustainability objectives.

SUSTAINABILITY EMBEDDED ACROSS THE SANITARYWARE PRODUCTION PROCESS

1. **Body Preparation** — **100%** of greenware rejects and final manufacturing rejects were recycled back into the production process, supporting circular material use and reducing raw material consumption.
2. **Glaze Preparation** — Waste glaze generated during production was collected and recycled, minimizing material losses and reducing waste sent for disposal.
3. **Casting** — Waste heat from kilns was utilized for drying wares, while high, medium, and low-pressure (Spagless) casting methods were adopted to reduce LNG consumption for mould drying and lower water use per unit produced.
4. **Kiln** — Hot combustion air from kilns was recovered and reused to improve energy efficiency, alongside the use of energy-efficient burners to optimize fuel consumption.
5. **Moulding** — Product engineering initiatives focused on reducing the weight of products and minimizing process losses, lowering raw material use and associated environmental impacts.
6. **Sorting** — Recycled water was used for functional testing of finished products, reducing freshwater consumption across the production line.
7. **Electrical & Mechanical** — Energy performance was improved through the expanded use of Variable Frequency Drives (VFDs), implementation of energy-saving opportunities in air compressors, and deployment of energy-efficient motors for higher loads.
8. **ABS Seat & Cover Manufacturing** — In toilet seat and cover manufacturing, **100%** of greenware rejected materials were recycled back into the process, supporting waste reduction and circular production.
9. **Packing** — Recycled materials were used to produce packaging products, reducing the reliance on virgin materials and supporting more sustainable packaging practices.

ENERGY EFFICIENCY IN PRODUCTION

Energy efficiency remained a key focus across RAK Ceramics' sanitaryware operations in 2025, with initiatives centered on equipment optimization, motor efficiency upgrades, and improvements to auxiliary systems. A significant portion of the projects involved the installation of Variable Frequency Drives (VFDs) on dryers, ball mills, and other production equipment, replacing conventional star–delta starters to optimize motor speeds and reduce power consumption during operations. In parallel, conventional ceiling fans were replaced with high-efficiency models, lowering electricity demand across production areas. These targeted equipment upgrades improved process control, enhanced operational reliability, and reduced energy intensity across multiple manufacturing processes.

In addition, broader process optimization and energy management measures were implemented to improve performance across core production lines. Collectively, these initiatives delivered an estimated annual electricity saving of approximately 569,000 kWh. The majority of these reductions were achieved through electrical system upgrades, including VFD installations and efficient fan replacements, while combined electrical and mechanical process improvements contributed additional energy savings. These efforts supported lower operating costs, improved equipment performance, and enhanced overall energy efficiency across sanitaryware manufacturing operations.

PROCESS VENTILATION AND FAN OPTIMIZATION

Energy savings were achieved through the replacement and optimization of ventilation systems across multiple process areas. High-efficiency fans were installed in casting, glazing, and finishing sections to reduce power consumption while maintaining required airflow and environmental conditions. The replacement of 684 conventional ceiling fans with high-efficiency models resulted in an estimated annual electricity saving of 111,720 kWh, while improving overall energy performance across sanitaryware operations. These upgrades improved process stability and reduced energy losses associated with older ventilation equipment, contributing to overall reductions in electricity demand across production areas.

VARIABLE FREQUENCY DRIVE (VFD) INSTALLATIONS

Variable Frequency Drives were installed on selected motors, pumps, and process equipment to optimize speed control based on operational demand. By aligning motor performance with actual process requirements, these systems reduced unnecessary energy use and improved equipment efficiency. The replacement of conventional star–delta starters with Variable Frequency Drives (VFDs) across key production equipment delivered an estimated annual electricity saving of 140,023 kWh, while improving motor efficiency and process control. The installation of VFDs contributed to measurable electricity savings while also extending equipment lifespan and improving process control.

MOTOR AND PUMP EFFICIENCY IMPROVEMENTS

Several initiatives focused on upgrading motors and pumps across production lines to more energy-efficient models. These improvements reduced the electrical load of mechanical systems and enhanced operational reliability. By lowering energy intensity across critical manufacturing processes, the upgrades supported both cost savings and reduced emissions associated with electricity consumption.

ENERGY SAVINGS

Electricity saving of

569,000 kWh

Sustainable Sanitaryware Manufacturing (contd.)

AUTOMATION AND PROCESS CONTROL ENHANCEMENTS

Automation upgrades, including robotic systems and improved control mechanisms, were implemented to stabalize production cycles and reduce manual intervention. These enhancements improved process consistency and minimized energy losses associated with fluctuating operations. As a result, energy use per unit of production was reduced while maintaining consistent product quality.

ENERGY MONITORING AND METERING SYSTEMS

Additional energy meters were installed across key production areas to enhance monitoring and enable more accurate tracking of electricity consumption. Improved visibility of energy performance allowed facilities to identify inefficiencies, prioritize upgrades, and support data-driven energy management decisions. These systems form part of the Group's broader effort to continuously monitor and improve operational efficiency.

Energy Efficiency Initiatives - 2026 and Beyond

- Efficient ventilation and cooling upgrades: Replacement of ceiling fans and exhaust systems with energy-efficient models across casting, moulding, and production areas, projected to save 217,014 kWh annually.
- VFD installations for process equipment: Integration of VFDs on glaze ball mills, blunger motors, and pre-dryers to optimize motor speeds and reduce electricity consumption, with projected savings of 140,023 kWh per year.
- Pump and motor efficiency upgrades: Replacement of AODD pumps with roto electric pumps and installation of IE5 energy-efficient motors for ball mills, delivering combined savings of 170,880 kWh annually.
- Compressed air and airflow optimization: Installation of airflow meters for compressors to improve monitoring and reduce excess energy use, expected to save 40,413 kWh per year.
- Engineering and OEM-to-local optimization projects: Targeted equipment and control system upgrades, including robot motors and slip tank control modifications, projected to save 97,070 kWh annually.

WATER SUSTAINABILITY

In 2025, RAK Ceramics implemented a series of targeted water-efficiency measures across its sanitaryware manufacturing operations, focusing on reducing cleaning cycles, optimizing water flow, and improving equipment configurations in high-consumption areas. These initiatives were designed to address water use at the process level, particularly in inspection, setter, and spraying operations where frequent cleaning is required. By refining equipment layouts, modifying production tools, and adjusting water flow parameters, the company reduced unnecessary freshwater consumption while maintaining product quality, hygiene standards, and operational reliability. These efforts form part of RAK Ceramics' broader water stewardship approach, aimed at improving resource efficiency and reducing the environmental footprint of its manufacturing activities.

OPTIMIZATION OF INSPECTION AND CLEANING SYSTEMS

Water use in inspection areas was reduced through process modifications and equipment optimization. A single pressure tank was configured to serve three trap glaze inspection booths, replacing the previous one tank-per-booth setup and lowering overall cleaning water demand. In parallel, water flow rates were reduced in both robot spraying areas and inspection booth sponging zones, ensuring effective cleaning with lower water consumption.

SETTER MODIFICATIONS TO REDUCE CLEANING CYCLES

Production setters were redesigned to minimize the frequency of cleaning. The Asian toilet setter system was modified to reduce the number of required cleaning cycles, while the semi-pedestal setter configuration was upgraded from twelve wooden setters to four stainless steel setters. These changes improved durability and reduced water use associated with maintenance and cleaning processes.

IMPROVED SPRAYING SYSTEM CONFIGURATION

The robot manual spraying system was modified from a conventional cleaning process to a splash-based system using a stainless steel tank. This adjustment reduced water consumption while maintaining effective cleaning performance and process reliability.

WATER CONSUMPTION

244,077 m3

Total Water consumption for Sanitaryware

Water Efficiency Initiatives - 2026 and Beyond

- Optimization of cleaning systems across production areas: Targeted improvements in robot spraying, casting, inspection, and slip house areas, including gutter sealing, pressure-assisted cleaning, and efficient nozzle systems, to reduce cleaning frequency and overall water consumption.
- Installation of automated water control systems: Implementation of auto-drain valves at inspection booths to regulate water discharge, prevent unnecessary flow, and enhance overall water management efficiency across sanitaryware operations.

WASTE AND CIRCULARITY

In 2025, RAK Ceramics implemented targeted waste reduction and circularity initiatives across its sanitaryware operations, focusing on recovering production rejects and reintegrating materials back into the manufacturing cycle. These initiatives were designed to minimize landfill disposal, optimize raw material use, and support a more circular production model. By enhancing recycling processes and incorporating waste streams into product formulations, the company reduced material losses while maintaining product quality and operational efficiency.

RECYCLING OF FIRED WARE INTO SLIP FORMULATION

The company also began crushing fired sanitaryware rejects and incorporating approximately 2% of this material into the existing slip formulation. This approach enables the reuse of previously discarded fired products, reducing waste sent to landfill while lowering the demand for virgin raw materials. The initiative demonstrates the feasibility of integrating recycled content into production without compromising product performance, supporting RAK Ceramics' broader circularity objectives.

GREEN REJECTION WASTE RECOVERY

RAK Ceramics initiated a process to collect green rejection waste generated during the early stages of sanitaryware production and recover it entirely within the internal recycling system. Through improved segregation and material handling practices, 100% of the collected green rejects were reintroduced into the manufacturing process. This initiative helped reduce raw material consumption, minimize waste disposal, and support a closed-loop production approach.

RECYCLED INPUT MATERIALS

13,695

Tons of sanitaryware

Waste and Circularity Sustainability Initiatives - 2026 and Beyond

- Recovery and reuse of dry clay from finishing areas: Collection of dry clay generated in the casting finishing area and reintegration of 100% of the recovered material into the recycling process, reducing raw material consumption and production waste.
- Glaze reclaim system at robot sponging stations: Installation of stainless-steel traps to capture and recover excess glaze, enabling its reuse in the production cycle and supporting waste minimization and circular material use across sanitaryware operations.

Sustainable Logistics

SUSTAINABLE LOGISTICS

RAK Ceramics is working to reduce the environmental impact of its logistics operations by optimizing transport routes, improving modal efficiency, and integrating lower-emission freight solutions across its supply chain. As a global manufacturer with extensive import and export activities, the Group continues to review transport corridors, shift to more efficient modes where feasible, and collaborate with logistics partners to minimise fuel consumption and associated emissions. These efforts aim to improve supply chain efficiency while delivering measurable reductions in transport-related carbon impacts and supporting the Group's broader environmental commitments.

RAIL DIRECT INITIATIVE

To optimize freight transport and lower emissions, we expanded the use of rail for goods movement. In 2025, this initiative saved approximately 1.63 million kilometers in road distance and 133,000 imperial gallons of diesel through reduced road transport. This initiative resulted in 84.81 tCO_2e actual emissions from rail operations, delivering a net saving of 336.19 tCO_2e.

Calculations were independently accredited by a third-party using the EcoTransIT World methodology, which applies a Well-to-Wheel (WTW) approach to account for the full lifecycle of fuel use (extraction, refining, and combustion), along with cargo weight, distance, handling emissions at terminals, and vehicle-specific factors. For road comparison, a Class 60 truck with Euro 2 emission standard was modeled, including a 100% empty rail freight return factor.

These efforts reflect our ongoing focus on embedding sustainability into procurement decisions, driving measurable reductions, and contributing to long-term environmental and economic benefits across the supply chain.


رايل دايركت
RailDirect

EMISSION CERTIFICATE
FOR

RAK Ceramics

Full year 2025 Carbon Report, which reflects your ongoing commitment to Environmental, Social, and Governance (ESG) principles.
The transportation of goods by multimodal mode (Rail/Road) instead of only road mode has resulted in significant environmental benefits, with avoided CO2e emissions for the period from January to December 2025 of:

84.81 tCO2e	336.19 tCO2e	839	80%
Actual(Rail)	of CO2e Saved	No. of Containers	Less impact

Issued by: Rail Direct

Olivier Laurent

Certificate based on EcoTransIT World accredited Calculation methodology

ERF-SUS-CERT-RD-HR-00001

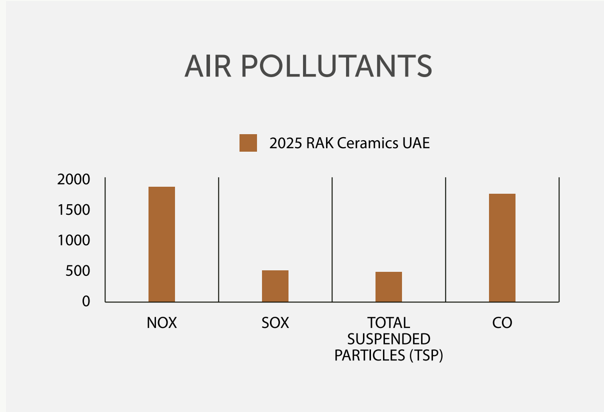
EcoTransIT

Air Pollution

AIR POLLUTION

In 2025, RAK Ceramics UAE reported emissions across all major air pollutants, reflecting ongoing monitoring and management of combustion-related impacts. NOx emissions, primarily from natural gas combustion in kilns and spray dryers, totaled 1,892.60 tons. SOx emissions, mainly linked to fuel combustion and trace sulphur in raw materials, amounted to 522.58 tons.

Total Suspended Particles (TSP), largely generated from raw material handling, milling, and kiln operations, reached 492.96 tons, while carbon monoxide (CO), produced through incomplete combustion, totaled 1,751.48 tons. These figure highlights continued air emissions oversight across UAE operations.



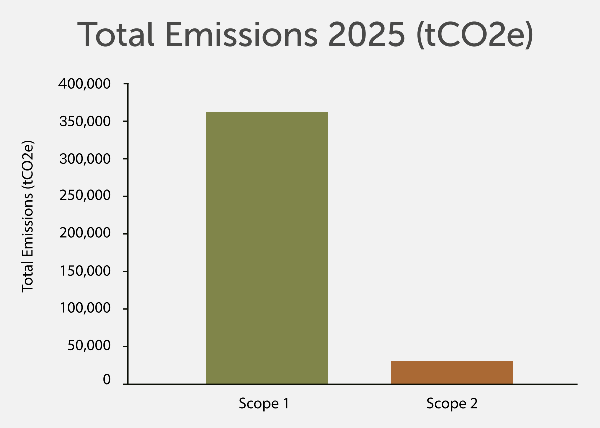
Emissions Reduction

EMISSIONS REDUCTION

Recognizing our role in contributing to climate change mitigation, we remain committed to reducing our emissions footprint. In 2025, we continued to prioritize environmental stewardship throughout our operations by further optimizing manufacturing processes for resource efficiency. Our focus on equipment upgrades, energy management, and emission tracking ensures effective control and continuous improvement in line with our reporting methodology.

We continue our commitment to transparently measuring and reporting carbon emissions, a practice we have maintained since 2019. We calculate our Scope 1 emissions in line with the UNFCCC calculator, applying relevant emission factors to our identified sources, consistent with the methodology we adopted in 2022 and have used since.

In 2025, total operational emissions amounted to 387,800 tCO2e. These changes reflect ongoing operational dynamics and growth in certain activities.



SCOPE 1 EMISSIONS

Scope 1 emissions stood at 378,347 tCO2e overall in 2025:

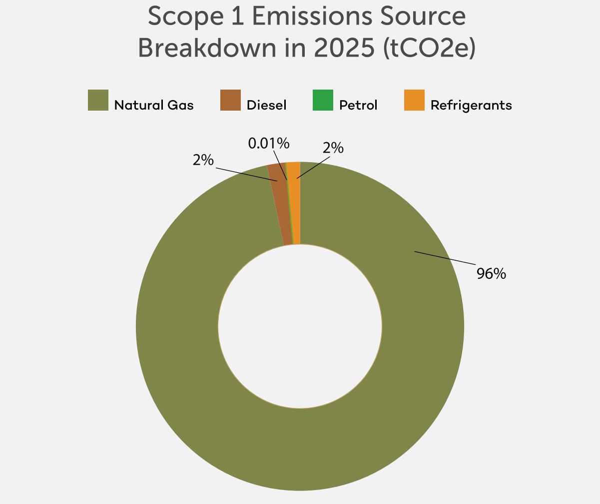
- **Natural Gas**: As the primary energy source for our gas power plant, natural gas remains the largest contributor to Scope 1 emissions, accounting for 97% of the total amounting to 362,446 tCO2e.

- **Diesel**: Diesel is primarily used by our on-site fleet, including bogies and forklifts. Diesel-related emissions made up less than 0.01% of overall emissions.

- **Petrol**: Petrol supports road transport of goods from production sites to stores. Petrol emissions stood at 24.8 tCO2e, achieved through continued progress in shifting from road to rail transport within the region

- **Refrigerants**: Emissions from refrigerant use increased to 7,277 tCO2e. The majority of refrigerant emissions originated from R22 (HCFC) systems used for air conditioning in production centers.

This reporting maintains consistency with prior years, and we continue to explore opportunities to optimize energy use, fleet transitions, and refrigerant management to mitigate future increases.



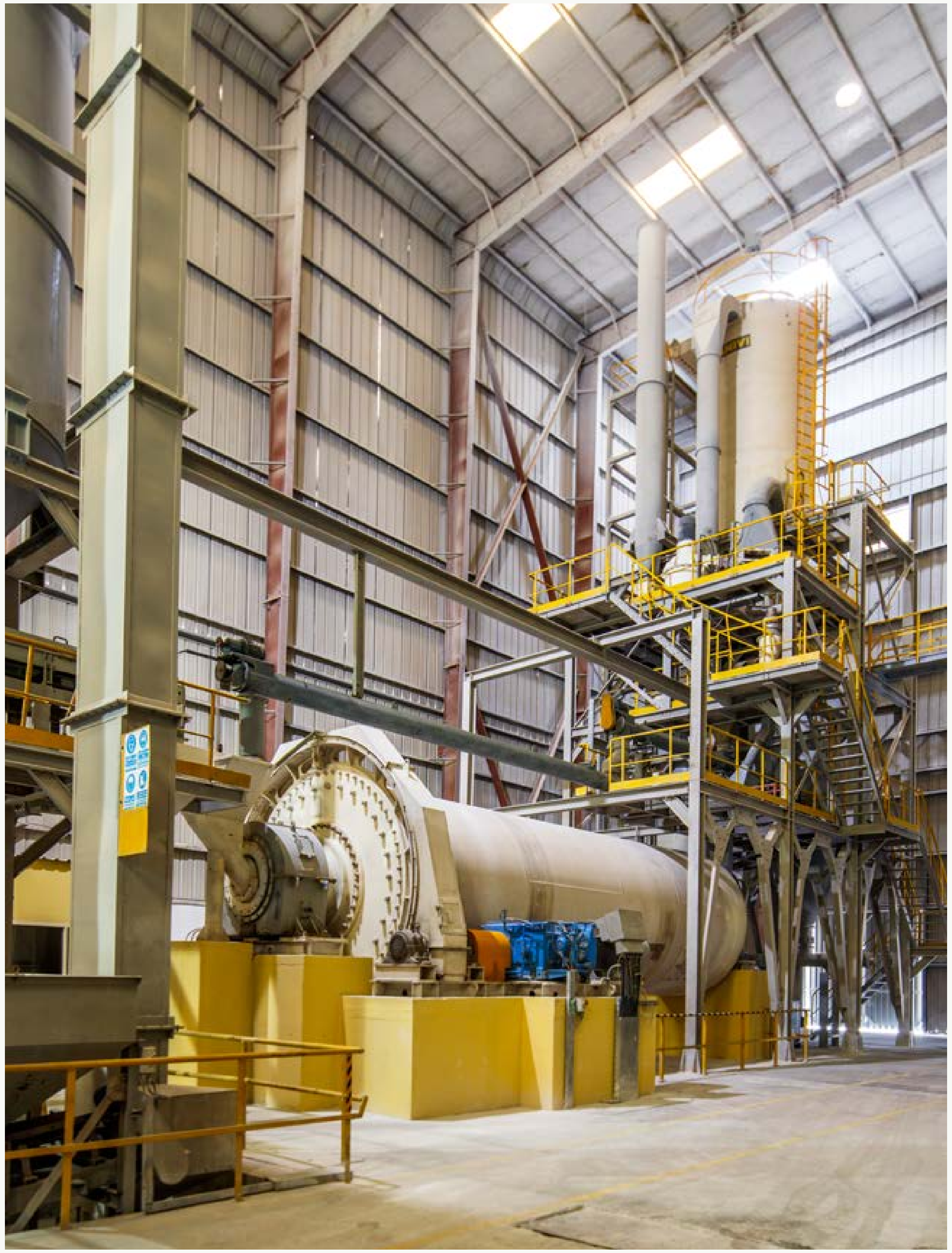
SCOPE 2 EMISSIONS

In 2025, our Scope 2 emissions . As noted in prior reporting, natural gas remains our primary source of energy generation through the on-site power plant and is accounted for in Scope 1 emissions.

Accordingly, our Scope 2 calculations include only electricity purchased from external sources, excluding any electricity generated internally by the power plant.

