
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Established in 1994, Al Anwar Investments SAOG (AAI) is one of the premier investment companies listed on the Muscat Stock Exchange (MSX). Over the past 32 years, the company has played a key role in founding several successful businesses, including Al Maha Ceramics SAOG, Al Anwar Ceramics SAOG, Al Anwar Blank, and Arabia Falcon Insurance SAOG. Al Anwar’s investment portfolio is well-diversified across multiple sectors, such as banking, manufacturing, insurance, and education. Al Anwar along with its partners floated Initial Public offering (IPO) of Al Maha Ceramics, Voltamp Energy, Arabia Falcon and Al Anwar Ceramics.

The Board of Directors has approved a five-year strategic plan in 2024-2025, under which AAI grew its asset base significantly over the last 2 years. This growth was driven by increasing the paid-up capital, borrowing additional funds, enhancing the value of its existing investments, and deploying capital into new opportunities.

INVESTMENT STRATEGY: CLEAR, DIFFERENTIATED AND PROVEN

AAI is a significant minority shareholder in several private and publicly listed companies in Oman. AAI follows a private equity model of investing and is an active investor. Al Anwar invest in companies with the intention of improving the business performance and enhancing the value of the company.

Al Anwar mission is to support, create and nurture successful entities which create and enhance long term value for the stakeholders through:

- Investing in companies with scalable, creative and sustainable Business Model.
- Enhancing Corporate Governance and ensuring adequate systems and procedures.
- Focusing on execution and operational excellence.

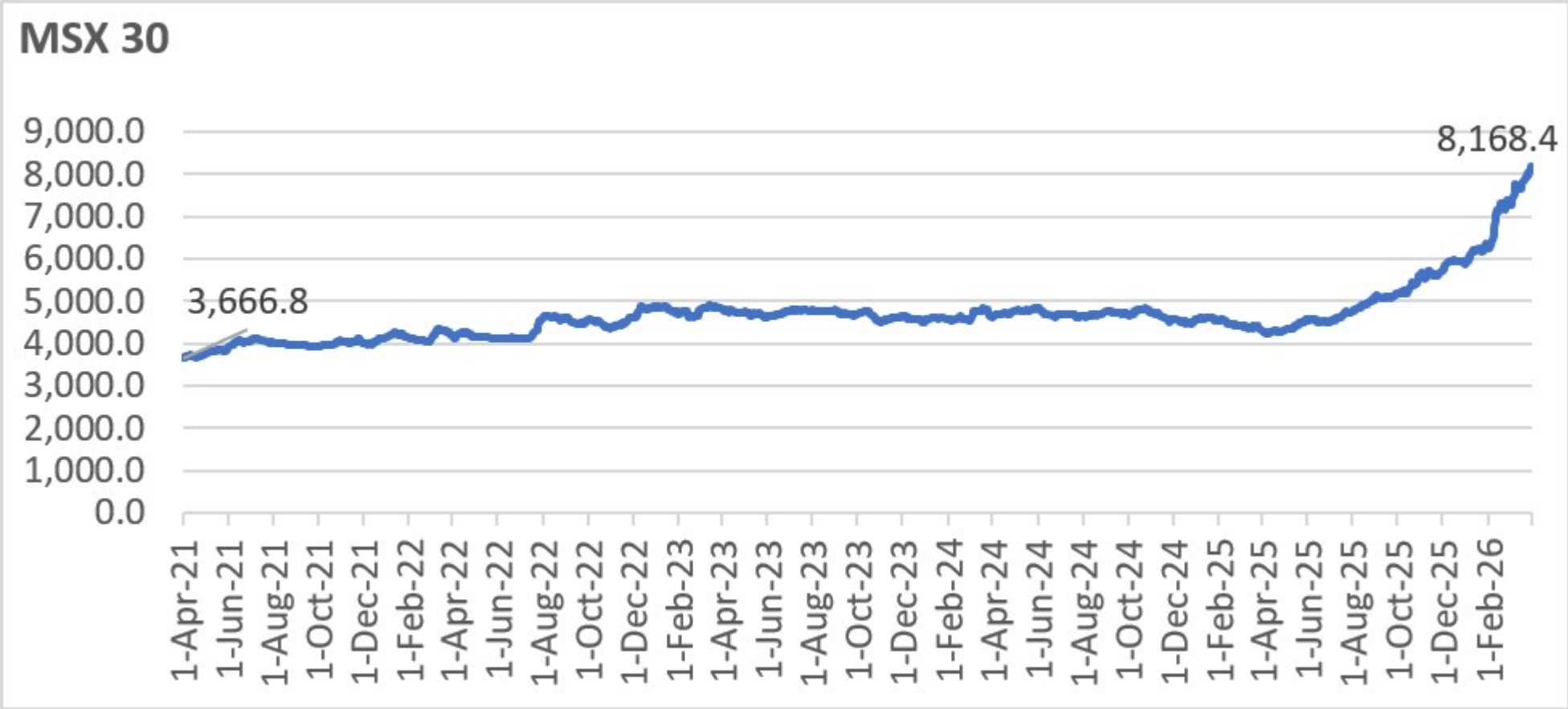
OMAN ECONOMY AND OUTLOOK:

