

Board of Directors’ Report

for the quarter ended 31 March 2026

The Board of Directors of Raysut Cement Company SAOG is pleased to present the unaudited Group financial results for the quarter ended on 31 March 2026.

The Strategic Turnaround

The first quarter of 2026 marks a defining moment in Raysut’s strategic evolution. Building on the momentum of Q4 2025 which saw our first operationally profitable quarter in six years, the Group has successfully translated 25% top-line growth into tangible value. By focusing on our pricing strategy, operational discipline, expanding our customer base and cost-efficiencies, we have moved from a period of "clearing the decks" to a phase of scaling with discipline.

This discipline has not only fortified our margins but has also unlocked strong, reliable and predictable cash flows from our core operations. By demonstrating predictable and reliable revenue generation, we have successfully navigated the path to sustained profitability and are now positioned to lead with confidence.

The company continues to build on its five strategic pillars that form the foundation of its recovery plan, with the objective of solidifying a sustainable business model going forward.

1. Resolution of Legacy Issues:

Significant progress continues in addressing historic challenges. We are currently renegotiating long-outstanding vendor dues into structured long-term settlements to ease short-term liquidity. Following the successful restructuring of the Duqm Project loan in 2025, stakeholder trust has strengthened meaningfully. Building on this momentum, management will engage with other lenders to optimize and enhance existing facilities which will provide additional headroom to support the Group’s growth trajectory.

2. Restructuring the Organization structure:

To support this new phase of growth, we are in the process of implementing a leaner, more efficient organizational structure designed to improve decision-making speed. With key management professionals now in executive leadership roles, our next step is a comprehensive exercise to ensure our total workforce is perfectly aligned with this new operating model.

3. Enhancing Operational Performance:

Operational excellence remains our cornerstone. All units - Salalah, Pioneer, Sohar, and Maldives achieved improved productivity and asset utilization this quarter. Our UAE operations, in particular, continue to be a primary driver of consolidated sales and profitability.

4. Enforcing Corporate Governance:

The Board remains committed to rigorous oversight. During the quarter, we continued to strengthen risk management and internal controls, ensuring that governance practices across all subsidiaries are fully aligned with regulatory expectations.

5. Strengthening Cash Flow Management:

Liquidity remains a critical focus area. While 2026 presents ongoing challenges, stringent cash controls and support from our partners have allowed us to manage our commitments successfully. Enhanced treasury forecasting is now "hardwired" into our operations to support ongoing stability.

With these pillars advancing strongly, the Company remains confident with a focused approach and collaborative effort of all the stakeholders: Government entities and Regulators, Banks, Employees, Customers, Suppliers and the Shareholders, Raysut Cement Group will be well positioned to navigate its current challenges and achieve a profitable and sustainable business for the future.

Overview of the Economy and Geopolitical Outlook

The regional economic landscape currently presents a study in contrast, where robust sectoral growth meets an increasingly complex geopolitical environment. While domestic cement demand in Oman and the UAE remains underpinned by active infrastructure projects and a structural shift towards economic diversification, the broader stability is being tested by shifting regional dynamics.

Since the end of February, prevailing geopolitical tensions have introduced a layer of logistical uncertainty that demands a more vigilant and cautious approach to supply chain management and regional trade. While the market has successfully moved past a decade of severe price pressure through meaningful corrections and improved demand-supply balance, these gains must now be defended against potential inflationary pressures and disruption to shipping routes. Consequently, while our fundamental outlook for the construction and industrial sectors remains positive, we are maintaining a posture of cautious optimism, prioritizing operational flexibility and risk mitigation to safeguard the Group's resurgence in an unpredictable global climate.

Consolidated Financial Performance

Raysut Cement has entered a period of powerful operational resurgence. By driving a 25% surge in consolidated revenue, we have successfully captured dominant market share across both domestic and regional frontiers. The Group has achieved a pivotal milestone as core operations remain cash-positive, driven by a robust increase in EBITDA, reflecting stronger operating performance and improved margins.

The consolidated financial performance for the quarter ended 31 March 2026, compared to the prior year, is summarized below:

	Amount in '000		
	31 March 2026	31 March 2025	Var %
Revenue	24,724	19,753	25%
Gross profit	4,474	2,031	120%
EBITDA	4,867	1,021	377%
Operating Profit / (loss)	1,629	(525)	-
Finance cost	(1,072)	(1,228)	13%
Net Profit / (loss)	1,453	(1,808)	-

Capital Erosion and restoration plan

In alignment with Article 147 of the Commercial Companies Law, the Board is moving forward with the Capital Restoration Plan approved during the EGM on 16 November 2025 and subsequent extension on 8 March 2026. We are in the process of finalising a vanilla Shareholder Loan as the preferred instrument. This is designed to provide timely liquidity for settling legacy suppliers and maintenance CAPEX requirements while strengthening the balance sheet for long-term value creation.

This proposed Shareholder Loan remains subject to shareholder approval and adherence to all relevant regulatory requirements.

Outlook: Cautious Optimism

While we are optimistic about the Group’s prospects, we remain vigilant regarding the geopolitical situation in the region that escalated in late February 2026. Despite these external pressures, the steady demand for cement in Oman and the UAE driven by infrastructure and urbanization provides a resilient backdrop for our growth.

Our focus for the remainder of 2026 will be on managing margins, executing strategic priorities, and navigating regional logistical challenges with the same discipline that fueled our recovery.

Acknowledgement

We would like to thank our shareholders not only for their confidence but also for their continuous support.

We express our gratitude to the Financial Services Authority, the Integrated Gas Company, banks, creditors and the employees for their support.

Tribute

We extend our sincere thanks and gratitude to His Majesty Sultan Haitham bin Tarik for his wise leadership and his wise government for their continuous support and guidance. We pray to Almighty Allah to bless him with good health and long life.

Engr. Ali Abdullah Ali Al Zadjali Chairman of the Board of Directors