387.8 ktCO2e

Total 2025 Emissions (Scope 1 and Scope 2)



Our People & Community

Empowering our people by prioritizing safety and wellbeing, advancing inclusion and Emiratization, strengthening skills development, and investing in communities.

RAK CERAMICS

Joy of Giving Initiative – Red Crescent Collaboration

In collaboration with the **Red Crescent**, RAK Ceramics implemented the **Joy of Giving Initiative**, a humanitarian program aimed at supporting families facing hardship through the provision of essential food supplies. The initiative reflects a shared commitment to community welfare, social solidarity, and humanitarian support, particularly for vulnerable segments of society.

Through this partnership, RAK Ceramics contributed to collective efforts to deliver timely and practical assistance to those in need, reinforcing the importance of compassion and shared responsibility in addressing social challenges. The initiative also highlights the value of cross-sector collaboration in amplifying impact and responding effectively to community needs.

By supporting the Joy of Giving Initiative, RAK Ceramics demonstrates its commitment to social responsibility beyond its core business operations, contributing to community resilience and inclusive development. The partnership with the Red Crescent aligns with the Group's broader sustainability approach, which emphasizes people-centred initiatives, community engagement, and positive social impact across the regions where it operates.

This initiative supports the following **United Nations Sustainable Development Goals (SDGs)**:

SDG 1 – No Poverty: Supporting vulnerable families through the provision of essential food supplies.

SDG 2 – Zero Hunger: Contributing to food security and access to basic nutrition.

SDG 10 – Reduced Inequalities: Supporting vulnerable segments of society and inclusive community development.

SDG 17 – Partnerships for the Goals: Strengthening cross-sector collaboration with the Red Crescent to deliver social impact.

Collaboration with the Sheikh Saud bin Saqr Al Qasimi Foundation for Policy Research

RAK Ceramics entered into a **Memorandum of Understanding (MoU)** with the **Sheikh Saud bin Saqr Al Qasimi Foundation for Policy Research**, reinforcing a shared vision to promote collaboration, knowledge exchange, and the creation of meaningful opportunities for Emirati youth. The partnership reflects RAK Ceramics' commitment to supporting national institutions and contributing to the UAE's long-term social and economic development objectives.

The collaboration is intended to support research-driven initiatives, policy dialogue, and capacity-building programs that enable youth development and skills enhancement. Through knowledge sharing and engagement, the partnership aims to bridge the gap between research, industry, and talent development, fostering informed decision-making and innovation.

By working closely with the Foundation, RAK Ceramics seeks to play an active role in nurturing local capabilities, empowering young talent, and supporting initiatives aligned with national priorities for education, workforce readiness, and inclusive growth. This collaboration underscores the Group's broader commitment to social investment, knowledge-based development, and long-term value creation for the communities in which it operates.

This initiative supports the following **United Nations Sustainable Development Goals (SDGs)**:

SDG 4 – Quality Education: Supports education, research, and capacity-building programs that create learning and development opportunities for Emirati youth.

SDG 8 – Decent Work and Economic Growth: Enhances workforce readiness, skills development, and pathways between education and industry, contributing to sustainable economic growth.

SDG 9 – Industry, Innovation and Infrastructure: Promotes research-driven initiatives, knowledge exchange, and innovation that strengthen links between academia, policy, and industry.

SDG 17 – Partnerships for the Goals: Demonstrates cross-sector collaboration between industry and a national research foundation to advance shared social and economic objectives.

Empowering Emirati Talent: RAK Job and Internship Fair (RAK JIF) 2025

Empowering National Talent to enable **inclusive growth, strengthen local capabilities,** and support a resilient and future-ready industrial ecosystem.

RAK Ceramics reaffirmed its commitment to **Emiratization and youth development** through its participation as a Gold Sponsor at the **Ras Al Khaimah Job and Internship Fair (RAK JIF) 2025**, organized by the **Sheikh Saud bin Saqr Al Qasimi Foundation for Policy Research**. This initiative formed part of the Group's broader **corporate social responsibility (CSR) framework,** aimed at developing local talent, supporting youth employability, and strengthening pathways between education and industry. Through its engagement, RAK Ceramics contributed to building awareness of career opportunities within the manufacturing sector and supporting the development of skills aligned with the future needs of the UAE economy.

This initiative supports the following **United Nations Sustainable Development Goals (SDGs)**:

SDG 4 – Quality Education: Supporting skills development and stronger linkages between education and industry.

SDG 8 – Decent Work and Economic Growth: Promoting youth employability, Emiratization, and sustainable employment opportunities.

SDG 9 – Industry, Innovation and Infrastructure: Contributing to the development of a skilled workforce to support industrial growth.

Over 380 Emirati applicants engaged through digital recruitment.

MoU signed with the Al Qasimi Foundation to advance youth development and skills training.

Enhanced private–public collaboration through RAK Ceramics' active participation in policy discussions on talent alignment.

Overview of Our Workforce

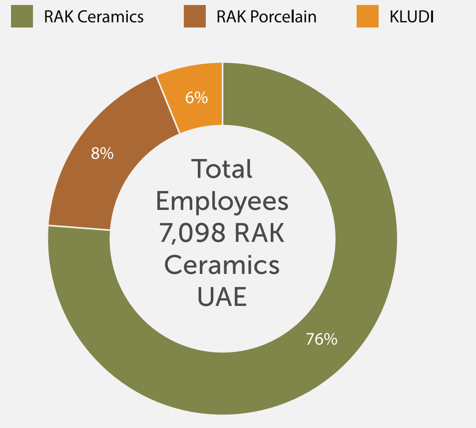
At RAK Ceramics UAE, we are committed to fostering a positive work environment by building a diverse, competent, and inclusive workforce that positions us as an exemplary organization in the ceramics manufacturing industry.

As of 2025, RAK Ceramics UAE employs a total of 7,098 employees, the vast majority of whom are Full-Time Equivalent (FTE) at 99.72%, with only 0.28% working part-time. Within the RAK Ceramics UAE, RAK Ceramics is the largest entity, accounting for 76.13% of the total workforce, followed by RAK Porcelain at 17.55% and Kludi at 6.31%.

In 2025, we successfully onboarded 1,914 new employees, a 37% increase compared to 2024, reflecting our continued growth and investment in talent. We uphold equal employment opportunities, fair advancement prospects, and equitable remuneration for all, irrespective of age, race, color, religion, gender, or disability. These principles have been further strengthened through the revision and implementation of our Code of Conduct, which embeds these values at the core of our organizational culture and governance.

As a UAE-based ceramics manufacturer, we remain dedicated to sustainable workforce growth in the region, with Emiratization as our top priority. Through strategic collaborative partnerships and targeted initiatives, we continue to advance national goals while expanding our global footprint, always keeping talent development of local Emiratis at the heart of our operations.

Total RAK Ceramics UAE Employees



7,098

RAK Ceramics UAE Employees

43 Nationalities

at RAK Ceramics UAE

Employee Safety and Wellbeing

EMPLOYEE SAFETY AND WELLBEING

In 2025, the total number of recordable work-related injuries across RAK Ceramics operations was 192. Of these, 77 were classified as high-consequence injuries, while the remaining 115 were minor injuries.

The most frequent injury types involved the hands, fingers, and legs, injuries commonly associated with direct interaction with machinery and equipment on site. These patterns highlight key hazard areas for workers engaged in production and maintenance activities.

We continue to address these risks through targeted risk assessments, enhanced machine guarding, improved PPE enforcement, regular training on safe operating procedures, and ongoing EHS audits to prevent recurrence and drive further reductions in injury rates.

REGULAR MONITORING AUDITS

EHS conducts regular inspections and audits (covering Mechanical, Electrical, Environmental, and General aspects) across all areas of operations to proactively identify hazards and ensure compliance. This includes routine checks of loading platforms and loading areas to prevent incidents related to material handling and vehicle operations. These systematic audits support early risk detection and support ongoing enhancement of workplace safety standards.

DAILY INSPECTIONS

EHS teams perform daily inspections of PPE usage across all operational areas to verify proper application and condition. Regular training sessions on PPE management, selection, maintenance, and correct usage are provided to employees. Scheduled audits further include checks on PPE availability, stock levels, and quality at the central store, promoting consistent compliance and reducing exposure to workplace hazards.

ANNUAL SPILL & FIRE DRILLS

Annual spill response and fire evacuation drills are conducted across all areas of operation and worker accommodations to test emergency preparedness and response capabilities. These exercises involve all relevant personnel, simulate realistic scenarios, and include debriefs to identify improvements, to ensure readiness and the minimization of potential impacts from chemical spills, fires, or other emergencies.

HEALTH & SAFETY COMMITTEE

Our dedicated EHS and Facility Management team oversees the day-to-day management of health and safety systems. A multidisciplinary Safety Committee, comprising representatives from various departments, meets regularly to review incidents, discuss concerns, evaluate risks, and propose necessary controls and preventive measures. This collaborative structure ensures worker participation and continuous input into safety improvements.

EHS POLICY

Our comprehensive EHS Policy aligns with UAE regulations (including Federal Labor Law provisions and OSHAD Codes of Practice), ISO 45001 requirements for occupational health and safety management systems, and international best practices. It applies to all stakeholders involved in RAK Ceramics operations across production units, office buildings, workers' accommodations, and workshops, with a clear focus on preventing accidents, injuries, and occupational illnesses through hazard identification, risk control, training, and continual improvement.

18,277,286

Total man-hours

0

Fatalities because of work-related injuries

192

Total Recordable Work-Related Injuries

At RAK Ceramics, we firmly believe that our employees are our most valuable asset, and their safety and well-being are our top priorities. We are unwavering in our commitment to providing comprehensive medical insurance to all staff and implementing a range of healthcare initiatives throughout the year. By consistently prioritizing the health and welfare of our team, we foster a supportive and thriving work environment where employees can excel. This dedication goes beyond supporting our workforce, it is integral to our broader vision of becoming a global leader in delivering innovative ceramic lifestyle solutions.

Employee Benefits	Description
Life Insurance	All employees are covered under the Company's life insurance policy, which covers disabilities due to work accidents or a work-related demise.
Medical Insurance	All employees are provided with medical insurance covering all work-related and non work-related ill health or injuries and free health check-ups.
Workman Compensation Insurance	All employees are covered under the Company's Workman Compensation Insurance, which covers loss of salary due to a work-related accident/injury.
Annual Health Screening	We partner with RAK Medical Center to provide annual health screening and eye examinations for those employees who work in hazardous conditions inside the factories. Any individuals who are identified as "high risk" are provided with one-on-one counselling and briefed on how to improve their health and lifestyle.
Monthly Wellness Campaigns	We organize monthly awareness campaigns on a variety of topics including how to avoid heatstroke, and the common signs of Hepatitis A and C.
Employee Welfare Fund	A welfare fund has been established by the company to help and support employees in serious need of monetary help due to accidents, medical emergencies for self and/ or immediate family members and other approved expenses to the extent not covered by insurance or any other source. The welfare fund is managed by a committee formed for this purpose who shall be the authority for sanctioning of financial help for those in need. The management of the welfare fund shall be governed by the Employee Welfare Fund Policy
Transportation and Accommodation	Employees are provided with accommodation in accordance with the Accommodation Policy. If no accommodation is provided, employees are provided with an accommodation allowance determined by their respective pay grades. Free transportation is provided to all employees residing in Ras Al Khaimah, United Arab Emirates.
Other Leave	All female employees are eligible for 90 days of maternity leave in accordance with UAE Laws (45 days paid and 45 days unpaid). We also provide special leave for Haji/Umrah and on a case-by-case basis.
End of Service Benefits	Employees are provided end of service compensation in accordance with UAE Laws.
Travel Allowance	All employees are granted leave travel allowance, graded according to their Company designation, paid at prevalent market rates.
Counselling for employees	Counselling of employees as per requirement
Sports Activities	We provide recreational facilities including a gym, basketball, volleyball, badminton courts and a football field and organize regular sports tournaments.

Diversity and Inclusion

RAK Ceramics is committed to fostering a diverse, equitable, and inclusive workplace that reflects the global nature of its operations and customer base. With employees representing more than 40 nationalities across its international facilities, the Group promotes a culture built on mutual respect, equal opportunity, and fair treatment for all, regardless of gender, nationality, religion, or background. Diversity is viewed as a key driver of innovation, collaboration, and long-term business success.

The Group's human resources policies are designed to ensure merit-based recruitment, fair compensation, and equal access to training and career development opportunities. These practices support a workplace environment where employees are empowered to contribute their skills and perspectives, while also fostering engagement, productivity, and retention across the organization.

RAK Ceramics also supports national workforce development initiatives, including Emiratization programs and youth employment platforms, to strengthen local talent pipelines and create inclusive growth opportunities. Through these efforts, the Group contributes to broader social development objectives while building a resilient and future-ready workforce.

By embedding diversity and inclusion principles into its policies, workplace practices, and community initiatives, RAK Ceramics aims to create a respectful, supportive, and high-performing work environment across all its operations.

In 2025, women represented 4.5% of the overall workforce at RAK Ceramics, up from the previous year. The total number of female employees increased from 204 in 2024 to 321, reflecting a 54% rise in female participation across the organization.

In RAK Ceramics UAE, women held 4.55% of combined Entry Level and Middle Management positions. Representation in Senior Management positions stood at 1.45%. These figures indicate gradual progress in female inclusion at various levels of the organization, even as the overall workforce composition remains predominantly male.

The average gender pay ratio for employees in Paraprofessional, professional and middle management bands was 1.61 (with men earning 1.61 times more than women on average within these bands). As part of our ongoing efforts to minimize inequality, we continue to address this differential through targeted policy measures. Updates to our governance framework, including specific clauses incorporated into the revised Code of Conduct, are being implemented to support fair and equitable remuneration practices and to work toward narrowing the ratio closer to 1 over time.

PARENTAL LEAVE

100% of employees at RAK Ceramics are entitled to parental leave in line with our policies and UAE labor regulations. In 2025, a total of 36 employees took parental leave: 5 females and 31 males. All 36 employees returned to work upon completion of their leave, achieving a 100% return-to-work rate (100% for both females and males). This full return rate demonstrates the effectiveness of our family-friendly policies, which support employees in balancing professional responsibilities with family needs. We remain committed to maintaining and enhancing these provisions to promote employee well-being, gender equality, and long-term retention across the organization.

100%

Of our staff returned to work after parental leave

EMPOWERING WOMEN: CEO STATEMENT FOR WOMEN EMPOWERMENT 2025

The Women's Empowerment Principles (WEP), informed by international labor and human rights standards, are seven steps developed by UN Women and UNGC to guide businesses on the advancement of women empowerment in the workplace. We aim to directly align with the seven principles and the UN SDG Goal 5: Gender Equality with our focus on building an inclusive workforce and sustainable business practices.

Gender diversity strengthens our teams, brings fresh perspectives to our operations, and supports our broader commitment to diversity and inclusion across all levels of the organization. In 2025, our CEO released a Statement of Support for the Women Empowerment Principles that highlighted RAK Ceramics vision and goals to implement sustainable practices that embrace women empowerment through following the seven principles. It was a call to action for all business leaders to use the principles to the benefit societies and companies.

To maintain transparency, we are committed to continuing collection and analyzing sex-disaggregated data. By embedding the WEPs into our strategy, RAK Ceramics aims to create a more balanced, empowered workplace that attracts and retains top talent, enhances creativity in product innovation, and contributes positively to gender equality goals in the UAE.

CEO Statement of Support for the Women's Empowerment Principles

We, business leaders from across the globe, express support for advancing equality between women and men to:

- Bring the broadest pool of talent to our endeavours;
- Further our companies' competitiveness;
- Meet our corporate responsibility and sustainability commitments;
- Model behaviour within our companies that reflects the society we would like for our employees, fellow citizens and families;
- Encourage economic and social conditions that provide opportunities for women and men, girls and boys; and
- Foster sustainable development in the countries in which we operate.

Therefore, we welcome the provisions of the Women's Empowerment Principles – Equality Means Business, produced and disseminated by the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the United Nations Global Compact. The Principles present seven steps that business and other sectors can take to advance and empower women.

Equal treatment of women and men is not just the right thing to do – it is also good for business. The full participation of women in our enterprises and in the larger community makes sound business sense now and in the future. A broad concept of sustainability and corporate responsibility that embraces women's empowerment as a key goal will benefit us all. The seven steps of the Women's Empowerment Principles will help us realize these opportunities.

We encourage business leaders to join us and use the Principles as guidance for actions that we can all take in the workplace, marketplace and community to empower women and benefit our companies and societies. We will strive to use sex-disaggregated data in our sustainability reporting to communicate our progress to our own stakeholders.

CEO* Name: Mr. Abdallah Massaad

Name of the company: RAK Ceramics PJSC

Date: 9/9/2025 Signature:

WOMEN'S EMPOWERMENT PRINCIPLES

United Nations Global Compact

UN WOMEN

Emiratization

In alignment with UN SDG 8: Decent Work and Economic Growth, building our In-Country Value (ICV) and the UAE's national Emiratization goals and legislation, strengthening local Emirati talent and youth development remains a core pillar of our identity at RAK Ceramics.

In 2025, we are proud to employ 901 Emiratis, representing 12.7% of the RAK Ceramics UAE total workforce, an 1.9% increase when compared to 2024. Through targeted initiatives and ongoing engagement, we continue to advance national Emiratization objectives by fostering meaningful opportunities for Emirati talent.

Our key collaborations in 2025 included our partnership with the Sheikh Saud bin Saqr Al Qasimi Foundation to support research-driven initiatives, as well as our role as Gold Sponsor of the Ras Al Khaimah Job and Internship Fair (RAK JIF). Through the RAK JIF alone, we successfully engaged over 380 Emirati candidates, connecting them with career and development opportunities within our organization and the wider industry.

We remain fully committed to the national endeavor of nurturing Emirati talent through dedicated programs, strategic partnerships, and continuous investment in youth development. These efforts not only build a more resilient and self-reliant workforce but also contribute significantly to the socio-economic progress of the UAE, reducing dependence on external talent while creating lasting value for the Emiratis and the UAE as a whole.

12.7%

Employees of local nationality in alignment with the Emiratization law

8.96%

Percentage of Female Emirati Employees

9.09%

Percentage increase in Administrative roles

Employee Training

At RAK Ceramics UAE, we are aim to empower our employees across all levels through career development, dedicated training initiatives and flexible skill building programs. In 2025, we expanded our training focus with the launch of the Retail Academy and targeted programs in sales, customer service, and retail management, alongside a dedicated Leadership Development. These initiatives were designed to strengthen both functional expertise and leadership capabilities, ensuring our teams are well-equipped to meet evolving business demands and deliver exceptional performance.

We continued to provide access to digital learning platforms and conducted tailored in-house sessions to support the practical skill of our employees. We provided performance reviews for 100% of our employees and ensured alignment to individual development goals with organizational priorities, promoting personal growth, as well as efficiencies in day-to-day processes. With programs customized for administrative, retail, and managerial roles, we remain committed to building a highly skilled, adaptable, and motivated workforce that drives innovation throughout our organization.

PROFESSIONAL TRAININGS FOR CAREER ADVANCEMENT

In 2025, we continued to strengthen our commitment to employee development by expanding targeted training initiatives across RAK Ceramics UAE, with a strong emphasis on building both specialized skills and leadership capabilities to support our evolving business needs.

A highlight of 2025 was the launch of the Retail Academy, an initiative designed to equip retail teams with essential competencies in sales, customer service, and retail management. Employees were enrolled in structured programs under this initiative, enabling them to deliver enhanced service and drive performance in customer-facing roles. In parallel, we introduced a dedicated Leadership Development Program, enrolling employees requiring these skills to strengthen strategic thinking and team leadership.

Complementing these efforts, we assigned a wide range of courses through LinkedIn Learning, including topics of high relevance such as AI Literacy, Retail Sales Management, and comprehensive Leadership & Communication Learning Paths. These digital platforms provided flexible and self-paced learning opportunities accessible to employees across functions.

In addition to these initiatives, we delivered focused in-house trainings for the Retail Sales Team, concentrating on practical skills in customer service excellence and sales techniques to ensure immediate application in daily operations.

Across RAK Ceramics and RAK Porcelain, our total training efforts amounted to 136,665 man-hours, engaging more than 3,200 unique participants. These investments reflect our ongoing dedication to continuous learning, skill enhancement, and professional growth, empowering our people to excel and contribute to the long-term success and sustainable progress of the organization.

3,279

Unique RAK Ceramics employees trained in 2025

41

Average training hours achieved per RAK Ceramics Employee in 2025

Community Investment

Our Corporate Social Responsibility (CSR) framework underpins our approach to social investment, guiding how we deliver meaningful, long-term impact through community partnerships and employee-led volunteering. Our initiatives are designed to improve quality of life across the UAE, with a particular focus on communities near our operations, where many of our employees and their families live and work. In 2025, colleagues across the Group took part in more than 11 volunteering and community initiatives, strengthening our commitment to social wellbeing, environmental stewardship, and cultural inclusion. In 2025, we invested 0.45% of our net profit into CSR initiatives to support local communities.

