

NATIONAL MINERAL WATER COMPANY (SAOG)

DIRECTOR’S REPORT

13th August 2025

Dear Shareholders,

On behalf of the Board of Directors, the Company hereby reports the unaudited financial results for the six-month period ended 30th June 2025.

Review of Operations:

The consolidated financial statements include the results and the financial position of the Parent Company, National Mineral Water Company SAOG, and its Subsidiary, National Distribution and Development Company LLC (formerly known as Value deal Trading LLC), for the period ended 30th June 2025, together referred to as the Group.

Sales and Operational Performance:

For the period ended 30 June 2025, the Group recorded revenues of RO 2.45 million, compared to RO 2.81 million during the same period in 2024, a decrease of 13%. The net loss increased to RO 447,191 from RO 260,250 in the prior year, reflecting continued cost pressures, particularly in manufacturing and logistics, and intensified competition in key market channels. The results of the Parent Company are the same.

The Company continues to experience some residual impact on sales performance during the reporting period, following the product-related concerns that emerged in late 2024. While extensive internal reviews and third-party testing have consistently confirmed product compliance with all regulatory standards, shifts in consumer sentiment have taken time to stabilize. Management remains fully committed to rebuilding confidence through sustained quality assurance measures, proactive engagement, and brand-strengthening initiatives.

While revenues have declined, some early signs of operational stabilization have emerged. The core water category continues to drive volume, while newly introduced products are gradually gaining market presence. Operational improvements in distribution, route-to-market, and manufacturing efficiency are underway and expected to show results in the coming quarters.

The Board acknowledges that the Company remains in a net loss position, and a focused effort is ongoing to address both structural and external challenges.

Subsidiary Company:

National Distribution and Development Company LLC (NDDC), formerly known as Valueddeal Trading LLC, trades in plastic.

Outlook and transformation initiatives

The Company is actively pursuing a transformation program to reposition its operations and financial profile. Key areas of focus include:

Expanding the product portfolio with a focus on profitable, value-added categories.

Improving manufacturing efficiency and reducing fixed overheads.

Strengthening distribution partnerships and optimizing supply chain costs;

Enhancing commercial execution and brand positioning.

Several initiatives have reached implementation stage, including procurement renegotiations and automation of select production processes. Management capacity is being reinforced in operations, finance, and supply chain management to support execution.

The Board is cautiously optimistic that these measures, though requiring time to fully materialize, will help build a sustainable pathway towards breakeven and long-term value creation.

Internal Control System

The Board and Audit Committee continue to closely monitor the internal control environment. The internal audit function, operated independently by a third-party firm, has identified specific areas for improvement in procurement, inventory, and operational processes. Corrective measures are being implemented, including upgraded ERP controls, workflow automation, and reinforced financial oversight.

The Board reiterates its commitment to sound governance, risk management, and transparent reporting as we continue to navigate a challenging yet promising recovery phase.

Acknowledgment

We extend our sincere appreciation to our shareholders and stakeholders for their continued trust and unwavering support during this challenging period. Your confidence strengthens our resolve as we work diligently to restore and reinforce integrity in our governance and financial reporting practices.

On behalf of the Board of Directors, I would also like to express our heartfelt thanks to our valued patrons, customers, bankers, and shareholders for their steadfast support. We remain deeply grateful to the management team for their ongoing dedication and commitment to the growth and progress of the Company.

Finally, we convey our profound gratitude to His Majesty Sultan Haitham bin Tariq and the Government of Oman for their enduring support of the private sector. Their guidance and encouragement continue to inspire our efforts toward sustainable growth and national contribution.

Sayyid Khalid bin Hamad bin Hamoud Al Busaidi

Chairman