

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the financial performance report of Galfar Engineering & Contracting SAOG (‘the Parent Company’) and its subsidiaries and associated companies (collectively ‘the Consolidated Group’) for the first half of the year (period ending 30th June 2025).

Overview:

	Parent Company		Consolidated	
	(RO 000)		(RO 000)	
	Jun 2025	Jun 2024	Jun 2025	Jun 2024
Revenue	123,870	128,927	129,939	135,204
Gross profit	5878,	4,744	6,618	5,311
EBITDA	8,033	7,263	8,797	7,753
Profit / (Loss) before tax	205	863	38	380
Net profit / (Loss) after tax	205	863	71	388

Financial Performance

The Parent Company delivered a marked improvement in Q2 2025 compared to Q1, successfully reversing the OMR 662K loss reported at the end of March and achieving a cumulative net profit of OMR 205K for the first half of the year. This turnaround reflects targeted measures to close projects efficiently, strengthen site-level controls, and maintain disciplined cost management.

Revenue for the Parent Company reached OMR 123.9 million (vs. OMR 128.9 million in H1 2024), consistent with the execution cycle of our portfolio of projects. Consolidated revenue stood at OMR 129.9 million (vs. OMR 135.2 million last year). While this represents a slight year-on-year decline, the revenue base remains solid, underpinned by a robust order backlog.

EBITDA growth was notable - OMR 8.03 million at the Parent level (up from OMR 7.26 million) and OMR 8.8 million at Group level (up from OMR 7.75 million) - driven by improved project margin realization, ongoing operational efficiencies, and rigorous cost controls. Gross profit also improved compared to the same period last year, standing at OMR 5.88 million for the Parent and OMR 6.61 million for the Group.

Net profit after tax for the Parent Company came in at OMR 0.21 million, a decline from OMR 0.86 million in the same period last year, while the consolidated net profit stands at OMR 0.07 million compared to OMR 0.39 million in H1 2024. These results were impacted not only by tight margins, material cost escalation, and delayed certification cycles on certain major projects, but also by the recognition of Expected Credit Loss (ECL) provisions in accordance with

IFRS 9 and exceptional legal costs incurred in connection with ongoing international arbitration cases. The Company is proactively addressing the underlying challenges through intensified receivables collection efforts, active client engagement, and disciplined cost management programs.

Our order backlog remains strong at OMR 857.8 million. The absence of major new awards in early 2025 is attributable to delayed tender finalizations rather than a shortage of opportunities, and we expect a stronger award cycle in the coming months. The backlog's strength, particularly in oil & gas and infrastructure, reinforces our medium-term revenue visibility.

At the consolidated level, the subsidiaries & associate performance continues the improvement trajectory. Aspire Readymix and Al Khalij Heavy Equipment delivered combined profits of OMR 0.157 million, while Aspire Projects recorded a loss of OMR 0.186 million and our Associate in Kuwait recorded a loss of 106K proportionate to Galfar's share in this associate. The latter is undergoing a closely monitored turnaround plan under executive oversight. The Parent Company continues to generate approximately 95% of Group revenues.

Outlook for the Future

Galfar enters the second half of 2025 with a resilient position in Oman's engineering and contracting sector, supported by a substantial order backlog and a clear strategic roadmap. Although the pace of new awards in early 2025 was affected by slower tender decisions, recent developments in both government and private sector activity indicate an expected acceleration in project announcements during the remainder of the year.

Oman's market fundamentals remain strong. The 2025 national budget maintains strong allocations for infrastructure, transport, water, and power networks, as well as renewable energy initiatives, in alignment with Oman Vision 2040 priorities. Continued investment in oil and gas, petrochemicals, and green energy is creating significant EPC and maintenance opportunities. The country's active pipeline of Public-Private Partnership projects, covering sectors such as healthcare, waste management, ports, and education, is also opening new avenues for experienced contractors like Galfar.

Beyond Oman, the GCC region remains an important area of opportunity. Infrastructure spending and urban development programs in the regional markets offer potential participation prospects, albeit in a competitive market environment.

To capture these opportunities, Galfar's strategy remains focused on securing complex, high-value projects where its scale, technical expertise, and long-standing in-country track record provide a distinct advantage. The company is advancing its sustainability agenda, aligning with Oman's net-zero emissions target by 2050 through greener construction practices, participation in renewable energy initiatives, and the provision of lifecycle asset management solutions.

People remain at the core of this strategy. With a national workforce of more than 4,600 Omanis, Galfar maintains its lead position in the employment of Omanis and is investing in the training, safety, and leadership development of its workforce to ensure readiness for evolving technologies and delivery models. In line with its strategic roadmap, the company will also explore selective expansion into renewables, industrial maintenance, modular construction, and technology-enabled services.

With a healthy backlog, improving market conditions, and disciplined execution, Galfar is well positioned to deliver improved financial results in the second half of 2025 and to reinforce its standing as a flagship Omani engineering and contracting company. We look forward to building on this momentum in the coming months to deliver better returns for our shareholders.

Gratitude & Appreciation

We extend our sincere appreciation to the Government under the wise leadership of His Majesty Sultan Haitham bin Tarik, and acknowledge the continued public and private sector investment in Oman's growth. For over five decades, Galfar has contributed to the nation's infrastructure and economic progress, and we remain committed to doing so in the years ahead.

We also thank our shareholders, clients, partners, and employees for their trust, dedication, and contribution to Galfar's ongoing transformation and performance delivery.