EMPLOYEE ENGAGEMENT IN OUR COMMUNITY

This year, we strengthened community impact through humanitarian support, environmental conservation, learning and development initiatives, cultural engagement, and inclusive sports and wellbeing programs that fostered empathy, unity, and social cohesion across our workforce and communities.

HUMANITARIAN SUPPORT & COMMUNITY OUTREACH

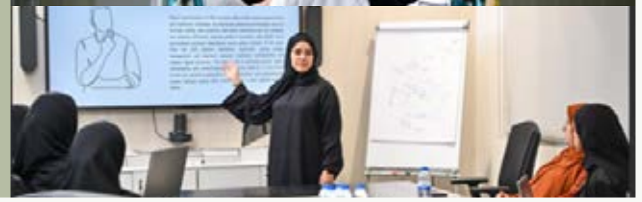
Community engagement remained a key focus throughout the year. During the Holy Month of Ramadan, employees led and participated in donation drives to distribute essential food supplies to those in need. In partnership with humanitarian organizations such as the UAE Red Crescent, we extended support to vulnerable and conflict-affected communities. Our community inclusion initiatives also prioritized the wellbeing of blue-collar workers, promoting welfare, social cohesion, and a sense of belonging. Together, these efforts strengthened community connections while nurturing a culture of empathy and shared responsibility.

NATURAL HERITAGE & ENVIRONMENTAL PROTECTION

Safeguarding and restoring the natural environment continues to be a core pillar of our sustainability agenda. In 2025, our environmental efforts included annual beach clean-ups, mangrove planting and restoration, tree-planting initiatives, and an aluminium can collection drive in Ras Al Khaimah. These initiatives brought together employees, volunteers, and local communities to support biodiversity conservation and protect coastal ecosystems, contributing to the UAE's wider environmental objectives.

GROWTH & LEARNING

We contribute to the UAE's economic and knowledge-driven ambitions by investing in education and youth development. In 2025, our key initiatives included partnerships and engagement with the Al Qasimi Foundation and the Higher Colleges of Technology (HCT). We also delivered educational workshops for blue-collar employees, supporting continuous learning, skills development, and greater awareness.



SPORTS, HEALTH & WELLBEING

We promote health and wellbeing by encouraging employees and communities to stay active and adopt healthier lifestyles. Through inclusive programs accessible to people of all ages, genders, and abilities, we aim to strengthen social connections and empower individuals to make positive lifestyle choices. In 2025, we supported and organized a wide range of sports and wellness initiatives, including football and cricket matches, a table tennis tournament, participation in the RAK Half Marathon and Terry Fox Run, health check-up campaigns, and staff wellbeing activities. These investments in sports and wellbeing enhance quality of life, build stronger teams, and reinforce our culture of care.

CULTURE & COMMUNITY

We honor the UAE's rich cultural heritage while promoting diversity and inclusion across our workforce. Our activities included UAE National Day celebrations, Haq Al Laila, Women's Day, and festive events for Christmas and Diwali. These moments of celebration strengthened cultural understanding, boosted employee engagement, and fostered a strong sense of belonging within our multicultural community.

Governance & Best Practices

Upholding ethical standards by strengthening governance and compliance, protecting data privacy, fostering transparency, and reinforcing accountability across our organization.

Corporate Governance & Compliance

RAK Ceramics believes that strong corporate governance is fundamental to operating a responsible, and sustainable business that delivers value. We ensure that our corporate governance enhances management accountability, safeguards the interests of shareholders and stakeholders, and supports our broader community. To uphold these principles, we have implemented a comprehensive set of governance policies and procedures aligned with global best practices and fully compliant with UAE regulations, including Resolution No. 3 of 2020 issued by the Securities and Commodities Authority (SCA) on Corporate Governance Rules and Corporate Discipline Standards. This framework ensures the highest level of oversight by our Board of Directors, Executive Management, and employees.

OUR LEADERSHIP

BOARD OVERSIGHT AND RESPONSIBILITIES

The Board of Directors is responsible for the overall governance of RAK Ceramics and plays a central role in guiding the Company's strategic direction, overseeing risk management, and ensuring the delivery of sustainable long-term value. The Board provides oversight of strategy formulation, monitors management performance, ensures adequate systems of internal control are in place, and oversees compliance with legal and regulatory requirements, the Company's Memorandum and Articles of Association, and its duties to shareholders.

The Board is accountable to shareholders for the stewardship of the Company and maintains a strong focus on transparency, accountability, and ethical business conduct.

BOARD COMPOSITION AND INDEPENDENCE

The Board comprises seven members, reflecting a balance of skills, experience, and independence. Of the current Board members, 86% are male and 14% are female, and 57% of the Board is independent, reinforcing objective oversight and effective governance. The Chairperson of the Board is independent, and the roles of Chairperson and Chief Executive Officer are clearly separated, with the CEO prohibited from chairing the Board. This structure supports sound governance practices and aligns with regulatory requirements.

Board members undergo regular performance evaluations, including self-assessments, to ensure continued effectiveness and accountability. Directors are elected every three years, and in the event of a vacancy, the Nomination and Remuneration Committee (NRC) recommends suitable candidates for Board approval. The current Board term expires on 25 March 2027.

BOARD COMMITTEES AND GOVERNANCE FRAMEWORK

To support its governance responsibilities and enhance the effectiveness of oversight, the Board has established permanent committees with clearly defined mandates. The Audit and Risk Committee (ARC) provides oversight of financial reporting, internal controls, and risk management processes, supporting the Board in ensuring the integrity of financial statements, the effectiveness of internal audit functions, and the robustness of the Group's risk management framework. The Nomination and Remuneration Committee (NRC) oversees Board and senior management appointments, executive remuneration, and succession planning, ensuring that remuneration structures are aligned with performance, long-term value creation, and shareholder interests. In addition, the Board oversees the Insider Trading Committee and the Disclosure Committee, which support compliance with regulatory requirements and ensure transparency and timely disclosure of material information to the market.

THE BOARD

The current Board comprises seven members, including a Chairman (Non-Executive, Independent), a Vice Chairman (Non-Executive, Non-Independent), two three Non-Executive and Independent Directors, and three two Non-Executive and Non-Independent Directors. This composition provides a balanced mix of independence, skills, and sector expertise, enabling the Board to exercise effective oversight, support informed decision-making, and provide strategic guidance aligned with the Company's long-term objectives.

SHEIKH SAQR BIN SAUD AL QASIMI
Chairman of the Board

FAWAZ SULAIMAN ALRAJHI
Vice-Chairman of the Board

SHEIKH KHALID BIN SAUD AL QASIMI
Board Member

SHEIKH SAQR BIN OMAR AL QASIMI
Board Member

FARAH AL MAZRUI
Board Member

ABDULLAH AL ABDOULI
Board Member

WASSIM MOUKAHHAL
Board Member

Corporate ESG Governance

MEETINGS AND COMMUNICATION

There is a structured two-way communication process for sustainability matters, including impacts and critical concerns. Executive Management escalates key sustainability issues to the Board, while the Board provides strategic direction and guidance, delegating responsibilities as necessary. These channels operate quarterly and annually, complementing performance discussions, with additional meetings convened as needed. Continuous monitoring and feedback mechanisms ensure progress aligns with the Board's directives on sustainability.

Mechanisms such as management reviews, audits, EHS reviews, and whistleblower arrangements are embedded within the governance framework to identify issues, control gaps, and weaknesses, and to ensure relevant information is communicated to stakeholders. Necessary remediation measures based on these inputs are implemented.

The Sustainability report is regularly presented to the Board for review and oversight, including approval of the annual sustainability report. The Board ensures strategic direction, supervises management, maintains adequate controls, and conducts regular self-evaluations to enhance governance effectiveness. A Board-level committee is proposed to be established in 2026 to provide dedicated oversight of sustainability matters.

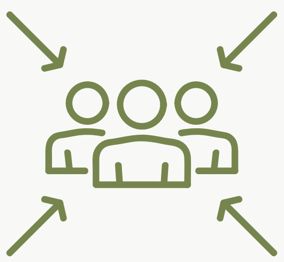
ESG GOVERNANCE

The Board holds overall responsibility for overseeing the Company's ESG performance. Currently, ESG is not governed under a standalone Board or committee charter and is overseen by the Audit & Risk Committee, which also governs risk management, ethics, and compliance. The Company plans to formalize ESG governance through the establishment of a dedicated Sustainability Committee in 2026, to further integrate sustainability into business decisions. ESG performance is reported to the Board during meetings as part of the Audit & Risk Committee agenda, through periodic updates and discussions.

17
Governance Meetings in 2025

4
Board of Directors meetings

4
Audit & Risk Committee meetings



4
Insider Trading Committee meetings

4
Disclosure Committee meetings

1
Nomination & Remuneration (N&R) Committee meeting

Corporate Governance and Company Structure

CORPORATE GOVERNANCE AND COMPANY STRUCTURE

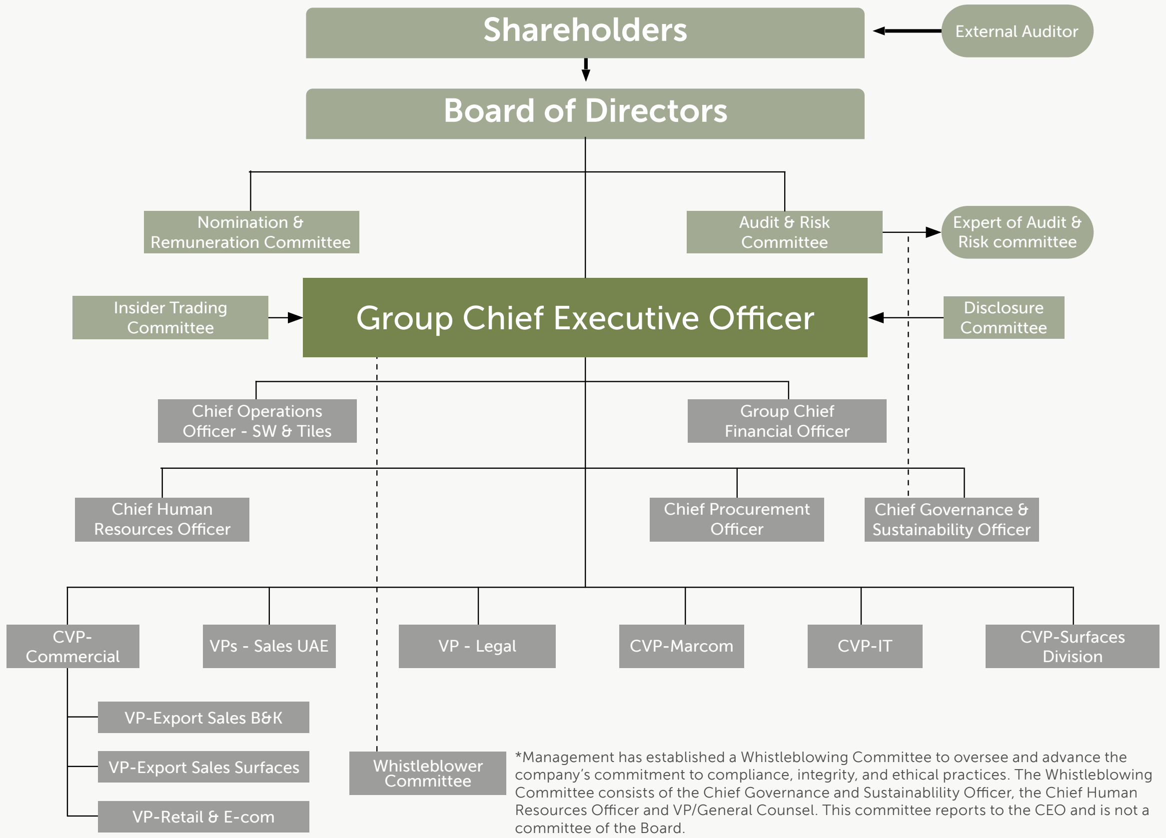
The organizational structure of RAK Ceramics reflects clear accountability, well-defined reporting lines, and a strong separation between governance and executive management responsibilities. The structure illustrates the relationships among shareholders, the Board of Directors, Board committees, executive management, and senior leadership functions, ensuring robust oversight and effective operational execution across the Group.

The Board of Directors provides strategic direction and governance oversight, supported by its committees, including the Audit and Risk Committee, Nomination and Remuneration Committee, Disclosure Committee, and Insider Trading Committee. Independent external audit and expert advisory functions further strengthen oversight, transparency, and risk management.

Executive management, led by the Group Chief Executive Officer, is responsible for implementing the Board's strategic objectives and overseeing day-to-day operations. Reporting to the CEO are senior functional leaders across operations, finance, procurement, governance and sustainability, human resources, legal, information technology, marketing and communications, and commercial divisions. Divisional and regional leadership teams support execution across sales, surfaces, and export markets.

This structure enables effective decision-making, strong risk management, regulatory compliance, and the integration of sustainability considerations across the organization, supporting long-term value creation and responsible business practices.

Company Structure



*Management has established a Whistleblowing Committee to oversee and advance the company's commitment to compliance, integrity, and ethical practices. The Whistleblowing Committee consists of the Chief Governance and Sustainablility Officer, the Chief Human Resources Officer and VP/General Counsel. This committee reports to the CEO and is not a committee of the Board.

Ethics and Integrity

POLICIES

RAK Ceramics is committed to conducting its business responsibly, ethically, and in full compliance with applicable laws and regulations. From a corporate governance perspective, the Company's focus in 2025 remained on ensuring continued compliance with the laws of the United Arab Emirates, the regulations of the Securities and Commodities Authority (SCA), the Abu Dhabi Securities Exchange (ADX) requirements, and the Articles of Association of the Company. Upholding high standards of conduct and ethics is fundamental to ensuring transparency, integrity, and accountability across all business activities and stakeholder interactions.

GLOBAL CODE OF CONDUCT

The RAK Ceramics Global Code of Conduct reflects the Company's commitment to ethical business practices and responsible conduct. The Code sets clear expectations for employees, management, and other stakeholders to act with integrity and professionalism, and in compliance with all applicable laws and regulations. The Code is applicable across the Group and is made available to all the employees.

In 2025, the Code of Conduct was enhanced to incorporate the Company's mission, vision, and purpose, and to explicitly prohibit all forms of forced labor, human trafficking, child labor, and modern slavery. The updated Code also includes expanded guidance on responsible digital conduct, cybersecurity, and the ethical use of artificial intelligence (AI) and emerging technologies. In addition, compliance requirements related to legal, regulatory, accounting, record-keeping, and taxation matters were reinforced. Provisions related to bribery, gifts, entertainment, and hospitality were clarified to strengthen safeguards against unethical practices.

The Code further emphasizes diversity, equity, and inclusion, and highlights RAK Ceramics' environmental, social, and governance (ESG) responsibilities, including commitments to responsible environmental practices, community engagement, and civil society contributions.

CONFLICT OF INTEREST POLICY

RAK Ceramics maintains a transparent and structured approach to managing conflicts of interest through its Conflict of Interest Policy, which applies to all employees, officers, and Board members. The policy is designed to ensure that personal, financial, or other interests do not improperly influence business decisions or compromise the integrity of the Company.

In 2025, the policy was updated to include part-time employees and officers receiving short- or long-term remuneration within the Company and the wider Group. Definitions were clarified, key principles reinforced, and conflict scenarios further detailed to help employees better identify, disclose, and manage potential or perceived conflicts of interest. A dedicated point of contact was established to support escalation and resolution of reported matters.

WHISTLEBLOWER POLICY (SPEAK-UP!)

RAK Ceramics encourages a culture of openness and accountability through its Whistleblower Policy (Speak-Up!), which enables employees and stakeholders to report serious misconduct, legal breaches, or unethical behaviour without fear of retaliation. The policy ensures confidentiality, fairness, and timely investigation of all reported concerns, while safeguarding whistleblowers against any form of victimization.

A dedicated reporting mechanism is available for whistleblower concerns, including clearly defined points of contact and reporting channels. A Whistleblower Register is maintained to track complaints and actions taken. All cases are reviewed by the Whistleblower Committee and reported to the Audit and Risk Committee through Internal Audit, ensuring appropriate oversight and resolution.

In 2025, the Whistleblower Policy was expanded to cover additional areas, including corruption, workplace discrimination such as racism and nepotism, abusive behaviour, and conflicts of interest. Routine human resources matters such as compensation, appraisals, and promotions remain excluded and are addressed through established HR processes. Enhancements were also made to training and awareness requirements, ensuring the policy is communicated across all Group entities, embedded within the Global Code of Conduct, and supported through regular interactive training sessions. Safeguards were updated to address bad-faith reporting, with disciplinary action specified for false or malicious claims.

During the reporting period, six whistleblowing reports were received, relating to Code of Conduct breaches, fraud, and HR-related matters. Of these, three cases were closed, while three remained under investigation at year-end.

ANTI-CORRUPTION

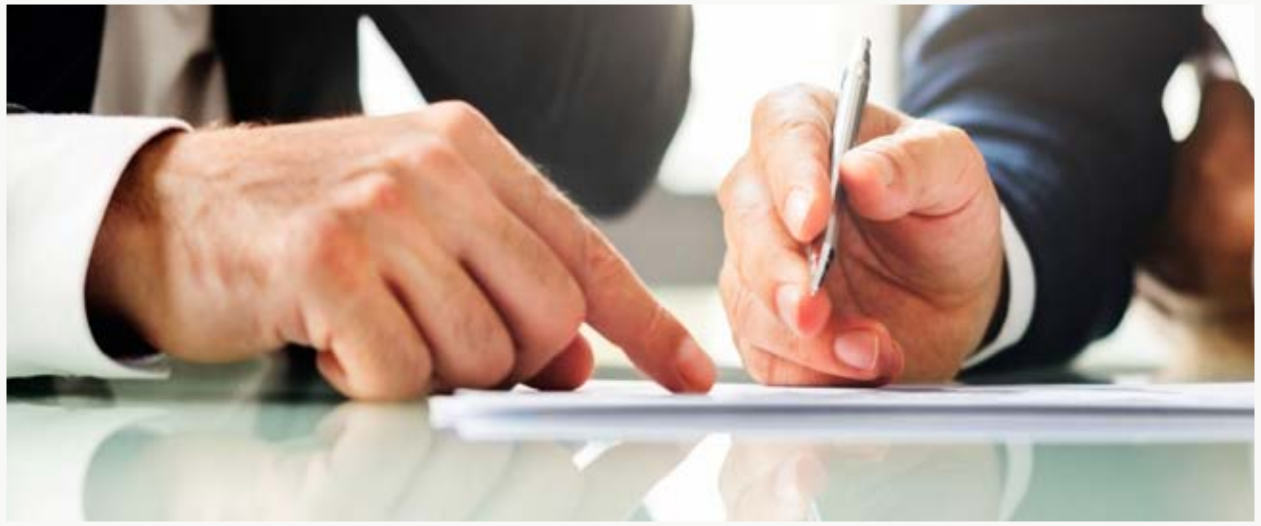
RAK Ceramics maintains a zero-tolerance stance towards corruption in all its forms. A structured fraud risk assessment process is conducted across the Company, with the scope explicitly including corruption. The assessment covers various functions such as Sales, Procurement, Finance, and HR. No incidents of corruption were identified. Our Whistleblower Policy sets out the process for reporting and investigating allegations of fraud, bribery or minor incidents involving theft and financial misappropriation by employees, where appropriate disciplinary measure will be taken.

The Board and leadership across all entities within the RAK Ceramics Group are kept informed of all applicable governance statutes, policies, and rules relevant to their respective geographies and jurisdictions.

REMUNERATION POLICY

The Company has implemented a comprehensive and transparent Remuneration Framework to govern employee compensation across different roles and grades. The framework is overseen by the Nomination and Remuneration Committee and is designed to ensure fairness, consistency, and alignment with performance, organizational objectives, and long-term value creation.

Through these policies and governance mechanisms, RAK Ceramics reinforces its commitment to ethical conduct, regulatory compliance, and responsible business practices, supporting a strong culture of integrity and sustainability across the Group.



REPORTING PROCESS

REPORTING AND COMPLIANCE MECHANISMS

Employees are expected to disclose any actual, potential, or perceived conflicts of interest, including internal or external relationships or interests that could compromise objectivity or create the appearance of bias. Reporting processes are designed to ensure confidentiality, protection against retaliation, and timely resolution of issues.

Reported conflicts of interest and violations of the Code of Conduct are reviewed in accordance with established procedures. All disclosed conflicts are assessed to determine appropriate mitigation actions. Conflicts and breaches are reported to the Audit and Risk Committee and remedial actions are implemented as required. Board members must also disclose potential conflicts at meetings, and any identified conflicts are recorded, investigated, and reported to the Board where necessary.

