

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 period ended 31 March 2026.

Financial Performance:

(RO 000)	Parent Company		Consolidated	
Description	Mar 2026	Mar 2025	Mar 2026	Mar 2025
Revenue	66,698	59,995	70,712	63,111
Gross profit	4,541	1,129	5,243	1,575
EBITDA	6,449	3,173	7,277	3,674
Profit / (Loss) before tax	1,408	(662)	1,654	(668)
Net profit / (Loss) after tax	1,342	(662)	1,588	(680)

During the first quarter of 2026, Galfar continued to demonstrate improving operational performance despite ongoing market competition and project execution challenges across the sector. The results reflect continued progress in project delivery discipline, operational efficiency, and cost management across the Group.

The Parent Company recorded revenue of OMR 66.7 million compared with OMR 59.9 million during the corresponding period of 2025, while consolidated revenue stood at OMR 70.7 million compared with OMR 63.1 million in the previous year. The increase in revenue reflects improved project execution progress and continued activity across the Group’s core operating sectors.

Operational profitability improved compared with the same period last year. EBITDA increased to OMR 6.4 million at the Parent level (compared to OMR 3.2 million in Q1 2025) and to OMR 7.3 million at the Group level (compared to OMR 3.7 million in the prior year). Gross profit similarly increased to OMR 4.5 million for the Parent Company and OMR 5.2 million for the Group, reflecting improved project margin realization, tighter site-level controls, and continued emphasis on operational efficiency.

The Group recorded a net profit after tax of OMR 1.59 million compared with a net loss of OMR 0.68 million in the corresponding period of 2025. At the Parent Company level, net profit after tax amounted to OMR 1.34 million compared with a loss of OMR 0.66 million in the previous year. This improvement reflects stronger execution discipline and continued cost optimization across projects.

During the period, the Group continued progressing in major and complex regional infrastructure projects, including the UAE–Oman Railway Link Project (Abu Dhabi – Sohar) through the NNGT Joint Venture, which represents an important strategic infrastructure development for the region. In addition, the Group maintained strong execution across key projects in the Oil & Gas, Roads, Utilities, and Urban Development sectors.

Subsidiaries continued to align with the Group’s operational recovery efforts. Aspire Readymix, Aspire Projects, and Al Khalij Heavy Equipment together generated profits of approximately OMR 0.31 million during the period, reflecting gradual improvement in operational performance as efficiency initiatives continue to be implemented across the Group.

Although the Company did not secure new project awards during Q1 2026, it continues to maintain an order backlog of approximately OMR 702 million, providing reasonable visibility for future revenue streams. The backlog remains primarily concentrated in the oil & gas, infrastructure, and utilities sectors, which continue to represent the Group's core markets.

However, the Company continues to monitor with caution the lack of new project awards to Galfar over the past eighteen months, particularly considering Galfar's leading position in In-Country Value (ICV) contribution and its role as the largest employer of Omani nationals in the private sector. With close to 5,000 Omanis employed by the Parent Company alone, the timely award of new projects remains important not only for maintaining the Company's order backlog and operational continuity, but also for supporting employment stability, skills development.

Outlook for the Future:

Galfar continues into 2026 with a more stable operational platform supported by a healthy order backlog, improved execution discipline, and continued focus on strengthening cash flow, project profitability and technology and innovations.

Macroeconomic conditions in Oman remain supportive of activity in the engineering and construction sector. The national budget continues to prioritize investments in infrastructure, transportation, water networks, and energy diversification. These sectors remain closely aligned with Galfar's technical capabilities and project experience.

In addition, investments in oil & gas, petrochemicals, renewable energy, and Public-Private Partnership (PPP) initiatives are expected to generate opportunities for experienced national contractors. Galfar will continue to pursue such opportunities selectively, focusing on projects where technical capability, execution capacity, and risk management align with the Group's operational objectives.

Regionally, infrastructure and industrial diversification programs across GCC countries continue to create additional opportunities. While the competitive landscape remains challenging, Galfar's technical track record, operating scale, and long-standing market presence position the Group to participate selectively in regional opportunities where appropriate.

Looking ahead, the Company will continue to focus on disciplined project selection, operational efficiency, and digitalization of project management systems. The Group will also continue exploring relevant opportunities across sectors that complement its core EPC capabilities and align with Oman Vision 2040.

People remain central to the Company's long-term development. With close to 5,800 Omani employees across the organization, Galfar continues to play a significant role in national employment and skills development. The Company remains committed to investing in nationals training and leadership development to ensure that its workforce remains capable of supporting future growth.

With the existing backlog, continued cost discipline, and improving operational performance, the Group remains cautiously optimistic about sustaining progress during the coming period while maintaining a prudent and disciplined approach to project execution.

At the same time, the Group continues to monitor the evolving regional geopolitical environment and the potential economic implications arising from ongoing conflicts in the wider region. Some of the direct impacts on the Group's operations so far are noted in escalated material prices, logistics challenges & delays in delivery of orders, availability of skilled resources ...etc. Management remains attentive to these developments and continues to maintain prudent operational planning, diversified sourcing strategies, and disciplined risk management practices to mitigate as much as possible potential disruptions and support operational resilience.

Gratitude & Appreciation

On behalf of the Board of Directors, we extend our sincere appreciation to the Government of the Sultanate of Oman under the wise leadership of His Majesty Sultan Haitham bin Tarik — may Allah protect him — for the continued efforts to support the nation's economic development and infrastructure advancement.

For more than five decades, Galfar has contributed to the development of Oman's infrastructure and industrial growth, and we remain committed to supporting the national development agenda and the objectives of Oman Vision 2040.

We also express our gratitude to our shareholders, clients, partners, management team and all employees for their continued trust, cooperation, and dedication. Their ongoing support remains fundamental to the Company’s continued progress and long-term success.