- In 2024, S&P Global Ratings upgraded Oman’s sovereign credit rating from “BB+” to “BBB-” with a stable outlook, marking the Sultanate’s return to investment-grade status after nearly seven years. As of 2026, S&P reaffirmed Oman’s “BBB-” rating with a stable outlook, reflecting continued improvements in public finances, fiscal discipline, debt reduction, and the sustained implementation of economic reforms.
- In 2025, Oman’s economy demonstrated stronger growth of 2.4%, compared to 1.6% in 2024, supported by structural reforms and continued diversification efforts under Vision 2040. Petroleum activities grew by 1.1%, primarily driven by a 1.2% increase in crude oil activities. Meanwhile, the non-oil economy expanded by 3.2%, supported by strong performance across the services, construction, mining, and agriculture and fishing sectors. The medium-term outlook remains positive, with the International Monetary Fund projecting Oman’s economy to grow by 3.5% in 2026, supported by stable non-oil activity, gradual recovery in hydrocarbon production, and the continued implementation of fiscal and structural reforms.
- Oman’s fiscal and external positions remained resilient in 2025, supported by disciplined fiscal policies, improving non-oil revenues, and continued debt reduction efforts. Oman’s 2025 budget, which was based on a conservative oil price assumption of US\$60 per barrel, initially projected a fiscal deficit of 620 million. However, preliminary data released in early 2026 indicated that the deficit narrowed significantly to approximately 480 million (US\$1.2 billion), supported by stronger-than-expected revenue generation, with excess proceeds utilized toward public debt reduction. S&P Global Ratings expects Oman to achieve fiscal balance in 2026 and projects relatively stable fiscal surpluses averaging around 0.4% of GDP during 2027–2029. Meanwhile, the current account is expected to remain broadly balanced, with modest surpluses of around 2.0%–2.3% over the medium term. Public debt continued to decline, falling below 35% of GDP in 2025, with further improvement expected, reflecting the government’s sustained commitment toward strengthening fiscal sustainability and reducing economic vulnerabilities.
- Inflation remained moderate in 2025, averaging around 1.0%, with stable housing and utility costs helping contain overall price pressures despite moderate increases in transportation and selective food categories. The Omani rial’s peg to the US dollar continued to support price stability effectively.
- Oman's government is actively implementing reforms aligned with Vision 2040, including improving the business environment, enhancing labor market flexibility, and

accelerating digital and green initiatives. However, risks remain, including global oil price volatility, geopolitical uncertainties, and potential delays in structural reform execution. Nonetheless, Oman’s outlook is increasingly stable, supported by improved credit ratings and growing investor confidence.