Through these policies and processes, RAK Ceramics reinforces a culture of ethical behaviour, transparency, and accountability, supporting long-term value creation and responsible business conduct across the Group.

Risk Management at RAK Ceramics

RISK MANAGEMENT

ESG risks are identified and assessed within the Company's Enterprise Risk Management (ERM) framework, incorporating environmental, social, and governance factors into the formal risk management process and risk register. It is organically developed, over a number of years, with broad participation from all the parts and functions of the Group.

These risks are identified through management risk assessments, internal audit reviews, regulatory and compliance monitoring, EHS reviews, and by referencing GRI standards as well as applicable UAE regulations and governance requirements. ESG-related risks are evaluated using a qualitative approach, consistent with the methodology applied to other risks in RAK Ceramics' ERM risk register. The risk register, risk updates, mitigation plans, and mitigation status are regularly reviewed and reported to the management, Audit & Risk Committee (ARC) of the Board, and the Board.

Given the evolving legal and regulatory landscape across key operating geographies, the Company continuously monitors developments and updates its policies and compliance practices accordingly. This proactive approach ensures that ESG risks are effectively managed and that operations remain aligned with emerging regulatory requirements in all regions of operation.

In 2025, RAK Ceramics have invested AED 1.4 million in climate related infrastructure, resilience, and product development.

Data Protection

Safeguarding our customer data and digital assets by embedding robust data protection processes in our operations is key for RAK Ceramics.

POLICIES, COMPLIANCE, AND STANDARDS

RAK Ceramics maintains formal policies for data protection, cybersecurity, and information security to safeguard personal, customer, employee, and business-critical information. These policies govern access control, data classification, system security, and confidentiality requirements, and are reviewed and updated periodically to reflect evolving regulatory, operational, and cybersecurity requirements. The Company's information security framework is aligned with the principles of ISO 27001, and policies are designed to comply with applicable local data protection laws and internationally recognized best practices.

CYBER RISK MANAGEMENT AND INCIDENT RESPONSE

No substantiated data privacy complaints were recorded during the reporting period, and no material data leaks, cybersecurity incidents, or reportable breaches occurred. Minor security events, where applicable, were promptly addressed without significant business or data impact. RAK Ceramics maintains a formal Incident Response and Escalation Plan, which is tested and periodically reviewed to ensure preparedness for potential cyber threats and business disruptions.

IT GOVERNANCE AND OVERSIGHT

IT governance is centrally defined to ensure standardized controls and risk management practices across the Group, while implementation is carried out at the operational level. Cybersecurity and IT risks are regularly reported to senior management and escalated to the Audit and Risk Committee of the Board as required. Independent third-party audits and internal assessments are conducted periodically to validate the effectiveness of controls and strengthen the Company's cybersecurity posture. IT and cybersecurity risk assessments and internal audits are conducted on a continuous basis to proactively identify and mitigate emerging risks.

TRAINING, AWARENESS, AND CULTURE

Cybersecurity awareness training is provided to a significant majority of employees, supported by periodic cybersecurity newsletters and awareness campaigns. Data privacy and protection training is being rolled out on a role-based basis for employees with access to sensitive information. Training is delivered during onboarding, annually, and on an ad hoc basis as needed, reinforcing a strong culture of information security, accountability, and compliance across the organization.

DIGITAL ENABLEMENT OF SUSTAINABILITY

Digital systems support structured ESG data collection, consolidation, and reporting, strengthening transparency and performance management. Digital tools are increasingly used to monitor and optimize energy and resource efficiency across manufacturing operations. The Company continues to expand paperless processes through digital workflows, electronic approvals, and document management, reducing paper consumption and improving operational efficiency.

Data Protection (contd.)

CLOUD OPTIMIZATION AND SYSTEM EFFICIENCY

RAK Ceramics is advancing cloud optimization, system rationalization, and consolidation initiatives to improve system performance, scalability, and resource efficiency while reducing infrastructure footprint. IT-driven initiatives support the monitoring and management of GHG emissions, energy consumption, and water usage, enabling more data-driven environmental performance management.

DIGITAL INITIATIVES SUPPORTING EFFICIENCY AND GOVERNANCE

The Company has implemented a Working Capital Reduction (WCR) initiative supported by digital tools to optimize inventory management and sales order processes, improving operational efficiency and financial performance. A structured capital investment management process has also been introduced to strengthen financial visibility, governance, and risk-based decision-making. In parallel, SAP system optimization initiatives are underway to reduce unnecessary customization, improve performance, and lower overall infrastructure consumption, contributing to improved operational efficiency and a reduced carbon footprint.

OPERATIONAL EFFICIENCY & WORKING CAPITAL OPTIMIZATION

Driving leaner, faster operations through Working Capital Reduction (WCR), improved Make-to-Order / Make-to-Stock (MTO/MTS) processes, inventory optimization, Minimum Order Quantity (MOQs), delivery-date planning, and upcoming Kanban rollout (a visual, demand-driven inventory and production control system to streamline material flow and reduce lead times across the supply chain) to reduce downtime and lead times.

ERP OPTIMIZATION & SPEND VISIBILITY

Enhancing SAP across production, procurement, and finance, with restructured product classifications and supplier performance management to improve cost control, transparency, and decision-making.

CUSTOMER ENGAGEMENT & SALES ENABLEMENT

Implementing Salesforce CRM to strengthen customer relationships, improve reporting, and enable data-driven sales effectiveness across business units.

DIGITAL CHANNELS & PRODUCT DATA MANAGEMENT

Revamping RAK Porcelain and Kludi websites and deploying Product Information Management (PIM) to create a centralized product data foundation that accelerates time to market and supports omnichannel growth.

PRODUCT TRACEABILITY & BRAND PROTECTION

Rolling out QR-based anti-counterfeit solutions and EAN-128 barcoding to strengthen authorized distribution, improve supply chain visibility, and safeguard brand integrity.

AUTOMATION & INTELLIGENT OPERATIONS

Expanding warehouse automation, GPS pallet tracking, SAP-integrated loading plans, forklift picklists, and Robotic Process Automation (RPA) to reduce manual effort, errors, and order fulfillment time.

INFORMATION SECURITY & DIGITAL GOVERNANCE

Upgrading to ISO 27001:2022 and strengthening controls through Mobile Device Management (MDM), Privileged Access Management (PAM), and employee cybersecurity awareness to protect data, systems, and business continuity.

Responsible Business & Responsible Employer

RAK
CERAMICS

Enhancing responsible growth by ensuring product quality and compliance, advancing sustainable sourcing, innovating production technologies, and delivering sustainable products.

Sustainable Procurement

In 2025, RAK Ceramics continued to advance sustainable procurement practices by prioritizing local sourcing and low-emission logistics to reduce environmental impact. This reporting year we aimed to support local economies, and enhance the resilience of our supply chain by reducing reliance on imported raw materials. RAK Ceramics is actively working on strengthening its responsible sourcing framework by screening new suppliers against defined social criteria and implementing corrective actions to address and mitigate any identified negative social impacts within the supply chain.

IN-HOUSE FRIT PRODUCTION

Building on the commencement of in-house frit production in 2024, RAK Ceramics continued this strategic initiative throughout 2025, progressively replacing previously imported frits with internally produced material. This has helped reduce dependency on external suppliers, lower transportation-related emissions, and enhance control over material quality and sustainability. Production capacity is expected to increase further in 2026, reinforcing resource efficiency and supply chain resilience.

LOCAL PROCUREMENT

Approximately 78% of our suppliers are local, encompassing sources for red clays, other GCC materials, and Persian Gulf-origin inputs. This high proportion of local procurement minimizes transportation-related emissions, supports community economic development, and strengthens supply security while aligning with our commitment to responsible sourcing.

Technological Innovation in Production

WORKING CAPITAL REDUCTION (WCR) PROGRAM

RAK Ceramics is advancing operational excellence through digital and process innovation under its Working Capital Reduction (WCR) Program, optimizing production planning, inventory management, and order-to-cash processes. Key initiatives include the introduction of expected delivery dates, minimum order quantity (MOQ) aggregation for make-to-order production, and the rollout of a Supermarket Kanban system for make-to-stock products. These innovations improve production efficiency, reduce machine downtime, minimize overproduction and waste, enhance stock availability, and shorten lead times, driving leaner operations, faster customer service, and more resource-efficient manufacturing.

FORK-EYE (INNOVENT PLATFORM)

RAK Ceramics has completed Phase 1 of the Fork-Eye (Innovent) platform, a digital logistics solution that enhances pallet tracking, inventory visibility, and dispatch efficiency across manufacturing yards. The system enables precise tracking of over 500,000 pallets, reducing misplacements, improving operational accuracy, and accelerating order dispatch, contributing to more efficient logistics operations. Phase 2 will further strengthen automation and SAP integration, supporting smarter inventory management, reduced handling inefficiencies, and improved resource utilization across the supply chain.

SMART PRODUCT TRACKING - PACKSYNC

RAK Ceramics has launched PackSync, a smart product tracking solution that uses QR codes to enhance product traceability and operational efficiency. The system enables real-time tracking of production and packed quantities, improves order visibility, reduces manual errors, and supports faster identification of products across customers and markets. PackSync also helps prevent unauthorized resale and product misuse, strengthening supply chain transparency and product integrity, with implementation currently underway across the Group.

Product Quality & Compliance

OVERVIEW

At RAK Ceramics, delivering the highest quality products while maintaining a strong commitment to sustainability is at the core of our operations. We are dedicated to not only meeting but exceeding global standards and guidelines in quality, compliance, and environmental responsibility. Our focus on sustainability drives us to continuously improve our processes and ensure that we are minimizing our environmental footprint throughout our operations. To uphold these values, we actively pursue industry-leading certifications and participate in key platforms that align with international best practices for sustainability and responsible business conduct.

In our pursuit of excellence, we work towards obtaining certifications that reflect our dedication to producing sustainable and high-quality products. These certifications, along with our active participation in global sustainability platforms, ensure that we adhere to rigorous environmental and ethical standards. By aligning our practices with recognized global frameworks, we ensure that our products meet the highest quality benchmarks while supporting long-term environmental sustainability. The following section highlights the key certifications we have achieved and the platforms we are involved in, demonstrating our commitment to upholding responsible and sustainable practices in all aspects of our business.

KEY ACHIEVEMENTS FROM 2025

Quality & Sustainability Certification	Description
ISO 50001	ISO 50001 is an international standard providing a framework for organizations to establish, implement, maintain, and improve an Energy Management System (EnMS) . It helps organizations systematically manage energy use, improve efficiency, reduce costs, and lower greenhouse gas emissions.
ecolabel	ECO Label Certification is a voluntary method of environmental performance certification and labelling that is practiced around the world for products or services proven to be environmentally preferable within a specific category. RAK Ceramics was the first company in the UAE to receive the EcoLabel award by the RAK Environmental Protection and Developmental Authority.
Certified Recycled Content	SCS Global - Certain Series of tiles are manufactured with 100% recycled materials from wastes generated during the manufacturing process of ceramic tiles, sanitaryware and tableware.
ISO 17889-1	International standard that assesses the sustainability and environmental impact of ceramic tiles, ensuring compliance with eco-friendly production, resource efficiency, and social responsibility criteria.

CERTIFICATIONS / PLATFORMS MAINTAINED IN 2025

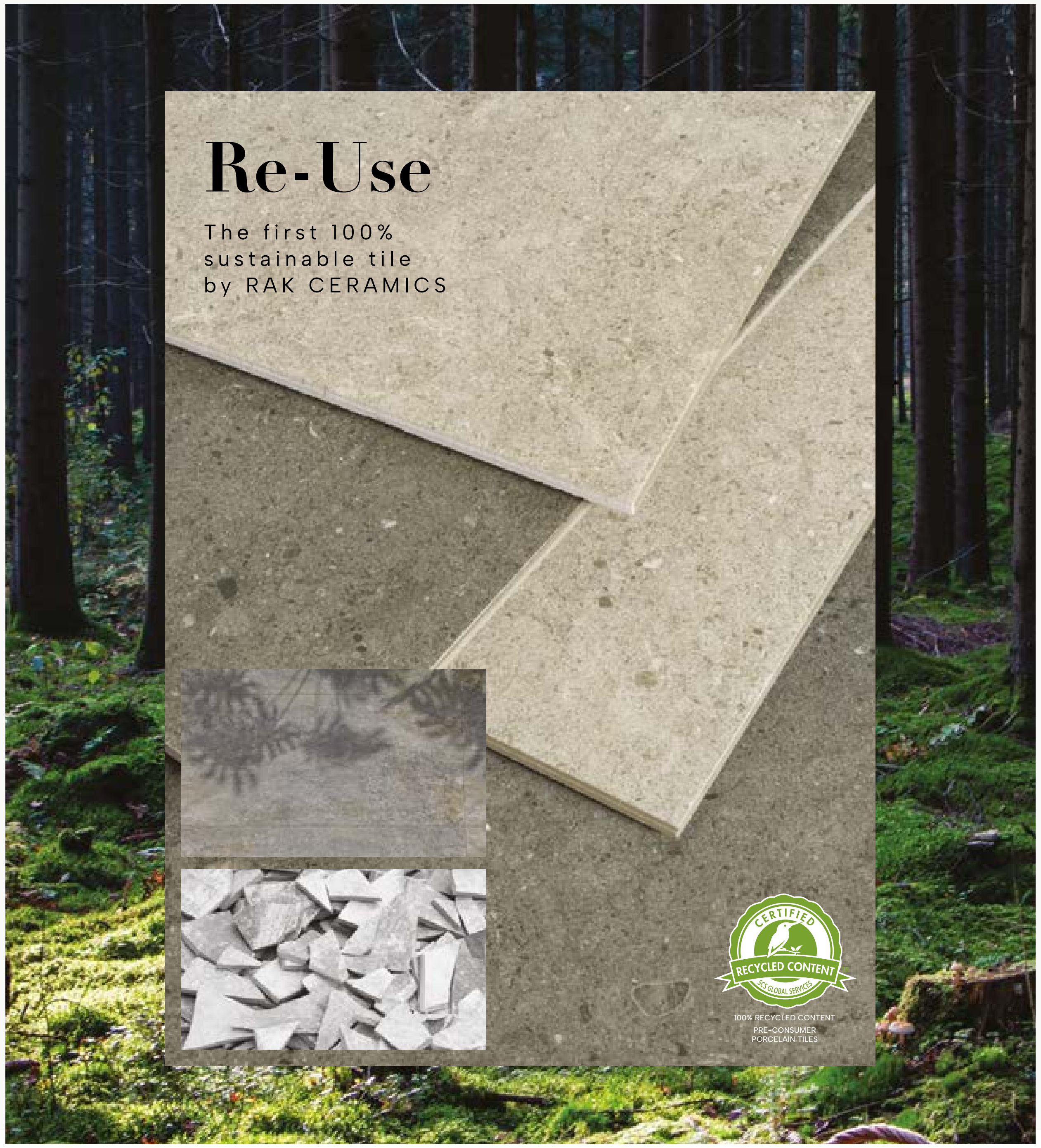
Quality & Sustainability Certification	Description
EPD – The International EPD System	All RAK Ceramics Tiles & sanitaryware s products have Environmental Product Declarations (EPD) following the CEN Norm EN 15804 standard, serves as the core PCR. Independent verification of the declaration according to ISO 14025 and ISO 21930, verified and certified by a third party. The product life cycle analysis was concluded following ISO 14040:2006, ISO 14044:2016, ISO 21930:2017 in line with the requirements of product category rules (PCR) regarding EN 15804 +A2:2019. On-going recertification together with LCA & FDES, to include environmental impact of product end-of life, recovery and recycling.
Synesgy	A Synesgy certificate is a digital, globally recognized document certifying a company's compliance with Environmental, Social, and Governance (ESG) standards.
ecovadis	Ecovadis focuses on supply chain sustainability, and provide a range of solutions, including assessing suppliers on sustainability performance and rating them on the same. In 2025, we participated in the Ecovadis supplier rating system as well.
Kingfisher	Kingfisher Packaging Sustainability Application is a platform that assess the sustainability of packaging materials. In 2025, we participated on the Kingfisher Platform as well.
ISO 9001:2015	ISO 9001:2015 by internationally recognized UK certification body Ceramic Research Institute Certification Scheme for ceramic tiles and sanitaryware . This certification verifies that we have a quality management system in place that is compliant with the requirements of the standard, which covers design, development, production and supply of ceramics and sanitaryware .
ISO 13006 EN 14411	ISO 13006, EN 14411 and ANSI A137.1. We manufacture ceramic tiles in accordance with these standard specifications from the UK, Europe and USA.
ISO 17025	Our testing laboratory operates in accordance with ISO/IEC 17025 accredited by the National Association of Testing Authorities, Australia.
Health Product Declaration	Given for Ceramic, Porcelain Tiles, sanitaryware s. The Health Product Declaration (HPD) Open Standard provides for the disclosure of product contents and potential associated human and environmental health hazards. Hazard associations are based on the HPD Priority Hazard Lists, the GreenScreen List Translator, and when available, full Green Screen assessments.

Product Quality & Compliance

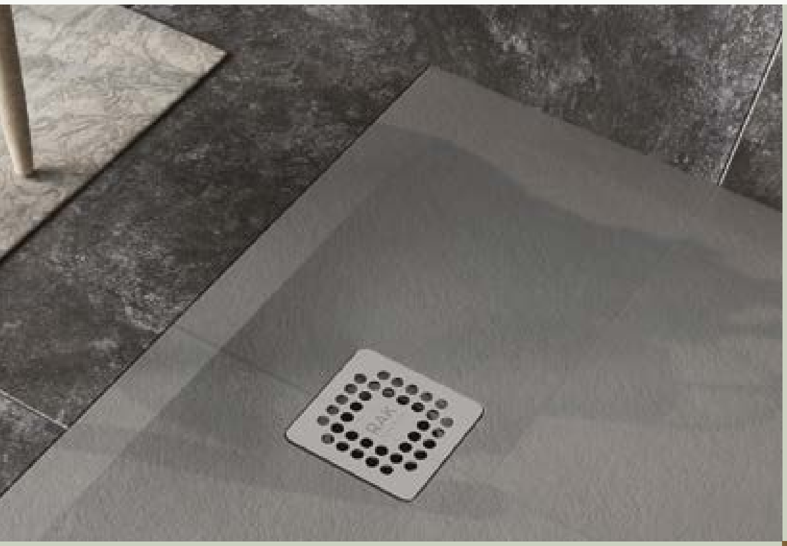
Quality & Sustainability Certification	Description
upcyclea Be Great, Be Circular	Given for Tiles, sanitaryware & Kludi: RAK Ceramics declarable substances list is regularly reviewed to include applicable regulations and customer requirements and to ensure that our suppliers are in line with our rules regarding the use of chemicals and hazardous substances. It defines RAK Ceramics declarable substances that our suppliers and subcontractors have to report in addition to regulated substances declarations.
CQY CERTIQUALITY	COY Certiquality Certification: DT55 ED 100915 (ISO/IEC 17067:2013) – This certification is given to construction products with a specified percentage of recycled materials. This has been awarded to Porcelain tiles produced from waste generated during the manufacturing process of tiles.
NFPA	NFPA 285: Standard Fire Test Method for Evaluation of Fire Propagation Characteristics of Exterior Wall Assemblies Containing Combustible Components.
floor score	FloorScore: FloorScore is an independent certification program that test and certifies hard surface flooring and the materials they are made with, to ensure they are in compliance with stringent indoor air quality emissions.
ISO 14001	ISO 14001:2015 Environmental Management System, is a voluntary standard for designing, implementing and maintaining an environmental management system
Sedex | SMETA	SMETA is the world's most widely used audit. Businesses use SMETA to understand and make improvements to working conditions and standards of labor, health and safety, environmental performance, and ethics in their business and supply chain. RAK Ceramics has completed the SMETA audit.
ICV	The National In-Country Value (ICV) Program is a UAE government initiative designed to boost the local economy by prioritizing local suppliers and businesses in government procurement, fostering job creation, industrial growth, and economic diversification. In 2024 we received a score of 54.21%, meaning that 54.21% of our total spending contributes to the UAE economy, including local procurement, Emirati workforce employment, local investments, and manufacturing. This indicates moderate compliance with the National In-Country Value (ICV) Program.
ISO ISO/IEC 27001:2013 CERTIFIED	The information security management system (isms) that covers the Information technology operations, digital services and support services such as human resources, administration, sales and marketing Department In accordance with statement of applicability version 1.0 dated 15/11/21.

Sustainable Products

RAK Ceramics advances sustainable living through innovative products and technologies that integrate recycled materials, water-efficient solutions, smart systems, low-impact logistics, and responsible packaging, delivering high performance with reduced environmental footprint across modern living spaces.



Sustainable Products (contd.)



RAKSOLID AND RAK-ETHER SHOWER TRAYS

RAKSOLID is an innovative material developed using a refined mix of natural minerals and resins, offering a lighter yet durable alternative to traditional solid surface materials. The RAK-Ether shower tray, manufactured in RAKSOLID, combines slate-inspired aesthetics with anti-slip safety, delivering both functional performance and contemporary design.

