

BOARD OF DIRECTORS REPORT

Dear Shareholders,

On behalf of the Board of Directors, we present the report of Dhofar Tourism Company SAOG (“the Company”/ “DTCo”) for the period ending 31 March 2026.

Executive Highlights (01January to 31 March 2026 with the comparative period last year)

- Revenue : OMR 617,019 (2025 OMR 717,244)
- Net (Loss) /Profit: (OMR 10,049) / 2025 OMR 17,310
- Cash Profit: OMR 132,712 (2025 OMR 154,883)
- Net Assets: OMR 45.73 million (2025 OMR 45.74 million)
- Major Project: Submission of MADANA Integrated Tourism Complex (ITC) masterplan to the ITC Committee in Ministry of Heritage and Tourism
- Governance Enhancements: Adoption of Annual Leave Policy, and Dividend Policy

Operational Excellence Initiative: Development of the Employees Performance and Service Intelligence Platform.

Operating Performance Overview

While the Company recorded a net loss of OMR 10,049 during the quarter, operating performance remained positive on cash basis. The variance between operating cash profitability and net results continues to reflect structural non-cash depreciation charges and finance costs associated with legacy infrastructure positioning and long-term destination development readiness.

Hospitality Operations

The Company continues to operate its beachfront resort under a franchise agreement with Wyndham Hotels & Resorts, while maintaining full ownership

and operational control through Dhofar Tourism Company SAOG.

Performance for the period remained resilient, with revenues tracking approximately 10% above budget through late February 2026. However, in March 2026, regional geopolitical developments triggered force majeure actions by tour operators, resulting in the cancellation and suspension of contracted allocations and an immediate decline in occupancy levels.

Management is actively monitoring market conditions and demand recovery trends, with a particular focus on positioning the asset for the upcoming Khareef season. Mitigation measures and adaptive commercial strategies are being implemented to manage short-term volatility while preserving long-term performance.

Strategic Land Platform

The Company owns approximately two million square meters of prime coastal land in Mirbat designated under the Integrated Tourism Complex framework. This land portfolio represents one of the most significant privately held tourism development sites in Dhofar and forms the foundation of the Company's long-term value creation strategy.

Integrated Tourism Development Platform – MADANA

During the reporting period, the Company continued advancing the MADANA Integrated Tourism Complex masterplan. Submission of the updated masterplan to the ITC Committee represents an important milestone toward unlocking structured land-based value creation aligned with Oman Vision 2040.

MADANA is positioned as a phased destination-led development integrating hospitality, residential tourism components, cultural activation assets, and supporting infrastructure designed to enable long-term shareholder value creation through staged investment participation.

Institutional and Strategic Engagements

During the reporting period, the Company strengthened institutional coordination with:

- Office of His Highness the Governor of Dhofar
- Dhofar Municipality
- Ministry of Heritage and Tourism
- Ministry of Housing and Urban Planning
- Integrated Tourism Complex Committee

- UNESCO Chair for World Heritage and Sustainable Tourism Management
- Qatar Museums
- European Conference of Arab Horse Organizations (ECAHO)

These engagements contribute to positioning Mirbat as a structured international destination platform integrating tourism development, cultural programming, and investment participation within the MADANA framework.

Operational Excellence Initiative : A Performance and Service Intelligence Platform

DTCo Management has internally developed an Employee Performance and Service Intelligence Platform through collaboration between hotel management, Human Resources, and the IT department to strengthen service quality monitoring and staff performance oversight.

The platform is developed without reliance on external vendors and it introduces structured monthly and quarterly evaluations supported by employee dashboards covering responsibilities, request tracking, and performance feedback. It also integrates guest feedback with employee and departmental performance monitoring, enabling clearer accountability and more targeted service improvement.

The platform is a dedicated application interface which is planned to support improved accessibility and potential future scalability across the Company’s operational platform as it advances its broader destination strategy under MADANA–Mirbat.

Financial performance of the quarter

Financial Performance	2026 (OMR)	2025 (OMR)	Decrease (OMR)	Decrease %
Income from operations	617,019	717,244	100,225	13.97%
Gross Profit	241,343	286,542	45,199	15.77%
Net Profit (Loss)	(10,049)	17,310	27,358	158.05%
Cash Profit	132,712	154,883	22,171	14.31%
Net Assets	45,726,695	45,736,744	10,049	0.02%

During the first two months of Q1 2026, the Company achieved sales 10.49% above budget and 22.83% above the same period last year, supported by average YTD occupancy of 76% as of 28 February 2026. Performance dropped drastically in March 2026 after tour operators exercised force majeure provisions due to regional geopolitical developments, leading to a catastrophic collapse in occupancy for the entire month of March resulting in devastating negative impact on the quarterly results.

We are currently in the process of developing an emergency response plan to ensure we are well prepared to address any situations that may arise due to the ongoing geopolitical developments in the region.

Funding Strategy

The Company is evaluating a potential rights issue as a primary funding mechanism for Phase One infrastructure readiness within the MADANA development framework. The proposed capital structuring approach remains subject to Board approval, regulatory review, and prevailing market conditions.

Key Risks and Mitigation Measures

The Company continues to monitor regional geopolitical developments which affected hospitality demand during March 2026. Adaptive operating measures are being implemented, including cost optimization, maintenance scheduling alignment, and alternative market segment targeting ahead of the Khareef season.

Development-phase implementation remains subject to regulatory sequencing under the Integrated Tourism Complex framework. Coordination with relevant authorities continues to support phased readiness.

Omanisation and Talent Development

The Company achieved an Omanisation rate of approximately 30%, reflecting continued progress toward national workforce participation objectives aligned with sector benchmarks.

Internal Control and Corporate Governance

The Company maintains an internal audit function reporting to the Audit Committee of the Board of Directors, supporting compliance with Financial

Services Authority requirements and reinforcing internal control frameworks across operational, financial, and development activities.

Strategic Outlook

The Company’s strategy continues to focus on transitioning from a single-asset hospitality operator toward a destination-platform developer anchored by the MADANA Integrated Tourism Complex. Management remains committed to advancing technical readiness, strengthening institutional alignment, and preparing the groundwork for structured investor participation.

Call to Action for Shareholders

The Company remains confident in its strategic direction as it advances the MADANA Integrated Tourism Complex framework in Mirbat. Subject to regulatory approvals and market conditions, the Board anticipates engaging shareholders in a future capital participation process aligned with Phase One infrastructure readiness. Shareholder support will play an important role in enabling the Company to unlock the long-term development potential of its land assets and strengthen its position as a destination-platform developer.

Forward-Looking Statements

This report contains forward-looking statements relating to development planning, regulatory processes, capital structuring initiatives, and tourism demand expectations. Such statements are subject to risks and uncertainties, and actual outcomes may differ materially depending on regulatory approvals, market conditions, geopolitical developments, and financing availability.

Tribute to His Majesty

The Board expresses its sincere appreciation to His Majesty Sultan Haitham bin Tariq, may Allah preserve him, whose leadership continues to guide Oman toward a brighter future and enduring prosperity. The Company’s initiatives, including MADANA in Mirbat, reflect this national vision and contribute to sustainable growth for generations to come.

Acknowledgements

The Board extends its sincere appreciation to shareholders, government stakeholders, regulators, and institutional partners for their continued trust and support. Special recognition is extended to management and staff for their resilience and dedication during the reporting period.

Fatma Yousuf Alawi Al Ibrahim

Chairperson

Dhofar Tourism Company SAOG