PERFORMANCE OVERVIEW OF MUSCAT STOCK EXCHANGE INDEX (MSX):

In the last 5 years MSX 30 Index increased by 123% from 3,666 in April 2021 to 8,168 in March 2026.



OPPORTUNITIES

AAI remains cautiously optimistic about the outlook for Oman’s economy. Despite ongoing global economic and geopolitical uncertainties, the country is expected to continue benefiting from economic diversification initiatives, resilient non-oil sector growth, infrastructure development, and improving investment activity. We believe the current environment presents attractive opportunities to invest in sectors aligned with evolving regional growth trends and national development priorities. Guided by our long-term investment approach, AAI aims to strategically deploy capital into high-potential sectors capable of delivering sustainable growth and long-term value for our stakeholders.

5 Year Strategy

In the year 2024-25 AAI Board approved 5-year strategy aims to increase its asset base to 100 million. The strategy focused on the following key objectives:

1. New investment in growth sectors:

AAI aims to capitalize on new opportunities, with a primary focus on the banking sector. Over the past two years, the Company has significantly increased its exposure to this sector—from 2% to 55% of total assets. This strategic shift has delivered strong results, including enhanced returns, higher dividend income, and improved portfolio diversification.

Beyond banking, AAI is also targeting select investments in the industrial sector. The focus will be on businesses expected to benefit from an improving economic environment, particularly in building materials, chemicals, equipment manufacturing, food manufacturing, and fast-moving consumer goods (FMCG). These sectors are well-positioned for long-term growth and align with AAI’s objective of generating sustainable value across its portfolio.