RE-USE QUARTZ AND RE-USE MINERALS – 100% RECYCLED TILES

RAK Ceramics introduced Re-Use Quartz, its first product manufactured entirely from recycled materials. Developed by the Group's R&D laboratories, this high-performance tile range is produced using up to 100% recycled materials sourced from manufacturing waste, supporting circular economy principles through reduce, reuse, and recycle practices.

RAK-REMAL – SAND-INSPIRED WASHBASIN COLLECTION

RAK-Remal is a sculptural washbasin collection inspired by the dynamic forms of desert sand dunes shaped by wind and movement. Designed by Sahar Madanat, the collection reflects a deep connection with nature and craftsmanship. The wash basins are available in glossy white and Mica White, an artistic glaze incorporating Muscovite mineral particles to achieve a natural, earthy aesthetic.

RAK-BATU – BALINESE-INSPIRED CONTEMPORARY DESIGN

RAK-BATU draws inspiration from Balinese architecture and nature-centric design, combining minimalist forms with natural textures and tones. Featuring slim 5 mm edges for a refined yet durable finish, the collection is available in round, oval, and rectangular shapes. A mica-enhanced artistic glaze reinforces the harmony between contemporary design and natural elements.

RAK-SKIN – ADVANCED SURFACE FINISHING FOR BASINS

RAK-Skin represents an advanced surface-finishing solution that delivers a refined, soft, and enveloping aesthetic. Designed to complement both wood-effect and stone-effect bathroom furniture, the collection enhances visual comfort through balanced contrasts of warm and cool tones, elevating bathroom spaces through innovative material application.

SUSTAINABLE PACKAGING

RAK Ceramics has transitioned to more sustainable packaging solutions across its product portfolio. All packaging materials are recycled and/or recyclable, with ongoing efforts to further increase the proportion of sustainable materials and reduce packaging-related environmental impacts.

Sustainable Products (contd.)

KLUDI SELF-CLOSING FITTINGS

KLUDI self-closing fittings feature an automatic shut-off mechanism that reduces water consumption after use while ensuring reliable and consistent operation. This solution supports water efficiency across residential and commercial applications.

KLUDI-MEDICARE

KLUDI-MEDICARE fittings are designed for ease of use and accessibility, featuring a special handle that can be operated with minimal movement using the elbow. The design supports hygienic use and accessibility, particularly in healthcare and public environments.

KLUDI-E-GO VOICE

KLUDI-E-GO Voice integrates voice control with digital and mechanical operation, enabling hands-free control of kitchen fittings. This innovation enhances user convenience while supporting efficient water use through intelligent technology.

KLUDI-WAVE SENSOR-OPERATED FIXTURES

KLUDI-WAVE sensor-operated fittings provide a touchless water experience through laser or infrared activation. The seamless design enhances hygiene, reduces water wastage, and supports health and safety standards in public and commercial facilities, while offering a sleek and modern aesthetic.

KLUDI-TOUCHTRONIC SHOWER SYSTEMS

KLUDI-TOUCHTRONIC transforms the shower into a personalized control center, combining water-saving technology with memory functions. The system allows users to customize temperature and flow settings, supporting efficient water use without compromising comfort.

KLUDI-CLEANTRONIC SMART SHOWER TOILETS

KLUDI-CLEANTRONIC combines bidet and toilet functions in a single smart solution. Adjustable water temperature, spray intensity, nozzle position, and warm air drying enhance hygiene and comfort, supporting water efficiency and improved user experience.

APPENDICES

- Data Tables
- ADX ESG Disclosures
- GRI Content Index

DATA TABLES

Data Tables - Pillar: Environmental Impact

Topic	Metric	Unit	RAK Ceramics UAE (Total for all service lines)		Service Lines 2025				
			2024	2025	Tiles (RAK Ceramics)	Sanitaryware (RAK Ceramics)	Faucets (Kludi RAK LLC.)	Tableware (RAK Porcelain LLC.)	Other Facilities & Workshops
Pillar: Environmental Impact									
General	Sales	AED	3,142,300,000	3,191,600,000	1,895,900,000.00	466,400,000.00	465,200,000.00	364,100,000.00	
	Production	Pieces (Tiles in m2)			44,614,946.00	3,560,000.00	831,625.00	25,387,000.00	
Energy Efficiency	Natural Gas consumption*	MMBTU	6,163,929	6,567,857	1,940,514,946	390,899	6,103	293,662	2,732,801
	Diesel consumption	L	2,700,429	3,173,083					
	Petrol consumption	L	14,254	10,601					
	Electricity Consumption	kWh	273,295,800	271,787,494	164,214,663	22,465,813	8,085,438	16,194,533	60,827,047
	Total Energy Consumption	GJ	983,865	978,435	3,814,475	493,295	35,546	368,113	218,977
	Energy Intensity of Sales	GJ/1000 AED	0.31	0.31	2.01	1.06	0.08	1.01	
	Energy Intensity of Production	GJ/unit			0.0855	0.1386	0.0427	0.0145	
	Electricity purchased	kWh	19,995,840	23,370,000					
	Electricity generated (Power Plant) **	kWh	244,694,480	248,417,494					
GHG Emissions & Air Pollutants	Total gross Scope 1 GHG emissions	tCO2e	373,959	378,346,696.00	174,725,000	29,616,000	348,620	16,774,950	156,882,126
	Total gross Scope 1 GHG emissions	ktCO2e	373.96	378.35	174,725	29,616	348.620	16,775	156,882
	Total gross Scope 2 GHG emissions	tCO2e	6599	9,453,165.00					
	Total gross Scope 2 GHG emissions	ktCO2e	6.60	9.45					
	Total Emissions	tCO2e	380,558	387,799,861					
		ktCO2e	380.56	387.80					
	Emissions Intensity of Sales	tCO2e/1000AED	0.121	0.122					
	Total weight of CH4 emissions	Tons					0.0067		
	Total weight of N2O emissions ***	Tons					0.0010		

Note: Where available, service-line-specific data has been used; where unavailable, totals from the EHS department have been used for Environmental Impact.

* Natural gas was used in our Scope 1 emissions as it is directly used to produce electricity through our Natural Gas Power plant (Refer to 'Electricity Generated (Power Plant)').

** Only 'Electricity Generated' has been used in our Scope 2 emissions, as 'Electricity Generated (Power Plant) has been accounted for in our Scope 1 Emissions.

*** Data is unavailable at the aggregate level.

Key: Data not available; Data not applicable

Data Tables - Pillar: Environmental Impact (Contd.)

Topic	Metric	Unit	RAK Ceramics UAE (Total for all service lines)		Service Lines 2025				
			2024	2025	Tiles (RAK Ceramics)	Sanitaryware (RAK Ceramics)	Faucets (Kludi RAK LLC.)	Tableware (RAK Porcelain LLC.)	Other Facilities & Workshops
Pillar: Environmental Impact									
GHG Emissions & Air Pollutants	Total weight of HFC emissions*	Tons					0.1215		
	Total weight of PFC emissions	Tons							
	Total weight of SF6 emissions	Tons							
	Total weight of NF3 emissions	Tons							
Water Sustainability	Water Consumption (Fresh)	m3	3,142,854	3,411,767	416,320	244,077	59,260	65,923	3,364,708
	Water Intensity of Sales	m3/1000 AED	1.0002	1.0690	0.2196	0.5233	0.1274	0.1811	
	Water Intensity of Production	m3/unit			0.0093	0.0686	0.0713	0.0026	
	Wastewater Recycled	m3						141,101	
	Wastewater Reused	m3			947,211		4,812	131,306	
	Desalination Water Treated	m3	1,944,259.00	2,186,778					
	Effluent Treatment Plant Water Treated	m3	938,897.00	968,695					
	Sewage Treatment Plant Water Treated	m3	190,114.00	192,957					
	Total wastewater treated	m3	1,129,011.00	1,161,652					
Waste & Circularity	Input / Material Consumption	Tons	893,545		972,487	49,320		14,045	
	Recycled Input Materials	Tons			185,230	11,914	68,404	617	
	Waste (Non-Hazardous)	Tons	43,423	75,772	75,148		120	504	
	Waste (Hazardous)	Tons	220	239	173		60	6	
	Total Weight of Waste Recovered	Tons				11,914		237.4	
	Waste Intensity of Sales	Ton/1000 AED				0.0000	0.0004	0.0014	
	Raw Material Intensity of sales	Ton/1000 AED				0.1057		0.0386	

Note: Where available, service-line-specific data has been used; where unavailable, totals from the EHS department have been used for Environmental Impact.

*** Data is unavailable at the aggregate level.

Key: Data not available | Data not applicable

Data Tables - Pillar: Our People & Community

Topic	Metric	Unit	RAK Ceramics UAE (Total for all service lines)			Service Lines 2025			
			2024	2025		Tiles (RAK Ceramics)	Sanitaryware (RAK Ceramics)	Faucets (Kludi RAK LLC.)	Tableware (RAK Porcelain LLC.)
Pillar: Our People & Community									
Employees	Total	Number	5,184	7098		5404		448	1246
	% of Full Time Equivalent (FTE) Employees	%	100%	99.72%		99.63%		100.00%	100.00%
	Total Temporary Employees								
	% Enterprise head count held by Temporary Employees								
	Total Part-Time Employee	Number		20		20			
	% Enterprise head count held Part-Time Employees	%		0.28%		0.37%			
	Total Workers who are not employees								
	% Enterprise head count held Contractors or Consultants								
	Nationality Diversity	Number		43					
Gender Headcount	Total Employees - Men	Number	4,980	6,777		5175		426	1176
	Total Employees - Women	Number	204	321		229		22	70
Age Representation by Category	Entry & Middle Management (Total)	Number		7,029					
	Entry & Middle Management (<30 years)	Number		2,012					
	Entry & Middle Management (30-50 years)	Number		4,366					

Key: Data not available Data not applicable

Data Tables - Pillar: Our People & Community (Contd.)

Topic	Metric	Unit	RAK Ceramics UAE (Total for all service lines)		Service Lines 2025			
			2024	2025	Tiles (RAK Ceramics)	Sanitaryware (RAK Ceramics)	Faucets (Kludi RAK LLC.)	Tableware (RAK Porcelain LLC.)
Pillar: Our People & Community								
Age Representation by Category	Entry & Middle Management (50+ years)	Number		651				
	Senior Management (Total)	Number		69				
	Senior Management (<30 years)	Number		0				
	Senior Management (30-50 years)	Number		32				
	Senior Management (50+ years)	Number		37				
Female Representation	Total	Number		321	229.00		22.00	70.00
	Entry level & Middle Management - Women	Number		320	228.00		22.00	70.00
	% Entry level & Middle Management - Women	%	8%	4.55%	4.22%		4.91%	5.62
	Number of Employees- Senior management - Women	Number	0	1	1%		0.00%	0.00%
	% Senior management - Women	%		1.45%	1.45%		0.00%	0.00%
Male Representation	Total	Number		6,777	5,175		426	1,176
	Number of Employees- Entry level & Middle Management - Men	Number	4769	6,709	5,116		422	1,171
	% Entry level & Middle Management - Men	%	92%	95.45%	94.67%		94.00%	94.20%
	Number of Employees- Senior management - Men	Number		68	59		4	5
	% Senior management - Men	%		98.55%	98.55%		100%	100%
Employee Turnover - Overall	Total New Employees	Number	529	1257	1,010		89	158
	Employees that have left	Number	715	1057	758		65	234

Key: Data not available | Data not applicable

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Data Tables - Pillar: Our People & Community (Contd.)

Topic	Metric	Unit	RAK Ceramics UAE (Total for all service lines)			Service Lines 2025			
			2024	2025		Tiles (RAK Ceramics)	Sanitaryware (RAK Ceramics)	Faucets (Kludi RAK LLC.)	Tableware (RAK Porcelain LLC.)
Pillar: Our People & Community									
Turnover By Employment Category	Middle Management	Number							
	Senior Management	Number							
Turnover Rate By Gender	Female	Number		299		214		17	70
	Male	Number		6798		5200		413	1220
Turnover Rate By Age	<30 Years	Number		518		343		44	131
	30-50 Years	Number		489		371		19	99
	50+ Years	Number		50		44		2	4
Parental Leave - Entitled Employees	Female	%	100%	100%		100%		100%	100%
	Male	%	100%	100%		100%		100%	100%
Parental Leave - Took Parental Leave	Female	Number		5		5		0	0
	Male	Number		31		25		3	3
Parental Leave - Returned to Work	Female	Number		5		5		0	0
	Male	Number		31		25		3	3
Parental Leave - Employed after 12 Months	Female	Number		244		179		15	50
	Male	Number		5762		4358		352	1052
Compensation - Average Annual Compensation	Female	AED		5472		6342		7595	2257
	Male	AED		2270		2403		3069	1429
Compensation - Gender Pay Ratio	Band 1 Para Professionals	Ratio		1.57		2.36		0.67	1.04
	Band 2 Professionals	Ratio		1.77		1.72		1.46	2.35
	Band 3 Middle Management	Ratio		1.11		1.17		0.93	0.98
	Total Gender Pay Ratio	Ratio		2.53		2.76		2.74	1.61

Key: Data not available Data not applicable

Data Tables - Pillar: Our People & Community (Contd.)

Topic	Metric	Unit	RAK Ceramics UAE (Total for all service lines)			Service Lines 2025			
			2024	2025		Tiles (RAK Ceramics)	Sanitaryware (RAK Ceramics)	Faucets (Kludi RAK LLC.)	Tableware (RAK Porcelain LLC.)
Pillar: Our People & Community									
CEO total compensation to median		Ratio	84	84					
Employees Receiving Performance Review	Female	%	100%	100%		100.00%		100.00%	100.00%
	Male	%	100%	100%		100.00%		100.00%	100.00%
Employee Training	Total	Hours				136,356			1,455
	Factory Training	Hours				129,407			1,086
	Administrative Trainings	Hours				4,056			155
	Middle Management	Hours				2,725			151
	Senior Management	Hours				168			63
	Male Trainings	Hours							
	Female Trainings	Hours							
	Average training hours	Hour/Employee	17.55			41			1.17
	Employees trained (unique)	Number	2,645			3,279			
Work-Related Injuries	The number of fatalities as a result of work-related injury	Number		0		0		0	0
	The number of high-consequence work-related injuries (excluding fatalities)	Number		7		0		7	0
	The number of recordable work-related injuries	Number		192		124		23	45
	The main types of work-related injury	Text		Hand/Finger Injury		Hand/Finger Injury		Work Related Incidents	Hand & Leg
	Total number of hours worked			18,277,286					

Key: Data not available; Data not applicable

Data Tables - Governance & Best Practices

Topic	Metric	Unit	RAK Ceramics UAE (Total for all service lines)			Service Lines 2025			
			2024	2025		Tiles (RAK Ceramics)	Sanitaryware (RAK Ceramics)	Faucets (Kludi RAK LLC.)	Tableware (RAK Porcelain LLC.)
Pillar: Governance & Best Practices									
Board Diversity	Total board seats occupied by Men	%	86%	86.00%					
	Total board seats occupied by Women	%	14%	14.00%					
	Committee chairs occupied by Men	%	50%	50%					
	Committee chairs occupied by Women	%	50%	50%					
	Total board seats occupied by independent board members	%	57.14%	57.14%					
Ownership Structure	Retail	%	52.72%	33.10%					
	Falcon Investment	%	20.71%	20.71%					
	Institution	%	14%	16%					
	RAK Government	%	5.02%	11.99%					
	AL Rajhi	%	7.56%	6.88%					
	RAK Royal Family	%	0.00%	6.37%					
	Al Hamra Group	%	0.00%	3.25%					
	Insider	%	0.00%	2.17%					

Key: Data not available Data not applicable

Data Tables - Pillar: Responsible Business, Responsible Employer

Topic	Metric	Unit	RAK Ceramics UAE (Total for all service lines)			Service Lines 2025			
			2024	2025		Tiles (RAK Ceramics)	Sanitaryware (RAK Ceramics)	Faucets (Kludi RAK LLC.)	Tableware (RAK Porcelain LLC.)
Pillar: Responsible Business, Responsible Employer									
Anti Corruption	Employees that the organization's anti-corruption policies and procedures have been communicated to: Middle Management	Number		178					
		%		43.84%					
	Employees that the organization's anti-corruption policies and procedures have been communicated to: Senior Management	Number		35					
		%		54.69%					
	Employees that the organization's anti-corruption policies and procedures have been communicated to: UAE	Number		339					
		%		22.60%					
	Employees that have received training on anti-corruption: Middle Management	Number		178					
		%		43.84%					
	Employees that have received training on anti-corruption: Senior Management	Number		35					
		%		54.69%					

Key: Data not available Data not applicable

Data Tables - Pillar: Responsible Business, Responsible Employer (Contd.)

Topic	Metric	Unit	RAK Ceramics UAE (Total for all service lines)			Service Lines 2025			
			2024	2025		Tiles (RAK Ceramics)	Sanitaryware (RAK Ceramics)	Faucets (Kludi RAK LLC.)	Tableware (RAK Porcelain LLC.)
Pillar: Responsible Business, Responsible Employer									
Ethics & Compliance	Employees that received ethics, compliance, anti-corruption training.	Number		339					
		%		2.2%					
	Whistleblowing reports received	Number		6					
	Whistleblowing Report Outcomes: Closed	Number		3					
	Whistleblowing Report Outcomes: Ongoing	Number		3					
	Total value of significant fines or sanctions during the reporting year	Number		0					
Data Privacy	Number of substantiated complaints regarding data privacy breaches during the year?	Number		0					
	Number of data leaks, cyber incidents, or breaches recorded?	Number		0					
Sustainable Logistics	Reduction in Road Movement	km		1,630,000.00					
	Diesel Savings resulting From Reduction In Road Movement	liters		6,046,30					
Sustainable Procurement	Local suppliers	%		78					

Key: Data not available Data not applicable

ADX ESG DISCLOSURES

ADX ESG Disclosures

ESG Metric	GRI Standards	Calculation	2024		2025	Units	% change (2024-25)	Location / Comments
Category: Environmental								
E1 GHG Emissions	GRI 305: Emissions 2016	E1.1) Total amount in CO2 equivalents, for Scope 1	373.96		378.35	kt CO2e	2%	Data tables (Pillar: Environmental Impact, Topic: Emissions Reduction)
		E1.2) Total amount, in CO2 equivalents, for Scope 2	6.61		9.45	kt CO2e	43%	Emissions Reduction & Data tables (Pillar: Environmental Impact, Topic: Emissions Reduction)
E2 Emissions Intensity	GRI 305: Emissions 2016	E2.1) Total GHG emissions per output scaling factor	131.50		134.56	kg / 000 AED	2%	Emissions Reduction & Data tables (Pillar: Environmental Impact, Topic: Emissions Reduction)
E3 Energy Usage	GRI 302: Energy 2016	E3.1) Total amount of energy directly consumed	0.98		0.98	PJ	0%	Data tables (Pillar: Environmental Impact, Topic: Energy Efficiency)
		E3.2) Total amount of energy indirectly consumed	0.07		0.08	PJ	17%	Data tables (Pillar: Environmental Impact, Topic: Energy Efficiency)
E4. Energy Intensity	GRI 302: Energy 2016	Total direct energy usage per output scaling factor	0.31		0.31	GJ / 000 AED	0%	Data tables (Pillar: Environmental Impact, Topic: Energy Efficiency)
E5. Energy Mix	GRI 302: Energy 2016	Percentage: Energy usage by generation type						
		% of electricity purchased	10.5%		9.6	%	-9%	Data tables (Pillar: Environmental Impact, Topic: Energy Efficiency)
		% of electricity generated	89.5%		91.4	%	2%	
E6. Water Usage	GRI 303: Water and Effluents 2018	E6.1) Total amount of water consumed	3.14		3.41	Million m3	9%	Data tables (Pillar: Environmental Impact, Topic: Water Sustainability)
		E6.2) Total amount of water reclaimed	1.13		1.16	Million m3	3%	Data tables (Pillar: Environmental Impact, Topic: Water Sustainability)
E7. Environmental Operations	GRI 103: Management Approach 2016	E7.1) Does your company follow a formal Environmental Policy? Yes/No	Yes		Yes		Yes	Yes, Governance and Best Practices - Ethics & Integrity; RAK Ceramics' Environmental Stewardship and Biodiversity Initiatives; Our People & Community - Employee Safety & Wellbeing
		E7.2) Does your company follow specific waste, water, energy, and/ or recycling policies? Yes/No	Yes		Yes		Yes	
		E7.3) Does your company use a recognized energy management system? Yes/No	Yes		Yes		Yes	ISO 50001 certification for energy management across Tiles, Sanitaryware and Tableware
E8. Environmental Oversight	GRI 102: General Disclosures 2016	Does your Management Team oversee and/or manage sustainability issues? Yes/ No	Yes		Yes		Yes	Yes, Governance & Best Practices
E9. Environmental Oversight	GRI 102: General Disclosures 2016	Does your Board oversee and/ or manage sustainability issues? Yes/No	Yes		Yes		Yes	Yes, Governance & Best Practices
E10. Climate Risk Mitigation	GRI 201-2: Financial implications and other risks and opportunities due to climate change	Total amount invested, annually, in climate-related infrastructure, resilience, and product development	22.9m		1.4	AED Million		Yes, Our Purpose - Performance Highlights 2025

Key: Data not available Data not applicable

ADX ESG Disclosures (Contd.)

