

Board of Directors Report

On behalf of the Board of Directors of Oman Food Industries Company SAOG, I am pleased to present to you the balance sheet and profit and loss account for the second quarter of 2025.

The Board of Directors is pleased to announce that a plan is underway to upgrade key components of the plant and machinery at the company's Sohar site. In addition, health, safety, and environmental standards and quality controls will be updated, both of which are key to the company's continued success in achieving high production standards.

The Board of Directors also wishes to announce renewed efforts to address the decline in sales. This will be a combination of a reset of relationships with existing customers and more focused distribution. To this end the business is enhancing its sales force. Additional capital investments in plants and machinery and additional operating costs have been initially met by a contribution of Ro.100,000 from Oman and Emirates Investment Holding Company, the major shareholder, in the form of convertible debt.

The company's financial position:

The company's total sales for this period amounted to approximately OMR 348,907 compared to OMR 888,612 for the same period of the previous year, a decrease of 61% in sales. The operating loss for this year amounted to OMR 252,109 compared to OMR 38,894 in 2024. The net loss for the current year amounted to OMR 307,272, compared to OMR 94,309 in 2024, primarily due to the decline in the Sales.

During the period accumulated losses are OMR 4,246,000 compared to OMR 3,615,014 for the same period of the previous year

Cash flow has improved to OMR.168,063 compared to OMR 123,687 for the same period of previous year due to better working capital management by decrease in debtors & Inventories etc

Sales:

Mother's Choice sales decreased from OMR 368,620 to OMR 262,137 which is due to decrease in sales in Saudi, Iraq and Oman.

Complan sales decreased to OMR 1,067 compared to OMR 335,319 in 2024. Zydus Complan has shifted the contract manufacturing to India due to instability in African countries, coupled with higher shipping costs and logistical difficulties.

Heinz sales decreased from OMR 184,673 during the same period last year to 85,703 riyals during this year, which negatively affected the company’s overall performance.

The expected economic recovery in the target countries will improve future business prospects.

The board is also changing the scope of the export consultant hired to assist in increasing the sales.

Concessionary Government Loans

Regarding the concessionary government loan, coordination has been made with the Ministry of Finance and Oman Arab Bank to present a restructuring plan, and it is likely that appropriate terms will be agreed upon. Regarding the legal case filed with Oman Arab Bank, the two parties have reached preliminary agreements to halt legal proceedings and work on a restructuring plan. The bank has initiated steps to assess the viability and readiness of plant and assets through an specialized independent consultant.

Quality Control Standards

The company has obtained ISO 22000:2018 quality control certification and HACCP and Halal food safety management system standards, demonstrating its commitment to maintaining the quality of its products.

The company also has an integrated research and development laboratory to ensure quality assurance and develop new products. The company continues to invest in additional R&D efforts and equipment.

The Company's Internal Control System

The company implements an internal audit system that is consistent with the complexity and scale of its business activities. The internal control system is monitored periodically by the Internal Audit Committee in accordance with corporate governance guidelines.

An internal auditor has been appointed to conduct the audits. Furthermore, the company complies with all applicable laws and regulations in the Sultanate.

Corporate Social Responsibility

The company has allocated OMR 3,500 to contribute to special activities supporting civil society during 2025, this is subject to the regulatory approvals required

Human Resources

The company believes that building a world-class organization lies in the strength of its people. Your company has the potential for rapid growth and is seeking to attract both local and international expertise to enhance its growth strategy.

I am pleased to extend my sincere thanks to everyone who has contributed to the company's support. I would also like to extend my gratitude and appreciation to Oman and Emirates Investment Holding Company and the Arab Authority for Agricultural Investment and Development for their valuable and continuous support. I also extend my special thanks and appreciation to Oman Arab Bank for its patience in helping the company continue its journey.

In conclusion, on behalf of the Board of Directors, I extend to His Majesty Sultan Haitham bin Tariq bin Taimur, may God protect and preserve him, my deepest gratitude, appreciation, and appreciation for the security and prosperity he has provided to the country, and for his government's support for the industrial sector. We pray to God Almighty to protect him and grant him continued health and wellness so that he can lead the country's march toward progress and prosperity. God is the Grantor of success.

Anees Redha Qamar Sultan

Chairman of the Board of Directors