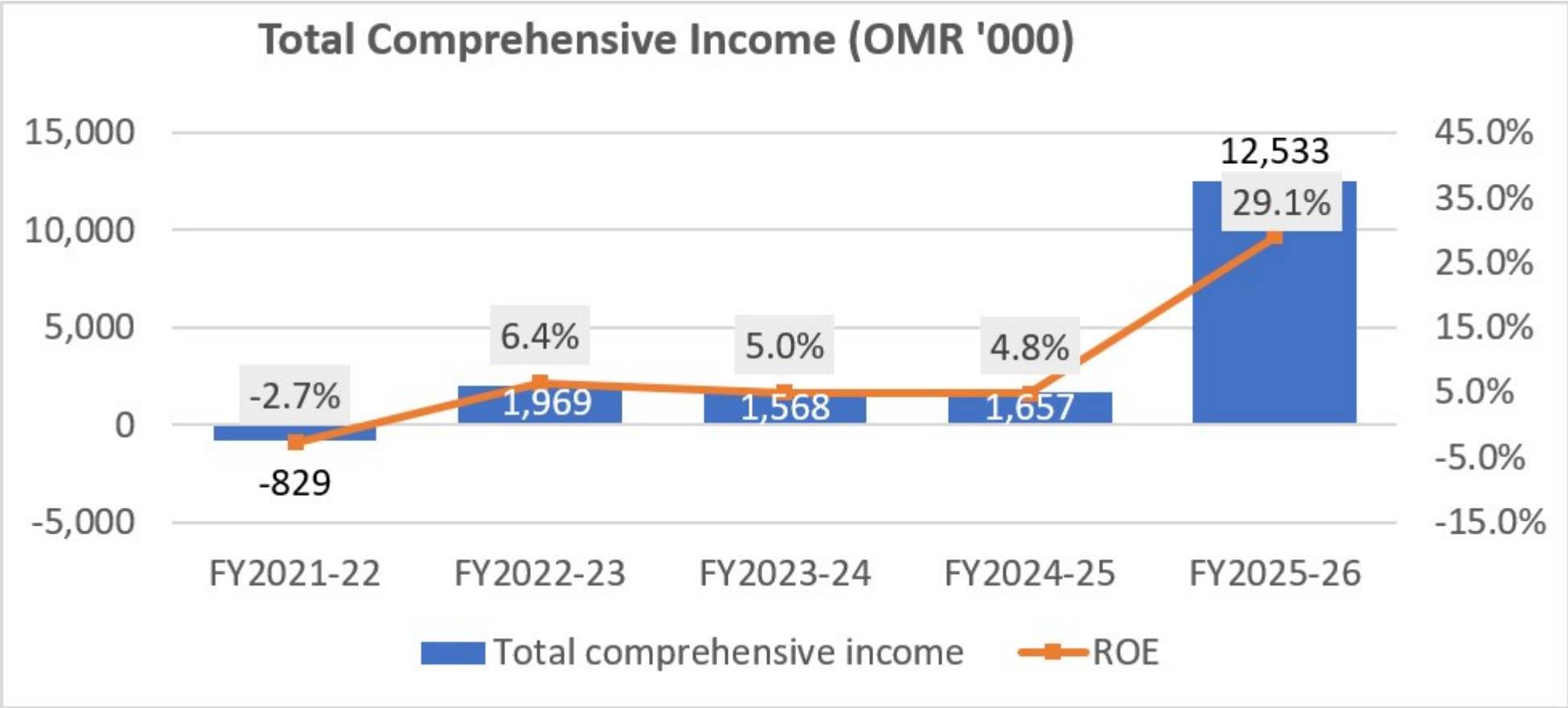
2. Enhance profitability of associates

AAI as an active investor is committed to enhancing the profitability of its associate by supporting the boards of its associate companies in implementing strong corporate governance, improving senior management capabilities, and optimizing operational costs. The strategy also focuses on expanding business capacity, pursuing mergers and acquisitions, and forming strategic partnerships to drive growth and foster synergies. As a result of the above initiatives and due to other favorable outcomes, the profits from a number of AAI associate companies have improved substantially in the last 3 years. Several other initiatives are currently being executed by each of AAI associate companies which should lead to further enhancements of profits within the next 5 years.

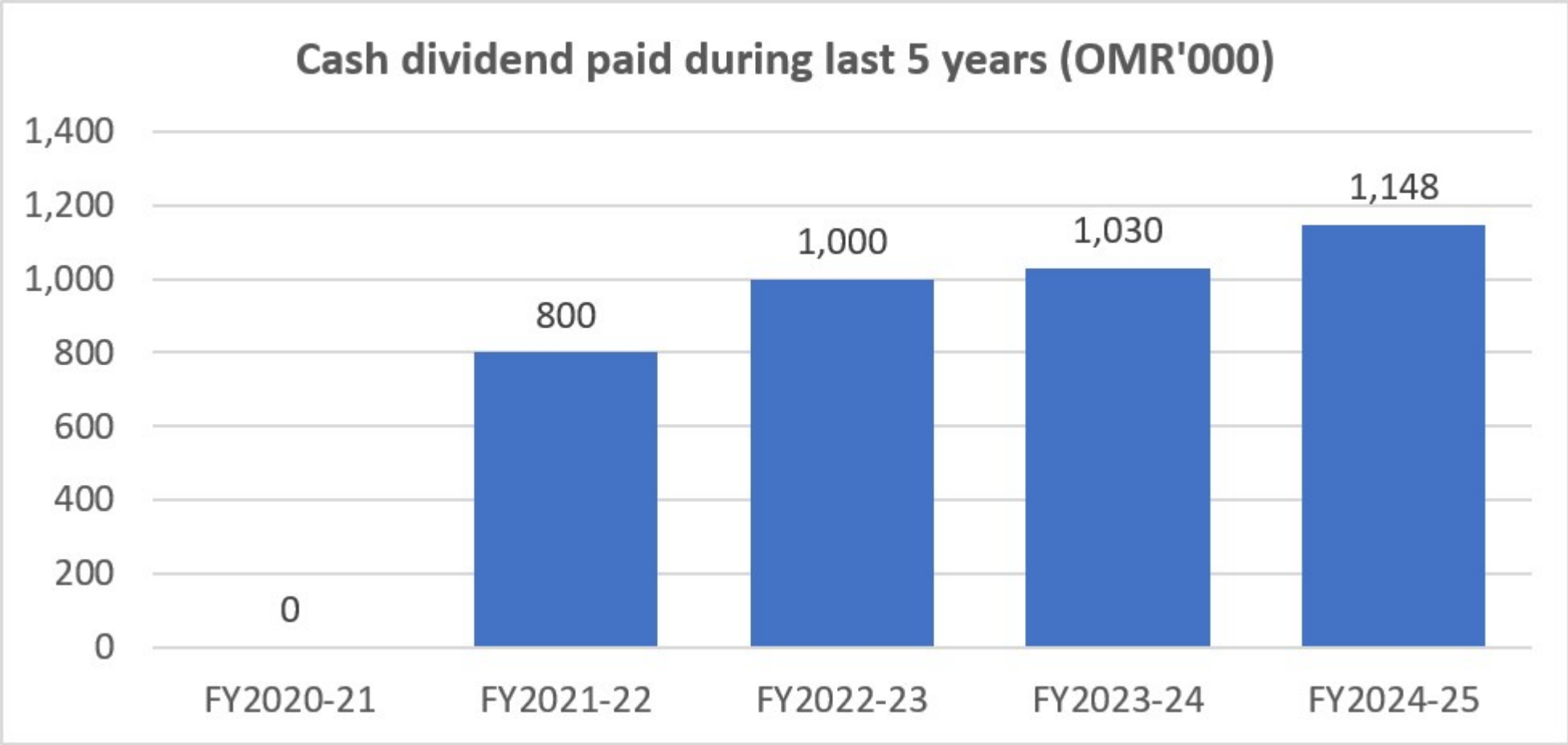
3. Divestment and Portfolio Diversification:

AAI continuously evaluates its investment portfolio to optimize risk-adjusted returns and enhance long-term shareholder value. As part of its active portfolio management approach, the Company selectively reallocates capital from certain mature investments into opportunities that offer stronger long-term growth potential and improved portfolio diversification. In line with the strategy, AAI fully divested its holding in Bank Dhofar during the year.

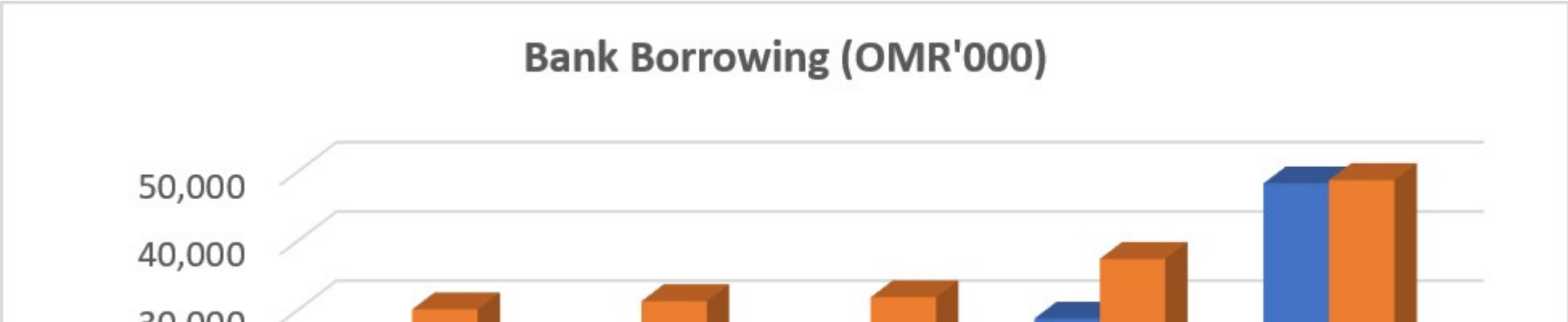
The profitability for the year ended 31st March 2026 was primarily driven by around 12 mil gains from OCI investments, gains from fair value investments and improved performance of our associate companies.