ESG Metric	GRI Standards	Calculation	2024		2025	Units	% change (2024-25)	Location / Comments
Category: Social								
S1. CEO Pay Ratio	GRI 102: General Disclosures 2016	S1.1) Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation	84		84	Ratio	0%	Data tables (Pillar: Our People & Community)
		S1.2) Does your company report this metric in regulatory filings? Yes/No						No
S2. Gender Pay Ratio	GRI 405: Diversity and Equal Opportunity 2016	Ratio: Median male compensation to median female compensation	2.64		2.53	Ratio	-4%	Data tables (Pillar: Our People & Community)
S3. Employee Turnover	GRI 401: Employment 2016	S3.1) Percentage: Year-over-year change for full-time employees	N/A		37%	%	37%	Data tables (Pillar: Our People & Community)
		S3.2) Percentage: Year-over-year change for part-time employees			20			Data tables (Pillar: Our People & Community)
		Percentage: Year-over-year change for contractors/consultants						N/A
S4. Gender Diversity	GRI 102: General Disclosures 2016 GRI 405: Diversity and Equal Opportunity 2016	S4.1) Percentage: Total enterprise headcount held by men and women						Data tables (Pillar: Our People & Community, Topic: Gender Headcount)
		Female	3.94%		5.5%	%	40%	
		Male	96.06%		95.5	%	-1%	
		S4.2) Percentage: Entry-and mid-level positions held by men and women						Data tables (Pillar:Pillar: Our People & Community, Topic: Gender Headcount)
		Female	8.00%		4.55	%	-43%	
		Male	92.00%		96.45	%	5%	
		S4.3) Percentage: Senior- and executive- level positions held by men and women						Data tables (Pillar: Pillar: Our People & Community, Topic: Gender Headcount)
		Female	0%		1.05%	%	N/A	
		Male	100%		98.95%	%	-1%	
S5. Temporary Worker Ratio	GRI 102: General Disclosures 2016	S5.1) Percentage: Total enterprise headcount held by part-time employees	0		0.28%	%		Data tables (Pillar: Pillar: Our People & Community, Topic: Gender Headcount)
		Percentage: Total enterprise head count held by contractors and/or consultants	0		0	%		N/A

Key: Data not available Data not applicable

ADX ESG Disclosures (Contd.)

ESG Metric	GRI Standards	Calculation	2024	2025	Units	% change (2024-25)	Location / Comments
Category: Social							
S6. Non-Discrimination	GRI 103: Management Approach 2016*	Does your company follow non-discrimination policy? Yes/No					Yes, Governance and Best Practices - Ethics & Integrity; Diversity & Inclusion
S7. Injury Rate	GRI 403: Occupational Health and Safety 2018	Percentage: Frequency of injury events relative to total workforce time					Data tables (Pillar: Our People & Community, Topic: Health & Safety)
		Total injuries Minor	178	192	No	8%	
		Total injuries Major	24	77	No	221%	
S8. Global Health & Safety		Does your company follow an occupational health and/or global health & safety policy? Yes/ No					Yes, Employee Safety & Wellbeing
S9. Child & Forced Labour		S9.1) Does your company follow a child and/or forced labor policy? Yes/No					Yes, Governance and Best Practices - Ethics & Integrity
		S9.2) If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No					Governance and Best Practices - Ethics & Integrity
S10. Human Rights		S10.1) Does your company follow a human rights policy? Yes/No					Yes. It is included as a clause in our Global Code of Conduct and is in accordance with all UAE Laws governing human rights; Governance and Best Practices - Ethics & Integrity
		S10.2) If yes, does your human rights policy also cover suppliers and vendors? Yes/No					Yes, Governance and Best Practices - Ethics & Integrity
S11. Nationalization	Percentage of national employees	Percentage of national employees	10.80%	12.7%	%	18%	Yes, Emiratization
S12. Community Investment	Amount invested in the community, as a percentage of company revenues.	Amount invested in the community, as a percentage of company revenues.	0.02%	0.45%	%	2150%	Our People & Community - Community Investment

Key: Data not available Data not applicable

ADX ESG Disclosures (Contd.)

ESG Metric	GRI Standards	Calculation	2024	2025	Units	% change (2024-25)	Location / Comments
Category: Governance							
G1. Board Diversity	GRI 405: Diversity and Equal Opportunity 2016	G1.1) Percentage: Total board seats occupied by men and women					Governance & Best Practices: Corporate Governance & Compliance,
		Women	14%	14%	%	0%	
		Men	86%	86%	%	0%	
G2. Board Independence		G1.2) Percentage: Committee chairs occupied by men and women					Governance & Best Practices: Corporate Governance & Compliance,
		Women	50%	50%	%	0%	
		Men	50%	50%	%	0%	
		G2.1) Does company prohibit CEO from serving as board chair? Yes/No					Yes
		G2.2) Percentage: Total board seats occupied by independent board members	57.14%	57.14%	%	0%	Governance & Best Practices: Corporate Governance & Compliance
G3. Incentivized Pay		Are executives formally incentivized to perform on sustainability					Under evaluation
G4. Supplier Code of Conduct		G4.1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/No					Yes - Governance and Best Practices Ethics and Integrity - Policies
		G4.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?					Data Not Available

Key: Data not available Data not applicable

ADX ESG Disclosures (Contd.)

ESG Metric	GRI Standards	Calculation	2024		2025	Units	% change (2024-25)	Location / Comments
Category: Governance								
G5. Ethics & Prevention of Corruption		G5.1) Does your company follow an Ethics and/or Prevention of Corruption policy? Yes/No						Yes, Governance and Best Practices Ethics and Integrity - Policies
		G5.2) If yes, what percentage of your workforce has formally certified its compliance with the policy	100%		100%			Data Tables (Pillar: Responsible Business, Responsible Employer)
G6. Data Privacy		G6.1) Does your company follow a Data Privacy policy? Yes/No						Yes, Governance and Best Practices Ethics and Integrity - Data Protection
		G6.2) Has your company taken steps to comply with GDPR rules? Yes/No						Yes, Governance and Best Practices Ethics and Integrity - Data Protection
G7. Sustainability Reporting		Does your company publish a sustainability report? Yes/No						Yes
G8. Disclosure Practices		G8.1) Does your company provide sustainability data to sustainability reporting frameworks? Yes/No						Yes, GRI 1 Foundation 2021
		G8.2) Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No						Yes, Alignment with SDG Targets
		G8.3) Does your company set targets and report progress on the UN SDGs? Yes/ No						Yes, Alignment with SDG Targets
G9. External Assurance	GRI 103: Management Approach 2016 is to be used in combination with the topic specific Standards	Are your sustainability disclosures assured or verified by a third-party audit firm? Yes/ No						No external assurance was sought for this report

Key: Data not available Data not applicable

GRI CONTENT INDEX

GRI Content Index

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	About RAK Ceramics, Pg 16
	2-2 Entities included in the organization's sustainability reporting	About RAK Ceramics, Pg 16, Economic Performance, Pg 18
	2-3 Reporting period, frequency and contact point	About this Report, Pg 8
	2-4 Restatements of information	0 Restatements in our 2025 Sustainability Report.
	2-5 External assurance	No external reassurance was sought for this report.
	2-6 Activities, value chain and other business relationships	Product Overview - Brands & Product Line, Pg 24
	2-7 Employees	Overview of Our Workforce, Pg 97
	2-8 Workers who are not employees	Not Applicable
	2-9 Governance structure and composition	Corporate Governance and Company Structure, Pg 111
	2-10 Nomination and selection of the highest governance body	Corporate Governance and Company Structure, Pg 111
	2-11 Chair of the highest governance body	Corporate Governance & Compliance, Pg 108
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance & Compliance, Pg 108
	2-13 Delegation of responsibility for managing impacts	Corporate ESG Governance, Pg 110
	2-14 Role of the highest governance body in sustainability reporting	Corporate ESG Governance, Pg 110
	2-15 Conflicts of interest	Ethics and Integrity, Pg 112
	2-16 Communication of critical concerns	Corporate ESG Governance, Pg 110
	2-17 Collective knowledge of the highest governance body	Corporate Governance & Compliance, Pg 108
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance & Compliance, Pg 108
	2-19 Remuneration policies	Standards of Conduct and Ethics at RAK Ceramics - Policies, Pg 112
	2-20 Process to determine remuneration	Diversity and Inclusion, Pg 100
	2-21 Annual total compensation ratio	Data Table - Our People & Community, Pg 138-144
	2-22 Statement on sustainable development strategy	Our Sustainability Framework - Our Sustainability Commitment, Pg 34
	2-23 Policy commitments	Energy & Sustainability Policy, Pg 48, Ethics and Integrity at RAK Ceramics - Policies, Pg 112

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	Ethics and Integrity, Pg 112
	2-25 Processes to remediate negative impacts	Ethics and Integrity, Pg 112
	2-26 Mechanisms for seeking advice and raising concerns	Ethics and Integrity, Pg 112
	2-27 Compliance with laws and regulations	Ethics and Integrity, Pg 112
	2-28 Membership associations	Our Sustainability Associations, Pg 50
	2-29 Approach to stakeholder engagement	Our Stakeholders, Pg 41
	2-30 Collective bargaining agreements	Not Applicable - Due to UAE Legislation.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Our Sustainability Pillars & Material Topics, Pg 38-39
	3-2 List of material topics	Our Sustainability Pillars & Material Topics, Pg 38-39
	3-3 Management of material topics	Included within each material topic section.
Procurement Practices		
GRI 204: Procurement Practices 2016	3-3 Management of material topics	Sustainable Procurement, Pg 120
	204-1 Proportion of spending on local suppliers	Sustainable Procurement, Pg 120
Anti-Corruption		
GRI 205: Anti-Corruption 2016	3-3 Management of material topics	Ethics and Integrity, Pg 112
	205-1 Operations assessed for risks related to corruption	Ethics and Integrity, Pg 112
	205-2 Communication and training about anti-corruption policies and procedures	Ethics and Integrity, Pg 112
	205-3 Confirmed incidents of corruption and actions taken	Ethics and Integrity, Pg 112
Energy		
GRI 302: Energy 2016	3-3 Management of material topics	Energy Efficiency in Production (Tiles), Pg 69, Energy Efficiency in Production (Sanitaryware), Pg 85, Energy Efficiency in Production (Faucets), Pg 75, Energy Efficiency in Production (Tableware), Pg 80, & Data Tables (Topic: Energy Efficiency), Pg 134
	302-1 Energy consumption within the organization	Energy Efficiency in Production (Tiles), Pg 69, Energy Efficiency in Production (Sanitaryware), Pg 85, Energy Efficiency in Production (Faucets), Pg 75, Energy Efficiency in Production (Tableware), Pg 80, & Data Tables (Topic: Energy Efficiency), Pg 134

GRI Content Index (contd.)

GRI Standard	Disclosure	Location
Energy		
GRI 302: Energy 2016	302-2 Energy consumption outside of the organization	Not available
	302-3 Energy intensity	Data Tables (Topic: Energy Efficiency) Pg 134
	302-4 Reduction of energy consumption	Energy Efficiency in Production (Sanitaryware), Pg 85, Energy Efficiency in Production (Faucets), Pg 75, Energy Efficiency in Production (Tableware), Pg 80, & Data Tables (Topic: Energy Efficiency), Pg 134
	302-5 Reductions in energy requirements of products and services	Energy Efficiency in Production (Sanitaryware), Pg 85, Energy Efficiency in Production (Faucets), Pg 75, Energy Efficiency in Production (Tableware), Pg 80, & Data Tables (Topic: Energy Efficiency), Pg 134
Water and Effluents		
GRI 303: Water and Effluents 2018	3-3 Management of material topics	Water Sustainability (Tiles), Pg 71, Water Sustainability (Sanitaryware), Pg 86, Water Sustainability (Faucets), Pg 77, Water Sustainability (Tableware), Pg 81, & Data Tables (Topic: Water Sustainability), Pg 136
	303-1 Interactions with water as a shared resource	Water Stewardship, Pg 63
	303-2 Management of water discharge-related impacts	Water Stewardship, Pg 63
	303-3 Water withdrawal	Water Stewardship, Pg 63
	303-4 Water discharge	Water Stewardship, Pg 63
	303-5 Water consumption	Water Stewardship, Pg 63 & Data Tables (Topic: Water Sustainability) Pg 136
Emissions		
GRI 305: Emissions 2016	3-3 Management of material topics	Emissions Reduction, Pg 90
	305-1 Direct (Scope 1) GHG emissions	Emissions Reduction, Pg 90
	305-2 Energy indirect (Scope 2) GHG emissions	Emissions Reduction, Pg 90
	305-3 Other indirect (Scope 3) GHG emissions	Scope 3 GHG emissions have not been calculated.
	305-4 GHG emissions intensity	Data Tables (Topic: GHG Emissions & Air Pollutants), Pg 134
	305-5 Reduction of GHG emissions	Data Tables (Topic: GHG Emissions & Air Pollutants), Pg 134
	305-6 Emissions of ozone-depleting substances (ODS)	Not available per manufacturing line.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Air Pollution, Pg 89 & Data Tables (Topic: GHG Emissions & Air Pollutants), Pg 134

GRI Standard	Disclosure	Location
Waste		
GRI 306: Waste 2020	3-3 Management of material topics	Waste & Circularity (Tiles), Pg 72, Waste & Circularity (Sanitaryware), Pg 87 Waste & Circularity (Faucets), Pg 77, Waste & Circularity (Tableware), Pg 82, & Data Tables (Topic: Waste & Circularity) Pg 136
	306-1 Waste generation and significant waste-related impacts	Waste & Circularity (Tiles), Pg 72, Waste & Circularity (Sanitaryware), Pg 87 Waste & Circularity (Faucets), Pg 77, Waste & Circularity (Tableware), Pg 82, & Data Tables (Topic: Waste & Circularity) Pg 136
	306-2 Management of significant waste-related impacts	Waste & Circularity (Tiles), Pg 72, Waste & Circularity (Sanitaryware), Pg 87 Waste & Circularity (Faucets), Pg 77, Waste & Circularity (Tableware), Pg 82, & Data Tables (Topic: Waste & Circularity) Pg 136
	306-3 Waste generated	Waste & Circularity (Tiles), Pg 72, Waste & Circularity (Sanitaryware), Pg 87 Waste & Circularity (Faucets), Pg 77, Waste & Circularity (Tableware), Pg 82, & Data Tables (Topic: Waste & Circularity) Pg 136
	306-4 Waste diverted from disposal	Waste & Circularity (Tiles), Pg 72, Waste & Circularity (Sanitaryware), Pg 87 Waste & Circularity (Faucets), Pg 77, Waste & Circularity (Tableware), Pg 82, & Data Tables (Topic: Waste & Circularity) Pg 136
	306-5 Waste directed to disposal	Waste & Circularity (Tiles), Pg 72, Waste & Circularity (Sanitaryware), Pg 87 Waste & Circularity (Faucets), Pg 77, Waste & Circularity (Tableware), Pg 82, & Data Tables (Topic: Waste & Circularity) Pg 136
Occupational Health and Safety		
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	Employee Safety and Wellbeing, Pg 98 & Data Tables (Topic: Our People & Community), Pg 138
	403-1 Occupational health and safety management system	Employee Safety and Wellbeing, Pg 98 & Data Tables (Topic: Our People & Community), Pg 138
	403-2 Hazard identification, risk assessment, and incident investigation	Employee Safety and Wellbeing, Pg 98 & Data Tables (Topic: Our People & Community), Pg 138
	403-3 Occupational health services	Employee Safety and Wellbeing, Pg 98 & Data Tables (Topic: Our People & Community), Pg 138
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employee Safety and Wellbeing, Pg 98 & Data Tables (Topic: Our People & Community), Pg 138
	403-5 Worker training on occupational health and safety	Employee Safety and Wellbeing, Pg 98 & Data Tables (Topic: Our People & Community), Pg 138

GRI Content Index (contd.)

GRI Standard	Disclosure	Location
Occupational Health and Safety		
GRI 404: Training and Education 2016	403-6 Promotion of worker health	Employee Safety and Wellbeing, Pg 98 & Data Tables (Topic: Our People & Community), Pg 138
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Safety & wellbeing, Pg 98
	403-8 Workers covered by an occupational health and safety management system	Employee Safety & wellbeing, Pg 98
	403-9 Work-related injuries	Employee Safety and Wellbeing, Pg 98 & Data Tables (Topic: Our People & Community), Pg 138
	403-10 Work-related ill health	Not Available.
Training and Education		
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	Employee Training, Pg 103 & Data Tables (Topic: Our People & Community), Pg 138
	404-1 Average hours of training per year per employee	Employee Training, Pg 103 & Data Tables (Topic: Our People & Community), Pg 138
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Training, Pg 103
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Training, Pg 103
Diversity and Equal Opportunity		
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	Diversity and Inclusion, Pg 100 & Data Tables Topic: Our People & Community, Pg 138
	405-1 Diversity of governance bodies and employees	Diversity and Inclusion, Pg 100 & Corporate Governance & Compliance, Pg 108 & Data Tables Topic: Our People & Community, Pg 138-144
	405-2 Ratio of basic salary and remuneration of women to men	Data Tables (Topic: Gender Pay Ratio) Pg 142
Local Communities		
GRI 413: Local Communities 2016	3-3 Management of material topics	Community Investment, Pg 104
	413-1 Operations with local community engagement, impact assessments, and development programs	Community Investment, Pg 104
	413-2 Operations with significant actual and potential negative impacts on local communities	Community Investment, Pg 104
Supplier Social Assessment		
GRI 414: Supplier Social Assessment 2016	3-3 Management of material topics	Sustainable Procurement, Pg 120
	414-1 New suppliers that were screened using social criteria	Sustainable Procurement, Pg 120
	414-2 Negative social impacts in the supply chain and actions taken	Sustainable Procurement, Pg 120

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RAK
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CORPORATE GOVERNANCE REPORT
2025

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

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

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

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


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GENERAL INFORMATION

CONTENTS

Governance Principles

1. The Statement of the procedures taken to complete the Corporate Governance system during the year 2025

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

RAK Ceramics has adopted a comprehensive set of corporate governance policies and procedures that draws upon global best practices and is in accordance with all relevant UAE legislation including Decision No. (2/R.M) of 2025, which concerns the amendments to Decision No. (3/R.M) of 2020 of the Joint Stock Companies Governance Guide ("The Decision") This assures that utmost vigil is exerted by the Board of Directors (the "Board"), executive management and employees of RAK Ceramics.

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

a- Requirements for the composition of the Board of Directors.

b- Requirements for the composition of the Board Committees.

c- Internal Control System.

d- Insider Trading.

e- Update the Code of Conduct if necessary

f- Update the Governance Manual if necessary

g- Amending the Article of Association if necessary.

h- Issuing of the Corporate Governance Report.

i- Issuing of the ESG Report.

j- Issuing of the Integrated Report.

Governance Principles (contd.)

1. The Statement of the procedures taken to complete the Corporate Governance system during the year 2025 (CONTD.)

During 2025, the Company has applied the following procedures in regards with Corporate Governance System:

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

During 2025, the Board held Four (4) Meetings, the Audit & Risk Committee held Four (4) Meetings, the Nomination & Remuneration Committee held one (1) meeting, Insider Trading Committee held Four (4) meeting and Disclosure Committee held Four (4) meetings.

b) Annual General Meeting: (AGM)

In accordance with Federal Law No. 32 of 2021 concerning the Commercial Companies and the decision, the Company held one AGM's of shareholders on 24th March 2025.

c) Disclosures and Transparency:

The Company is committed to regulations and legislation on disclosure. During 2025, the Company made disclosures on important events, Board of Directors' reports, Financial Statements (Quarterly & Yearly), Corporate Governance Report for 2025, Board of Directors' Meetings and its results, Sustainability Report 2025, Integrated Report 2025 and Annual General Meetings and its results.

d) Insiders Trading:

The Company periodically updates its insiders list, and informs the insiders of the start and end of the prohibition periods.
Thus, by exercising best corporate governance practices, the Company ensures that the interests of the stakeholders are protected along with Company meeting all its statutory and regulatory obligations.
This annual corporate governance report aims to ensure a transparent disclosure of the governance practices applied by the Company. These practices include monitoring of:

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

Board Transactions

2. Statement of Ownership and transactions of the Board and their spouses, their children in the Company Securities during the year 2025.

a) Transaction Law:

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

b) Transactions in Securities:

The following information shows the dealings of the members of the Board, their first degree relatives and key management persons, in the Company securities during the year 2025:

			Number of Shares		
Sr.	Name	Position/Relative Degree	Owned Shares as on 31 Dec 2025	Total Sale Transaction	Total Buy Transaction
1	Sheikh Saqr Bin Saud Al Qasimi	Chairman	-	-	-
2	Fawaz Bin Sulaiman A Al Rajhi	Vice Chairman	-	-	-
3	Sheikh Khalid Bin Saud Al Qasimi	Board Member	-	-	-
4	Shaikh Saqr Bin Omer Al Qasimi	Board Member	-	-	-
5	Wassim Zuhair Moukahhal	Board Member	-	-	-
6	Farah Abdulla Mohamed Al Mazrui	Board Member	-	-	-
7	Abdulla Rashed Jasem Al Abdouli	Board Member	-	-	-
8	Abdallah Massaad	Group Chief Executive Officer	3,300,000	-	-

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

Board of Directors

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

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

a) Composition of the Board of Directors

The current Board consists of seven members:

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

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

Board of Directors (contd.)

