

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 Third quarter of 2025.

The Board of Directors is pleased to report that a comprehensive plan is underway to upgrade key components of the plant and machinery at the company's Sohar site. These upgrades are aimed at improving production efficiency and quality. In addition, Health, Safety, and Environmental (HSE) standards and quality control systems are being reviewed and enhanced — key pillars to achieving and maintaining high production and operational excellence across all units.

The Board of Directors also wishes to announce renewed efforts to address the decline in sales. Recognizing the recent decline in sales performance, the Company has taken proactive steps to strengthen its marketing and distribution efforts:

- Appointment of a Sales Manager with regional experience, supported by an Marketing Executive, transferred internally from Admin Department.
- Engagement with a local advertising and branding agency to develop and reposition our brand.
- Reallocation of marketing budgets to strengthen visibility and support sales initiatives.

The company's financial position:

The company's total sales for this period amounted to approximately OMR 530,396 compared to OMR 1154,149 for the same period of the previous year, a decrease of 54% in sales. The operating loss for this year amounted to OMR 356,002 compared to OMR 145,113 in 2024. The net loss for the current year amounted to OMR 439,308, compared to OMR 228,935 in 2024, primarily due to the decline in Sales.

During the period accumulated losses are OMR 4,378,036 compared to OMR 3,749,640 for the same period of the previous year

Cash flow has dropped to OMR.92,678 compared to OMR 240,398 for the same period of previous year mainly due to increase in net loss and decrease in sales. Efforts are being made for better working capital management by decrease in debtors & Inventories etc.

Sales:

Mother's Choice sales decreased from OMR 507,861 to OMR 350,621 which is due to decrease in sales in Saudi, Iraq and Oman.

To address this, the Company is:

- Finalising new distributor agreements within the GCC region, and
- Investing in product reformulation and development to meet market preferences.

The anticipated economic recovery in target markets is expected to improve the Company’s performance in the coming quarters.

Concessionary Government Loans

Discussions continue with the Ministry of Finance and Oman Arab Bank regarding the proposed loan restructuring plan. The final terms are under review and will be disclosed once finalized.

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.

A structured process has been implemented to address any production faults through root cause analysis and preventive actions, emphasizing improvement rather than attribution of fault.

The R&D laboratory continues to play a key role in quality assurance and product development, with ongoing investments in new testing equipment and innovation.

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 continues to invest in its people, conducting HSE training programs and initiatives to strengthen internal capabilities and promote a culture of safety, teamwork, and continuous improvement.

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