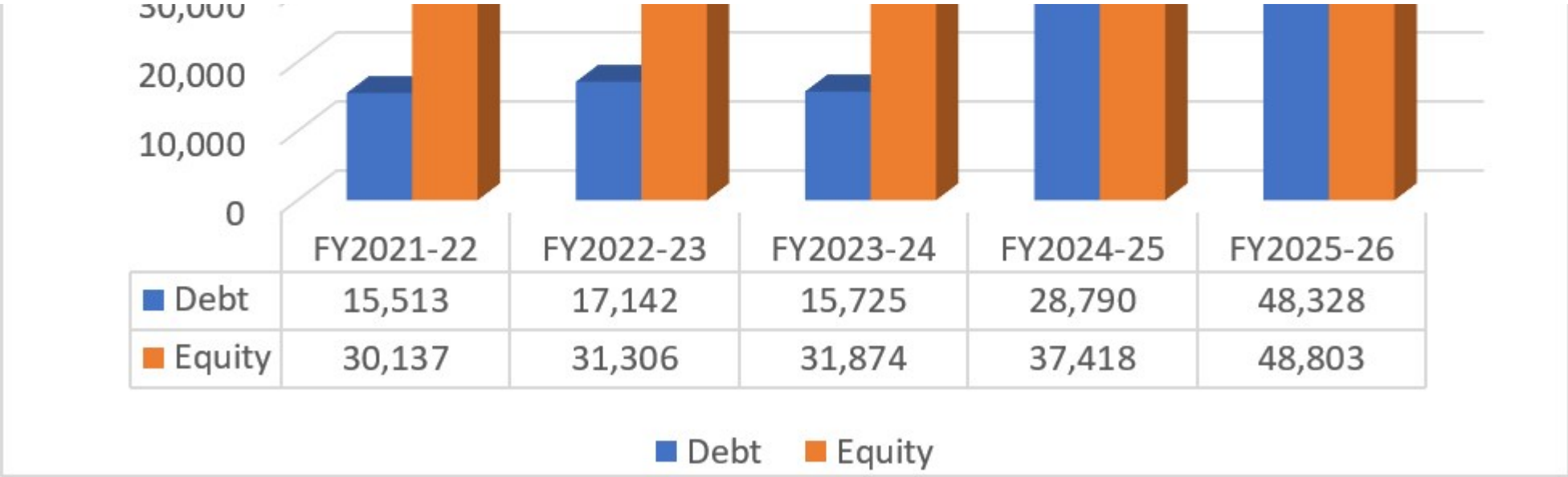


Owing to the inherent balance sheet strength and comfortable Debt/Equity position, AAI has rewarded its shareholders with healthy cash dividends in the last 5 years.



Growth in our investment portfolio over the years has been achieved whilst maintaining a manageable leverage position. As of 31st March 2026, Al Anwar’s Debt/ Equity ratio was 0.99x.