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

The following Table describes the composition of the Board of Directors as on 31 December 2025:

Sr.	Name	Category	Experience & Qualification	Period as Board Member	Other Current Positions in any PJSC's	Positions at any Government Department.
1	Sheikh Saqr Bin Saud Bin Saqr Al Qasimi	Chairman (Non Executive – Independent)	Bachelor of Science Degree in Banking and International Finance from CASS Business School, City University of London.	August 2021: 4 years and 5 Months	-	Positions on Boards of Al Marjan Islands, UAE; and the Vice Chairman of the Investment & Development Office, Government of RAK, UAE
2	Mr. Fawaz Bin Sulaiman A Al Rajhi	Vice Chairman (Non-Executive, Non-Independent)	• Master in Business Administration from Stanford University-USA. • Bachelors in MIS and Accounting from KFUPM- KSA.	April 2015; 10 Years & 9 months	N/A	N/A
3	Sheikh Khalid Bin Saud Bin Saqr Al Qasimi	Member (Non-Executive, Non-Independent)	• Extensive experience in Finance and Investment Management. • Holding Business Management Degree from New York University, Abu Dhabi.	July 2015; 10 years & 6 months	N/A	Chairman of Al Marjan Islands, UAE and the Vice Chairman of the Investment & Development Office and Government of RAK, UAE
4	Sheikh Saqr Bin Omar Bin Saqr Al Qasimi	Member (Non-Executive, Independent)	• Bachelor's Degree in Law from the University of Sharjah, • Master's in International Law, Public Relations and Diplomacy from the Paris-Sorbonne University Abu Dhabi, • Master's Degree in Business Administration from the American University of Sharjah.	March 2021: 4 years & 9 Months	-	-
5	Mr. Wassim Zuhair Moukahhal	Member (Non-Executive, Non-Independent)	• MBA from the Wharton School, University of Pennsylvania and, • Bachelor in Economics & Finance from McGill University	February 2016; 9 Years & 11 Months	N/A	N/A
6	Mrs. Farah Abdulla Mohamed Al Mazrui	Member (Non-Executive, Independent)	• BSc Hons - Economics from Queen Mary, University of London and • MSc - Risk Management and Financial Engineering from Tanaka Business School, Imperial College, London.	June 2021: 4 years & 7 Months	Board Member of Emirates Steel Arkan PJSC, Board Member of UAQ Bank and Board Member of Etihad Airline Group	N/A
7	Mr. Abdulla Rashed Jasem Alabdouli	Member (Non-Executive, Independent)	• Masters in Regional & Urban Planning from Paris Sorbonne University in Abu Dhabi and; • Certificate in Real Estate Investment Strategies from Harvard University.	November 2022: 3 Year & 2 Months	Board Member of RAK Properties PSC	N/A

Board of Directors (contd.)

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

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

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

Profile of the members of the Board:

SHEIKH SAQR BIN SAUD BIN SAQR AL QASIMI

Chairman

Non-executive, Independent.

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

FAWAZ BIN SULIAMAN A ALRAJHI

Vice Chairman

Non-executive, Non-independent.

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

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

Board Member

Non-executive, Non-independent.

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

SHEIKH SAQR BIN OMAR AL QASIMI

Board Member

Non-executive, Independent.

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

WASSIM ZUHAIR MOUKAHHAL

Board Member

Non-executive, Non-independent.

Board member since February 2016. Re-appointed in 26 March 2024 AGM for a three year term till 25 March 2927. Mr Moukahhal has more than 20 years of experience in private equity investments and is currently serving as Board Member of RAK Porcelain, and RAK Ceramics Bangladesh. He is the head of alternative investment in Artal Capital, a leading asset manager based in Reyad-KSA. Mr Moukahhal holds a MBA from the Wharton School at the University of Pennsylvania and a Bachelor's degree in Economics & Finance from McGill University.

Board of Directors (contd.)

3. THE BOARD OF DIRECTORS (THE “BOARD”) (CONTD.)

FARAH ABDULLA MOHAMED AL MAZRUI

Board Member

Non-executive, Independent.

Board Member since June 2021. Rreappointed in 26 March 2025 AGM for a term of three years till 25 March 2027. Mrs. Farah Al Mazrui has more than 16 years of experience in financial advisory, strategy, investment as well as wealth management solutions to large Corporates, Families, Individuals and Governments. She holds BSc Hons -Economics from Queen Mary, University of London and MSc -Risk Management and Financial Engineering from Tanaka Business School, Imperial College, London. She was Associate Director – Global Advisory in Rothschild & Co., a Leading independent financial advisory group providing M&A, strategy, and financing advice, as well as investment and wealth management solutions to large Corporates, Families, Individuals, and Governments globally. She also serves as Board Member of Emirates Steel Arkan PJSC; Board Member of UAQ Bank; and Board Member of Etihad Airline Group.

ABDALLAH RASHED JASEM ALABDOULI

Board Member

Non-executive, Independent.

Board Member since November 2022, reappointed in 26 March 2024 AGM for a term of three years till 25 March 2027. Mr. Al Abdouli is the Chief Executive Officer of Marjan, a leading developer for freehold land in Ras Al Khaimah and a Board Member in RAK Properties PJSC. Prior to this position, he had served as Director of Town Planning and Survey Administration and Director of Project Management Office at RAK Municipality. He also had previously held Board Member positions for several RAK-based governmental entities including RAK International Airport Authority and RAK Sewerage Authority. Mr. Al Abdouli holds a Masters in Regional & Urban Planning from Paris Sorbonne University in Abu Dhabi and certificate in Real Estate Investment Strategies from Harvard University.

b) Female representation in Board in 2025:

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

c) Remuneration of the members of the Board:

Remuneration for members of the Board is proposed by the Nomination & Remuneration Committee and approved by the shareholders of the Company in General Assembly Meeting. Their remuneration is governed by the requirements of Article (29) of Resolution No. 3 of 2020 of SCA concerning Corporate Governance Rules and Corporate Discipline Standards, and Article (171) of Federal Law No. 32 of 2021 concerning the Commercial Companies.

- Board remuneration for the year 2024 was AED 3,700,000.
- The proposed Board remuneration for the year 2025 is AED 3,700,000 which will be presented before the Assembly General Meeting which will be held on 17 March 2026 for their approval.
- No attendance fees are paid to the members of the committees of the Board.
-

d) Meetings of the Board of Directors:

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

In 2024, the Board held Five (4) meetings as follows:

Date	Attendees	Number of Attendance by proxy	Names of absent members
12 February 2025	7 Members	N/A	N/A
14 May 2025	6 Members	N/A	Mr. Fawaz Suliman Al Rajhi
12 August 2025	6 Members	N/A	Sheikh Saqr Bin Omar Al Qasimi
12 November 2025	7 Members	N/A	N/A

Board of Directors (contd.)

3. THE BOARD OF DIRECTORS (THE “BOARD”) (CONTD.)

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

Attendance	12 February 2025	14 May 2025	12 August 2025	12 November 2025	AGM- 24 March 2025
Sh. Saqr Bin Saud Bin Saqr Al Qassimi	P	P	P	P	P
Sh. Khalid Bin Saud Bin Saqr Al Qasimi	P	P	P	P	P
Fawaz Bin Suliman Al Rajhi	P	A	P	P	P
Sh Saqr Bin Omar Bin Saqr Al Qasim	P	P	A	P	P
Wassim Zuhair Moukahhal	P	P	P	P	P
Farah Abdulla Mohamed Al Mazrui	P	P	P	P	P
Abdulla Rashid Jasem Al Abdouli	P	P	P	P	P

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

P: Present *A: Absent with permission*

e) Number of the Circular Board resolutions passed during the year 2025:

N/A

f) Delegation to Executive Management:

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

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

In line with this policy, the day-to-day operations of the Company are managed by Mr. Abdallah Massaad, CEO of the Company since June 2012. At the time of his appointment, the Board of Directors set the Delegation of Authority to the CEO and further updated it in May 2025. The following tables shows the delegations performed by the Executive Management pursuant to an authorization by the BOD:

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

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

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

Board of Directors (contd.)

3. THE BOARD OF DIRECTORS (THE “BOARD”) (CONTD.)

g) Dealing with the Related Parties:

The details of transactions that occurred with related parties, which include some members of the Board of Directors, major shareholders, and executive management, during the years 2025 are as follows: Related Parties: The Chairman and member’s of the Board of Directors of the company, Members of the executive management of the company and its employees, companies in which any of the above-mentioned individuals hold at least 30% of the capital, subsidiaries, sister companies, or affiliated companies and companies where the Chairman, members of the Board of Directors, or senior executive management of the company serve as Board members or senior executives.

The Company has entered into transactions with companies and entities that fall within the definition of a related party under the Corporate Governance Code or the International Accounting Standards 24: Related Party Disclosures. The nature of such transactions relate to the Company’s normal course of business. However, the following transactions are considered outside the normal course of business with related parties and are less than 5% of the Company’s capital for the year 2025.

Sr	Related Parties	The Nature of relation	Type of transaction	Value of transaction (AED)
1	Naranjee Hirjee Hotel Supplies, Oman	Affiliate Company	Royalty Income	371,862

h) Board Assessment:

I. Board Self-Assessment

As part of our ongoing commitment to exemplary governance and continuous improvement, the Board of Directors recently conducted a comprehensive self-assessment survey. This structured assessment, completed anonymously by all sitting directors individually, was designed to candidly assess our performance across key dimensions, including strategic oversight, fiduciary responsibility, board dynamics, and committee effectiveness. The process yielded a high response rate, reflecting the board’s deep engagement. The aggregated results provide valuable, data-driven insights, highlighting several areas of consistent strength as well as opportunities for targeted development. This reflective exercise is a cornerstone of our governance calendar, ensuring the Board remain effective stewards of the organization’s mission and strategic objectives.

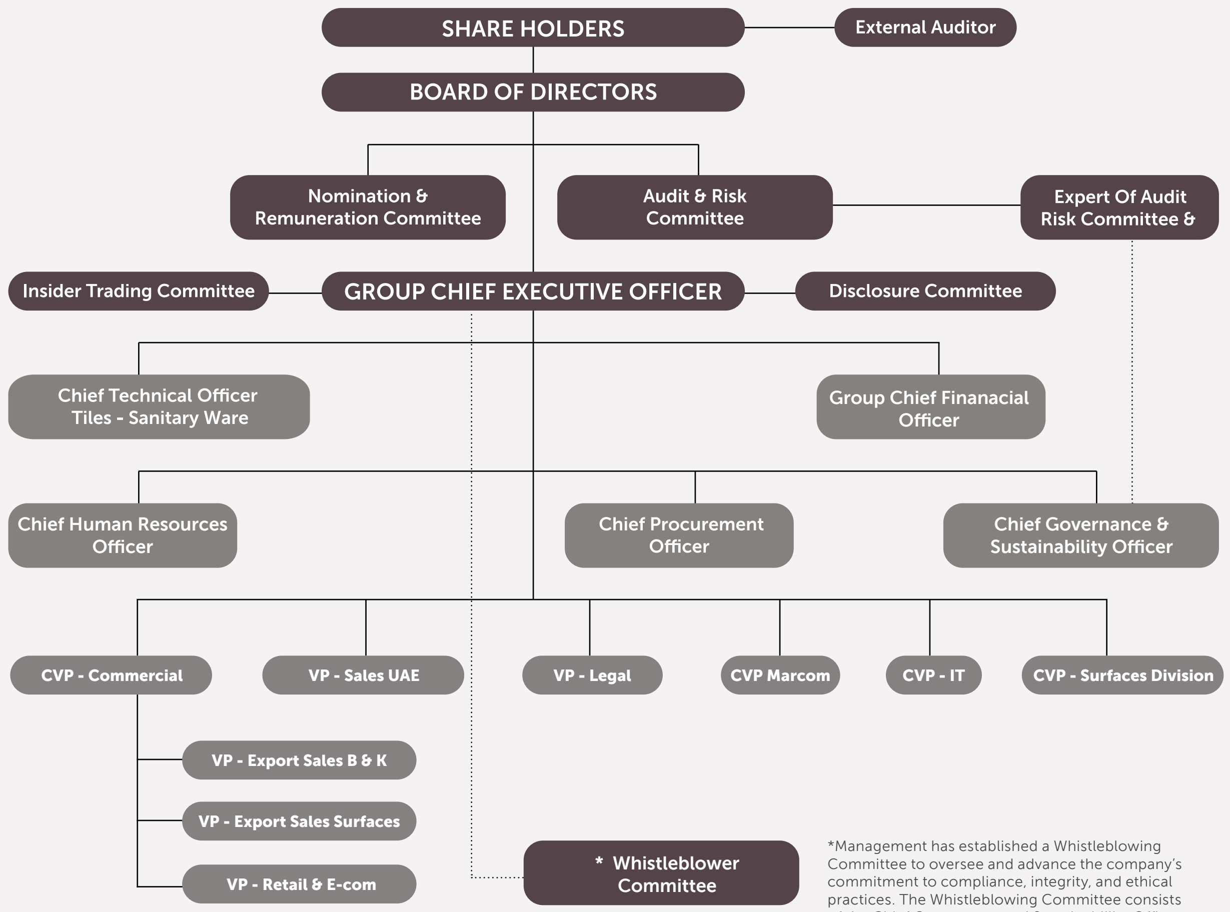
II. Assessment by independent third part:

It is the Board’s intention to have the Self-Assessment for the fiscal year 2026 to be conducted through independent third-party evaluator, consistent with the Governance Rules and Regulation No. (2/R.M) of 2025, which concerns the amendments to Decision No. (3/R.M) of 2020 of the Joint Stock Companies Governance Guide.

Board of Directors (contd.)

3. THE BOARD OF DIRECTORS (THE “BOARD”) (CONTD.)

h) Organisation Structure:



*Management has established a Whistleblowing Committee to oversee and advance the company’s commitment to compliance, integrity, and ethical practices. The Whistleblowing Committee consists of the Chief Governance and Sustainablility Officer, the Chief Human Resources Officer and VP/General Counsel. This committee reports to the CEO and is not a committee of the Board.

j) Names, positions, date of appointment and remuneration of Senior Executive Management as on 31 Dec 2025 in AED thousands:

Sr	Position	Appointed Date	Total Salaries including Allowances for the year 2025	Total Bonus paid for 2025	Any Cash Incentives / In-kind in 2025 Or will be due in Future.
1	Group CEO	02 June 2004	3,188,800	*	*
2	Group CFO	17 July 2012	1,225,200	*	*
3	CTO – Tiles	24 July 2016	854,194	*	*
4	CTO – SW	14 Mar 2022 Released on 17 Dec 2025	753,067	*	*

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

External Auditor

4. EXTERNAL AUDITOR

According to the Commercial Companies Law No.31 of 2021, and corporate governance code, the AGM appoints an independent external auditor for the fiscal year based on recommendations made by the Board. The AGM also approves the remuneration of the external auditors. The AGM held on 24 March 2025 appointed KPMG Lower Gulf Limited as external auditors of the Company for the year ending on 31 December 2025. The external auditors are invited to the Audit & Risk Committee meetings and they also attend the AGM to present their report and answer shareholders' questions.

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

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

a) Overview of the External Auditor:

For over 50 years, KPMG Lower Gulf Limited has been providing audit, tax and advisory services to a broad range of domestic and international, public and private sector clients. KPMG delivers growth with purpose, helping clients achieve their goals, building trust through actions and behaviors, and delivering to the highest standards for all stakeholders. KPMG firms operate in 143 countries and territories, serving the diverse needs of business, governments, public-sector agencies, not-for-profits organization and the capital markets. KPMG Lower Gulf is well connected with its global member network and combines its local knowledge with international expertise, providing the sector and specialist skills required by its clients. KPMG is widely represented in the Middle East and along with offices in the UAE and Oman, the firm operates in Saudi Arabia, Bahrain, Kuwait, Qatar, Egypt, Jordan, Lebanon, and Iraq.

b) External Auditors' Remuneration:

Audit Office Name & Partner Name	KPMG Lower Gulf Limited/ Mr. Sidharth Mehta
Number of Years spent as an external auditor of the company	1 Year
Number of Years the partner spent in auditing the Company	1 Year
Total fees for auditing the Interim and Yearly financial statements for the year 2025	AED 1,050,000 (Exclusive of VAT)
Total fees for other services other than auditing the financial statement for the year 2025.	AED Nil
Nature of other provided services.	N/A
Description of the other Services provided by Other external Auditor rather than the Company Auditor for the year 2025	BDO International abu Dhabi and the KSA for refund of customs duty.

c) A statement of the qualified opinions made by the external auditor in the interim and annual financial statement for 2025:

No qualified opinion on the interim or yearly financial statement

Board Committees

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

Audit & Risk Commitee

5. AUDIT & RISK COMMITTEE (ARC):

a) Acknowledgement:

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

b) Audit & Risk Committee Tasks:

The Committee shall perform the following tasks and duties:

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

Audit & Risk Commitee (contd.)

5. AUDIT & RISK COMMITTEE (CONTD.)

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

Audit & Risk Commitee (contd.)

5. AUDIT & RISK COMMITTEE (CONTD.)

c) Audit & Risk Committee (ARC) Report:

I. Introduction

Role of the Audit & Risk Committee:

The Audit & Risk Committee (ARC) of RAK Ceramics PJSC is responsible for overseeing financial reporting, internal controls, risk management, and audit processes. This report summarizes the committee's activities for the year ended 31st December 2025.

Membership and Meetings:

The following Directors of the Company were members of the ARC throughout 2025:

- Mrs. Farah Abdulla Mohamed Al Mazrui , Chairperson
- Sheikh Saqr Bin Omer Al Qasimi, Member
- Mr. Abdulla Rashid Jasem Al Abdouli

Further, to strengthen Corporate Governance, Internal Controls, and ensure adherence to best practices, RAK Ceramics' Board has engaged an Audit & Risk Committee Expert to provide advice and assistance to the Committee. Mr. Philip Gore-Randall, a senior Chartered Accountant from UK having many years of extensive experience at senior level in large multinational organizations, is the designated Audit & Risk Committee Expert.

The Committee is required to meet once every quarter. The Committee held 4 meetings during the year 2025, as detailed below:

Meeting Date	Farah Abdulla Mohamed Al Mzrui	Sh. Saqr Bin Omar Bin Saqr Al Qasimi	Abdulla Rashid Jasem Al Abdouli
12 February 2025	P*	P	P
14 May 2025	P*	P*	P*
12 August 2025	P*	P*	P*
12 November 2025	P*	P*	P*

P: Participated through Conference call*

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

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

Audit & Risk Commitee (contd.)

5. AUDIT & RISK COMMITTEE (CONTD.)

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

II. Financial Reporting Oversight

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

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

III. External Audit

Auditor Appointment and Independence:

Due to mandatory rotation regulations, a thorough exercise to appoint a successor firm to Deloitte & Touche (ME) was undertaken in the second half of 2024 and the ARC's recommendation of KPMG Lower Gulf Limited was endorsed by the Board and subsequently approved by the shareholders at the Annual General Meeting held on 24 March 2025.

This was the first full year of external audit by KPMG, and the firm has settled down well in the engagement.

Any non-audit services from the external auditors are approved by the ARC within the framework of the RAK Ceramics non-audit services policy for preserving auditor independence. Further, the ARC reviews all non-audit services annually to confirm that auditor independence has not been impaired. No non-audit services were provided by KPMG Lower Gulf Limited in 2025.

Audit Findings:

The committee met with the external auditors ahead of the release of each quarterly, and annual, financial results to discuss the results and key matters observed by them.

Key areas of focus included:

- Valuation of investment property: Al Jazeera waterfront land – key audit matter
- Revenue recognition protocols
- Valuation of goodwill
- Management override of controls
- Valuation of inventories and receivables
- UAE Corporate Tax and DMTT

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

Audit & Risk Commitee (contd.)

