

Board of Directors Report

For the three-month period ended 31 March 2026

On behalf of the Board of Directors of Omani Euro Food Industries SAOG, I am pleased to present the unaudited interim financial statements of the Company for the three-month period ended 31 March 2026.

Financial Performance

During the first quarter of 2026, the Company recorded total sales of RO 0.155 million, compared to RO 0.162 million in the corresponding period of 2025, representing a decline of approximately 4%.

Gross profit for the period amounted to RO 0.080 million, compared to RO 0.091 million in Q1 2025. The Company reported a net loss of RO 0.119 million, compared to a net loss of RO 0.137 million in the corresponding period of the previous year.

The reduction in net loss was primarily attributable to improved cost control, better management of operating expenses, and improved sales contribution from key product lines.

Sales Performance

During Q1 2026, the Company achieved total sales of RO 0.155 million compared to RO 0.162 million in the corresponding period of 2025, reflecting overall sales broadly in line with the previous year. Mother’s Choice sales stood at RO 79,475 compared to RO 134,318 in Q1 2025, while Heinz sales improved significantly to RO 75,708 compared to RO 26,546 in the same period of the previous year.

Sales performance during the quarter was impacted by delays in regional private label projects, temporary slowdown in certain export markets due to market conditions, pricing challenges, and shortages of specific raw and packaging materials affecting new product launches. In addition, changes in international banking and payment regulations delayed certain export shipments during the period.

Management continues to focus on strengthening existing export markets, restoring sales in key regional markets, and supporting new product introductions including cake mix, breadcrumbs, and nutritional drink opportunities.

Production and Maintenance

During Q1 2026, the Company maintained smooth production operations and ensured timely completion of all Mother’s Choice and Heinz production orders, supporting uninterrupted supply to customers and fulfillment of confirmed sales requirements. Raw material procurement was aligned with production plans and confirmed orders to maintain continuity and avoid operational disruptions.

New domestic orders were secured for breadcrumbs and cake mix for April dispatch, while preparations were also initiated for nutritional drink samples to support future business development.

From a maintenance perspective, priority was given to resolving critical equipment issues to ensure operational continuity. Preventive maintenance activities, including oven cleaning and line fumigation, were also carried out to improve operational safety, product quality, and reduce downtime risks.

Financing and Liquidity

The Company continues to operate under significant financial constraints, with accumulated losses resulting in a negative shareholders’ equity position of RO (2.652) million as at 31 March 2026 compared to RO (2.533) million as at 31 December 2025, mainly due to continued pressure on working capital. Current liabilities remain substantially higher than

current assets, with a current ratio of 0.11 and cash and bank balances of RO 52,466 as at the quarter end. Despite these challenges, the Company continues to manage its cash flow requirements and maintain operational continuity for the time being.

The Board, in coordination with major shareholders, lenders, and other stakeholders, continues to actively pursue financial restructuring and funding support to ensure continuity of operations.

Discussions remain ongoing with the Ministry of Finance regarding the restructuring of concessionary government loans and with Oman Arab Bank in relation to banking facilities and overdue interest obligations. The Board remains focused on improving liquidity, strengthening working capital management, supporting operational continuity, and stabilizing the Company’s overall financial position.

Quality and Internal Controls

The Company continues to maintain high standards of quality, food safety, and internal controls, supported by certifications including ISO 22000:2018, HACCP, and Halal.

During Q1 2026, the Company successfully completed both the ISO 22000 and Halal audits with satisfactory results. Production and quality processes remained stable throughout the quarter, with no product rejections and no customer complaints reported.

Preventive measures were undertaken across production and packing lines, including cleaning, fumigation planning, and process monitoring to ensure product quality and prevent contamination risks. Internal control procedures across production, quality assurance, and compliance functions continued to be strengthened to support operational efficiency and regulatory compliance.

The Company remains committed to maintaining consistent product quality, strengthening food safety standards, and ensuring compliance with all applicable regulatory and certification requirements.

Acknowledgement

The Board of Directors extends its sincere appreciation to all stakeholders for their continued support.

We also express our deepest gratitude to His Majesty Sultan Haitham bin Tarik, may God protect and preserve him, for his wise leadership and continued support for the industrial sector and the prosperity of the Sultanate of Oman.

Anees Redha Qamar Sultan

Chairman of the Board