INVESTMENT PORTFOLIO

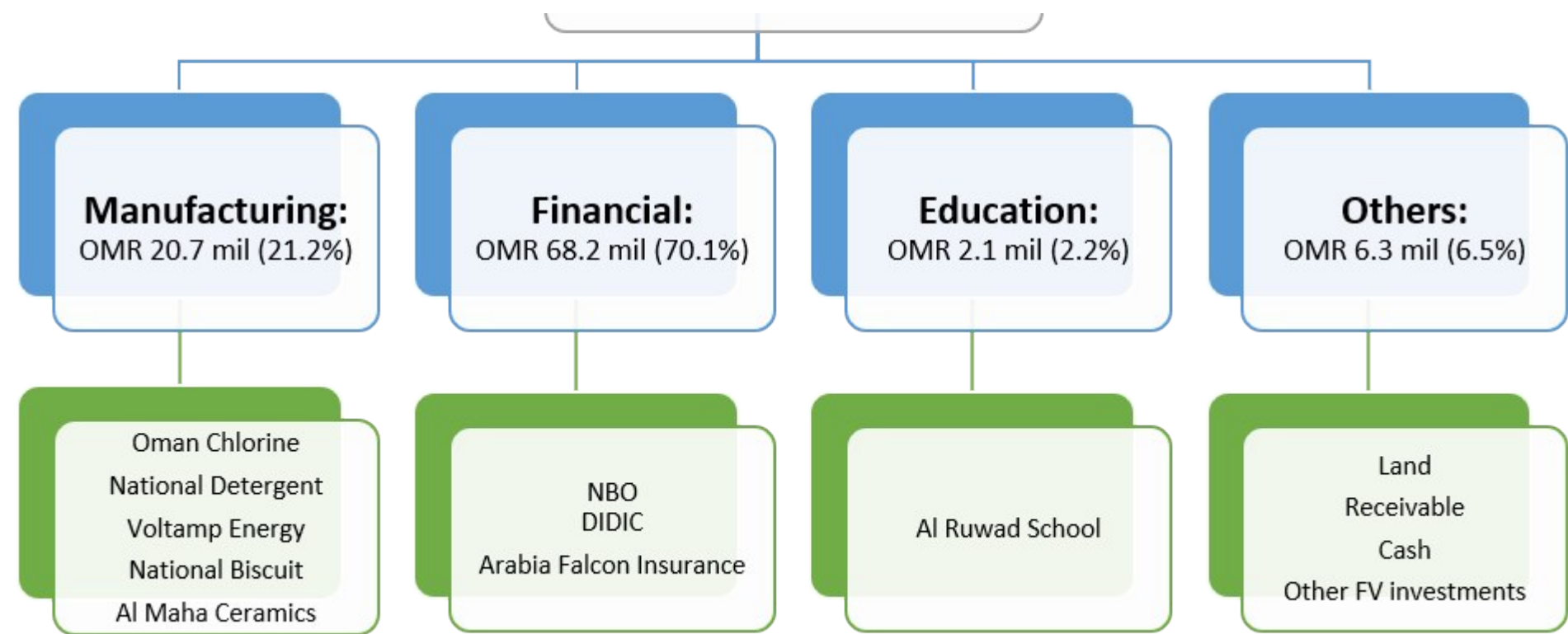
Al Anwar Investments SAOG (AAI) maintains a well-diversified portfolio across key sectors including Finance, manufacturing, insurance, and education. As part of its strategic review during the period 2024–2025, the AAI Board has realigned its investment focus, shifting emphasis from manufacturing to banking. Reflecting this strategic pivot, AAI’s exposure to the financial sector increased—from 56% as of 31st March 2025 to 70% by 31st March 2026.

The Company continues to benefit from strong performance in both its manufacturing and financial clusters, which have consistently delivered solid returns. In addition, our education sector investments hold promising long-term growth potential, in line with national development priorities.

AAI follows a long-term investment philosophy, aimed at enhancing profitability and steadily increasing the intrinsic value of each of its holdings. Our strategic focus remains on maximizing shareholder value through disciplined capital deployment and active portfolio management.

Our investment portfolio as of 31st March 2026 by clusters is as follows:





RISKS AND CONCERNS

AAI has a robust Risk Management framework in place that adheres to industry best practices. Risk Management is embedded in all core business functions and is an integral part of the business strategy. AAI follows a proactive Risk Management approach in remediating internal and external risks through conducting regular risk assessment of its portfolio companies, operating environment and taking proactive action to mitigate emerging risks.

Risk issues impacting portfolio companies are proactively managed through close working relationships with investee companies and the prudent oversight of our Board representatives. Broadly, these risks take the form of increasing costs/ decreasing margins, competition from other sources of supply and shifts in customer preference for other solutions. Also, each of the investee companies have their own risk management process in place.

Khalid Al Eisri

Chief Executive Officer