5. AUDIT & RISK COMMITTEE (CONTD.)

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

IV. Internal Audit and Internal Controls

Internal Audit Activities:

Internal Audit at RAK Ceramics follows a risk-based audit methodology with a 4-year audit planning horizon (2023-2026) that covers its entire audit universe. The annual audit plan is developed based on management discussions, past year's internal audit engagements, operating environment, and internal audit's risk assessment. The plan is presented to, and approved by, the ARC annually.

The 2025 approved audit plan was executed by teams located in the UAE, India and Bangladesh. Increasing use was made of automated audit procedures, in many cases providing 100% coverage of selected transaction types. Significant issues and management's proposed corrective actions were presented at each meeting.

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

Internal Controls:

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

Follow up on previous recommendations:

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

V. Risk Management

RAK Ceramics has a comprehensive Enterprise Risk Management (ERM) in place. The risk register and mitigation status are regularly reported to the ARC, who in turn share these with the Board. The risk register underwent its first biennial review and an updated risk register was presented and approved by the ARC and Board in November 2025. The committee focused on:

Macro risks

- Business model risks
- Group Priority risks
- Group Supplementary risks
- Financial and liquidity risks
- IT & cyber-security risks
- Regulatory compliance risks

Mitigation strategies and management responses were evaluated to ensure resilience.

Audit & Risk Commitee (contd.)

5. AUDIT & RISK COMMITTEE (CONTD.)

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

VI. Regulatory and Compliance Matters

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

VII. Whistleblowing, Fraud Prevention and Conflicts of Interest

RAK Ceramics has a whistleblowing policy governing the reporting and processing of whistleblowing incidents. Fraud matters, if any, are investigated by Internal Audit / Legal. The ARC is given a quarterly update on whistleblowing and fraud matters, if any. The ARC reviews the details of reported matters, mitigating and disciplinary actions if any, and strengthening of controls where required. Further, an annual fraud risk assessment is carried out by the Internal Audit and the findings are reported to the ARC. During 2025, there were a few minor whistleblowing and small fraud incidents – these were reviewed and reported to the ARC with details of disciplinary actions / corrective measures. None had any impact on the financial reporting or represented any significant control lapse.

The Company has clear policies related to potential conflicts of interest. Internal Audit conducts an annual Group wide assessment through an employee self-reporting questionnaire with all senior and mid-level personnel participating. No significant issues came to light in the 2025 review.

VIII. Committee Effectiveness and Future Focus

The ARC performs an annual review of its charter, and its effectiveness as a key committee of the Board. Further, annual reviews of the Internal Audit and Finance functions focusing on their effectiveness, strengths, and future needs, are also carried out. The ARC also holds independent executive sessions with the external auditors, internal auditors, and senior management to foster and facilitate candid and independent exchange of views as required.

Looking ahead in 2026, the ARC will focus on RAK Ceramics preparedness for ICFR public reporting and progressive implementation of IFRS 18.

Nomination and Remuneration Committee

6. NOMINATION AND REMUNERATION COMMITTEE (NRC)

a) Acknowledgment:

Mr. Fawaz Suliaman Al Rajhi, Nomination & Remuneration Committee Chairman acknowledges his responsibility for the activities of the committee in the Company, review of its work mechanism and ensuring its effectiveness.

b) Names of the Nomination and Remuneration Committee Members as on 31 December 2024 and their task:

- Fawaz Suliaman Al Rajhi (Chairman),
- Sh. Saqr Bin Omar Bin Saqr Al Qasimi (Member), and
- Abdulla Rashid Jasem Al Abdouli (Member)

c) Nomination and Remuneration Committee (NRC) Tasks:

The Nomination and Remuneration Committee's primary functions are to:-

- Develop a policy to apply for membership of the Board and Executive administration, taking into account gender diversity within the formation and encouraging women through incentive and training programs and benefits.
- Organize and follow up the procedures for applying for membership of the Board in accordance with the applicable laws and regulations and the provisions of this resolution.
- nsure the independence of independent members on an ongoing basis.
- Ensure availability of continuity of the membership conditions in the Board members annually.
- Prepare and review the policy on granting rewards, benefits, incentives and salaries to the Board members and the staff therein, on an annual basis.
- Ensure linking the remunerations and bonuses, including the other deferred options and remunerations and benefits offered to senior executive management in the performance of the company in the medium and long term
- Annually review the required needs of the suitable skills for Board membership and prepare a description of the abilities and qualifications required for Board membership, including determining the time that the member should set for the Board work.
- Review the structure of the Board and make recommendations regarding possible changes.
- Identify the company needs of competencies at the level of senior executive management and staff and the basis of selecting them.
- Prepare the policy related to human resources and training in the company and monitor its implementation, along with reviewing it annually.
- Any other matters determined by the Board

d) Nomination and Remuneration Committee Meeting

The Committee is required to meet once annually. The Committee held one (1) meeting during 2024, as detailed below:

Meeting Date	Fawaz Sulaiman Al Rajhi	Sh. Saqr Bin Omar Bin Saqr Al Qasimi	Abdulla Rashid Jasem Al Abdouli
11 February 2025	P	P	P

Insider Trading Committee

7. INSIDER TRADING COMMITTEE:

a) Acknowledgment:

Mr. Vibhuti Bhushan, Insider Trading Committee Chairman acknowledges his responsibility for the activities of the committee in the Company, review of its work mechanism and ensuring its effectiveness.

b) Names of the Insider Trading Committee Members and their Tasks::

- Vibhuti Bhushan, Group Chief Governance and Sustainability Officer (Chairman)
- Pramod Kumar Chand, Group Chief Financial Officer (Member)
- Bhoutik Vyas, Dy. General Manager – Business Development (Member)*
- Sari Kanaan, VP & General Counsel (Member)*

** On 10 February 2025, Mr. Bhoutik Vyas resigned from Insider Trading Committee, and was replaced by Mr. Sari Kanaan.*

c) Insider Trading Committee Tasks:

The Insider Trading Committee's primary functions are:-

- Prepare a special and complete register for all Insiders
- Supervision of insiders' trading and their ownership.
- Conservation of official acknowledgment from the Company Insiders about the company internal information.
- Inform all the insiders about the regulations and legal responsibility through signing the official acknowledgement.
- Inform the insiders about the prohibited period.
- Notify SCA and the market of an update list of insiders.
- Submit a copy of the insiders register to the authority upon request.
- Comply with any other requirements specified by the authority.

d) Insider Trading Committee meetings:

The committee is required to meet once annually. The Committee held four (4) meeting during 2025, as detailed below:

Meeting Date	Vibhuti Bhushan	Pramod Kumar Chand	Sari Kanaan
10 February 2025	P	P	P
12 May 2025	P	P	P
08 August 2025	P	P	P
10 November 2025	P	P	P

P: Participate

e) Summary of Committee Activities in 2025:

- The Members reviewed the registered insider list, and recommended to update the list for any addition or deletion of any employees or authorized person have access to any financial and materials matters.
- The Committee informed the insiders through official means of any materiality matters immediately upon their occurrence or at their knowledge, and on the dates of the prohibition period.
- The Committee reviewed the monthly and periodically trading on the Company share, in order to ensure that the Insider are not trading on Company share during the prohibition period, or during the period of the materiality events.
- Submit a copy of the insiders register to the authority upon request.
- Update the Insider details on ADX website – RAK Ceramics PJSC portal.

Disclosure Committee

8. DISCLOSURE COMMITTEE

a) Acknowledgment:

Mr. Pramod Kumar Chand, Disclosure Committee Chairman acknowledges his responsibility for the activities of the committee in the Company, review of its work mechanism and ensuring its effectiveness.

b) Names of the Disclosure Committee Members and their Tasks:

- Pramod Kumar Chand, Group Chief Financial Officer (Chairman)
- Vibhuti Bhushan, Chief Governance and Sustainability Officer (Member)
- Bhoutik Vyas, Dy. General Manager – business Development (Member)*
- Sari Kanaan, VP & General Counsel (Member)*

** On 10 February 2025, Mr. Bhoutik Vyas resigned from Insider Trading Committee, and was replaced by Mr. Sari Kanaan*

c) Disclosure Committee Tasks:

The Disclosure Committee's primary functions are:-

- Ensure the accuracy, completeness and timeliness of the Disclosure of financial and non-financial information, ensuring that such information is properly communicated internally to allow timely decisions regarding required disclosure.
- Review and approve prior to public disclosure, the company's;
- Annual Report and quarterly reports and any other information filed with the stock exchange/regulators.
- Press releases containing financial information, earnings guidance, forward-looking statements, information about material transactions, or other information material to the Corporation's security holders.
- Correspondence broadly disseminated to shareholders.
- Other relevant communications or presentations (collectively, the "Disclosure Statements").
- In the case of b-d above, assess whether information concerning the Company should be disclosed to the market or not and also determine the substance of the market disclosure and when the disclosure must be made.
- Submit to the Board as soon as practicable (recognizing that disclosure issues are often time sensitive) the Committee's recommendations and, where appropriate, proposed disclosures to enable the Board to authorize such disclosures (modified as it may determine) or, if such is the case, to confirm that no disclosure is necessary or appropriate.
- Review and advice on the scope and content of disclosure (including any selective disclosure permitted under applicable law).
- Determine on a timely basis the disclosure treatment of material information, overseeing the preparation of regulatory filings and assisting in the design, implementation and periodic evaluation of the adequacy and effectiveness of disclosure controls and procedures.
- Identify inside information for the purpose of maintaining the Company's insider list. viii. Determine whether to request in particular circumstances a trading halt or voluntary suspension of trading.
- Respond to any requirement from the stock exchange or regulators to disclose market sensitive information to correct or prevent a false market.
- Resolve questions about the materiality and treatment of information.
- Evaluate and mandate website disclosure practices and other communication policies particularly with respect to financial or other market sensitive information.
- Ensure that a record is maintained of the Company's public disclosures.
- Maintain a record of matters considered for disclosure but not disclosed.
- Assess relevant and substantive market rumors or speculation concerning the Group and make recommendations as to what response, if any, should be made.
- Recommend appropriate employee training in respect of the handling of inside information and the Group's Disclosure Policy.

Internal Controls Violations Committed

d) Disclosure Committee meetings:

The Committee held four (4) meetings during 2025, as detailed below:

Meeting Date	Vibhuti Bhushan	Pramod Kumar Chand	Sari Kanaan
10 February 2025	P	P	P
12 May 2025	P	P	P
08 August 2025	P	P	P
10 November 2025	P	P	P

P: Participate

9. INTERNAL CONTROLS

a) Board Responsibility

The Board assumes overall responsibility for internal controls in the Company including mandating the requirements, where appropriate, for policies, guidelines and controls (including authority levels and segregation of duties).

The executive management is responsible for the implementation of internal controls in co-ordination with the Heads of Functions, General Managers, Divisional Managers and domestic and overseas Branch Managers. The responsibility for implementing, and adhering to, efficient internal control systems in the Company rests with each employee.

b) Head of Internal Audit Department and Compliance Officer, Qualifications and the appointment date:

According to corporate governance requirements and the directions of the Securities and Commodities Authority, an Internal Audit Department has been established with sufficient independence and appropriate staffing to meet its obligations. The department reports to the Audit & Risk Committee of the Board.

The Internal Audit Department is headed by Mr. Vibhuti Bhushan, a CFA and MBA with many years of international working experience in the fields of internal audit, risk management, corporate governance and finance. Mr Bhushan also serves as Compliance Officer. Mr. Bhushan was appointed on 14th April 2014.

c) Work Mechanism of Internal Control and Dealing with Problems

The Board believes that the Group's internal control system provides reasonable assurance on the completeness, integrity, accuracy and presentation of financial information/ statements, safeguarding and preservation of assets, detection of fraud and compliance with applicable laws and regulations.

The Audit & Risk Committee, on behalf of the Board, reviews the system of internal control and assesses the framework by evaluating the work carried out by the internal control department and the external auditors. The Board confirms the adequacy of the existence of effective internal controls in the Group based on the recommendations and advice presented by the Audit & Risk Committee

Internal Audit Department conducts reviews of internal control systems in the Company and submits its assessment and recommendations to the Audit & Risk Committee and Board each quarter. The review process is in accordance with applicable international standards and The Decision.

In 2025, the company did not face any problems with its internal controls.

d) Number of Report issued by Internal Control Department to Board of Directors:

4 Reports.

10. VIOLATIONS COMMITTED

During 2025, there were no instances of imposition of any fine for any violation by the Company.

Corporate & Social Responsibility

11. Company's contributions in developing the community and protection the environment during 2025

Sponsorship & Social activity		Amount (AED)
1	CSR activity on UAE National Day	27,463
2	Sponsorship for RAK Municipality magazine	3,000
3	Staff welfare activity on Eid Al Aadha & festivals	31,012
4	Medical assistance	25,575
5	Donations & social contributions	237,840
6	Women's day & Christmas celebrations	8,102
7	Sponsorship of sports tournament	771,731
Total		**1,114,723**

General Information

12. General Information

The Company reports financial results and other material information on the relevant webpage of Abu Dhabi Stock Exchange (ADX) at www.adx.ae. The Company also publishes invitations to General Assembly Meetings and other material information in English and Arabic newspapers.

The annual audited accounts and report of the Board are circulated to the shareholders at the General Assembly Meeting. The report of the Board is provided in the annual report, and includes Management Discussion and Analysis of periodic performance.

The quarterly financial statements of the Company are not sent to the individual shareholders of the Company, but are uploaded on the designated web page of Abu Dhabi Stock Exchange under Company symbol "RAKCEC" and also at the Company webpage www.rakceramics.com

a) Stock Market data for the period from 1st January to 31 December 2025 & Statement of the Performance of the Company's Share

Month	High	Low	Number of Shared Traded	Closing
January	2.61	2.48	4,059,335	2.58
February	2.62	2.50	3,312,295	2.50
March	2.63	2.44	4,791,175	2.58
April	2.53	2.30	3,292,932	2.49
May	2.55	2.40	2,715,261	2.44
June	2.49	2.39	3,721,416	2.47
July	2.61	2.46	3,424,760	2.58
August	2.69	2.51	7,958,310	2.51
September	2.52	2.41	2,857,913	2.42
October	2.61	2.42	4,572,969	2.57
November	2.58	2.33	21,615,048	2.44
December	2.62	2.44	10,547,889	2.51
Total			**72,869,303**	

b) Statement of the comparative performance of the company's share with the general market index and sector index during 2025

Index & Price	Open	Close	Difference
General Index	9,419	9,992.72	573.72
Industrial Sector Index	2,718.60	2,470.36	(248.24)
RAKCEC Share	2.48	2.51	0.03

General Information (contd.)

12. General Information (contd.)

c) Distribution of Share Capital Ownership as on 31 December 2025:

Sr. Category	Percentage of shareholding (%)			
	Individuals	Companies	Government	Total
Local	55.00	30.74	5.02	90.76
Arab	5.65	3.53	0	9.18
Foreigner	0.03	0.03	0	0.06
Total	**60.68**	**34.30**	**5.02**	**100**

d) Statement of shareholders owning 5% or more of the Company's capital as on 31 December 2025:

Sr	Shareholders	Number of Shares	% of Holding
1	Falcon Investment LLC	205,792,320	20.71
2	Al Rajhi Partners LLC	68,339,161	6.88
3	Government of RAK	49,899,386	5.02
4	Other	669,673,091	67.39
Total		**993,703,958**	**100**

e) Shareholders distribution as on 31 December 2025:

Sr	Shares Ownership	Number of Shareholders	Number of Shares Owned	% of Shareholding
1	Less than 50,000	1480	9,841,702	0.99
2	From 50,000 to Less than 500,000	299	42,158,081	4.24
3	From 500,000 to Less than 5,000,000	70	103,445,407	10.41
4	More Than 5,000,000	34	838,258,768	84.36
Total		**1882**	**993,703,958**	**100**

General Information (contd.)

12. General Information (contd.)

f) Regulations of Investors Relation:

In 2015, the Company has established an Investors Relations Department and appointed a Head of Investor Relations. A separate section called Investor Center was also added to the Company's website

(http://www.rakceramics.com/investors-center.php).

Investor Relations can be contacted on the following email addresses:

ir@rakceramics.com

Phone: +971 7 246 7297

The Link of the Investor Relations webpage on the website of the Company.

http://www.rakceramics.com/investors-center.php

g) Special Resolutions:

N/A

h) The Name of the Board Secretary and the date of his appointment:

In the BOD Meeting held on 3rd August 2021, the Board appointed M/s BSA Ahmed Bin Hazem & Co as Board Secretary.

i) Materiality Events during 2025:

On 12 August 2024, the Board of Directors approved a distribution of a semi-annual cash dividend of 10% per share for the period ended on 30th June 2025.

j) Statement of transactions conducted by the Company with related parties during the year 2025 amounting to 5% or more of the Company's capital:

At the Board of Directors meeting held on 12/11/2025, the Board approved granting Kludi GmbH (a wholly owned sister company) headquartered in Germany, financial facilities in the form of loans amounting to EUR 5,000,000, representing 2.14% of the share capital of RAK Ceramics PJSC.

Except for this transaction, there were no transactions carried out by the Company with related parties that amount to 5% or more of its share capital.

k) Statement of the percentage of Emiratisation at the company by the end of 2023, 2024 & 2025 (Percentage of Admin employees):

Year	%
2023	10.00%
2024	10.8%
2025	12.7%

Conclusion

l) Statement of innovative projects and initiatives undertaken by the company or under development in 2025:

The year 2025 was exciting and brought significant innovations, with updated products now featured in our 2026 general catalogues as well as in our website.

Distinct Innotech icons highlight key features for easy identification, underscoring company's capability and expertise in delivering innovative product solutions.

Following innotech products added during the year 2025..

SCRATCH GUARD POLISHED SURFACE:
A premium glazed polished surface finish, engineered for enhanced scratch resistance without compromising on gloss and elegance, specifically designed for Maximus Slabs. The polished surface features a highly scratch-resistant finish that provides exceptional durability against deep scratches, even from metal objects, making it one of the premium scratch-guard finishes available for porcelain surfaces.

ANTIBACTERIAL - RAKSanit:
RAKSanit is the ideal solution for spaces where hygiene is of utmost importance. Integrated directly into the glaze during the production process, this innovative product offers permanent protection. RAKSanit includes both Porcelain and Ceramic tile collections, specifically designed to reduce bacterial contamination and promote a healthier living and working environment. Thanks to its antibacterial properties, powered by silver nitrate compounds, RAKSanit is more than 99% effective in reducing bacterial growth. RAKSanit is now extended to Maximus Countertops included by default in all standard countertop slab products, regardless of the surface finish, ensuring a permanent solution for maintaining hygiene.

SOFTECH:
Softech is the next-generation surface, designed as a single surface for both indoor and outdoor spaces. This innovative surface combines high slip resistance with a soft, tactile feel, making it a game-changer in tile technology by applying micro particles to the tile surface, filling in the surface's microscopic cavities to create a smoother, softer, more uniform matt surface that is easy to clean. This innovative approach provides both safety and comfort. Softech redefines surface technology, providing a pleasant touch, safety, style and a refined matt, non reflective elegance.

In addition to these innovations, we have been able to introduce the following in 2025:

- The mega-size slab measuring 162x324 cm.
- A structured surface in mega slabs featuring designed structured belts.
- The 3D Shape structured surface created using new generation digital technology synchronizing design with special effects in mega slabs.

RAK products are consistently earning global recognition for innovation and design excellence, receiving the Archiproducts Best Design Award for five consecutive years (2021-2025). This prestigious honor, selected by a jury of leading global figures in architecture and design, underscores RAK's commitment to continuous design excellence.

Exciting new innovations are continuously in progress, each with unique features that set our products apart and enhance both their quality and the strength of our brand. Our approach to sustainable practices through innovative product development and technological advancements, will continue.

13. CONCLUSION

RAK Ceramics is committed to respecting the rights of all its stakeholders through the adoption of the highest standards of governance resulting in transparency and integrity in all its dealings and disclosures.

The Board reinforces the concept of equal opportunity by the adoption of a remuneration and compensation policy that motivates all employees to continuously improve their performance in line with the strategic objectives of the Company. As a responsible corporate citizen, the Company actively promotes CSR initiatives and various other activities focused on giving back to and improving its communities. The Company continues to develop trustworthy relationships with its customers and all other stakeholders by establishing appropriate channels for receiving complaints and their resolution, enhancing its corporate governance, and managing the business with wisdom.

For RAK Ceramics PJSC,

Sheikh Saqr Bin Saud Al Qasimi	Farah Abdulla Mohamed Al Mazrui	Fawaz Sulaiman A Al Rajhi	Vibhuti Bhushan
Chairman of the Board of Directors	Chairperson of the Audit & Risk Committee	Chairman of the Nomination and Remuneration Committee	Chief Governance and Sustainability Officer

HEAD OFFICE

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