

Oman Flour Mills Company S.A.O.G

Board of Directors’ Report for the Quarter Ended 30 September 2025

RESPECTED SHAREHOLDERS,

On behalf of the Board of Directors, I present Oman Flour Mills Company SAOG (the Parent Company) along with its subsidiaries (the Group), unaudited financial statements for the period ended 30 September 2025.

GROUP FINANCIAL PERFORMANCE HIGHLIGHTS:

Overview: The Group’s performance for the nine months ended September 2025 shows positive growth momentum, in both the top and bottom line. Revenue increased by 4% year-on-year to RO 100.23 million, supported by resilient demand across core segments. Gross profit rose by 16% to RO 21.36 million, with gross margin improving from 19% to 21%, highlighting a reduction in input costs. On the other hand, operating expenses increased, with sales and distribution costs up 27% and administrative expenses up 14%. The net change from other incomes and losses was negative RO 587k. Despite this, profit from operations grew by 4% to RO 9.6 million. Finance income increased by RO 373k, while finance cost reduced by RO 99k. Lastly, the group recorded a profit of RO 472k from associates, compared with a loss of RO 374k in the same period last year.

As a result, net profit after tax increased 33% to RO 6.12 million, compared with RO 4.61 million in 2024.

Revenue & COGS: The nine-month group revenue (post inter-company eliminations) rose 4.4% to RO 100.23 million, up from RO 96.02 million in 2024. The YTD 2025 revenue is categorized as follows:

Segment	Company Name	2025 Revenue (OMR)	% of Total (2025)	2024 Revenue (OMR)	% of Total (2024)
Feed	Oman Flour Mills (Feed Mills)	53.02	53%	48.04	50%
Flour	Oman Flour Mills (Flour Mills)	29.83	30%	31.85	33%
	Sohar Flour Mills	2.41	2%	4.43	5%
Bakery	Atyab Food Industries	13.86	14%	10.47	11%
Testing, Inspection, & Certification	Atyab International Services	1.12	1%	1.26	1%

Cost of sales, though sales grew by 4%, the cost of sales increased only by 1.6% from RO 77.67 million in 2024 to RO 78.87 million in 2025, supported by lower input material cost.

Indirect Expenses: General and administrative expenses increased 14% to RO 6.43 million (from RO 5.64 million), mainly due to an increase in employee-related costs, utilities, and maintenance costs associated with the acquisition of the Sohar Beach Bakery operations. For the same reasons, the selling and distribution expenses rose 27% to RO 4.85 million (from RO 3.82 million), reflecting increased staff costs, advertisement expenses, and expanded sales activity and logistics spending.

Finance Costs: Finance costs decreased 2.7% from RO 3.6 million to RO 3.5 million, reflecting lower average borrowing costs.

GROUP FINANCIAL PERFORMANCE HIGHLIGHTS (CONTINUED):

Finance & other Income: Finance income increased to RO 997k (from RO 624k), supported by higher interest earnings on fixed & call deposits and delay charge on receivables. Other income rose 65% to RO 562k (from RO 342k), primarily driven by one time reversal of a specific provision.

Net Impairment on Financial Assets: The Group recognized ECL provisions of RO 475k in 2025 compared to RO 236k in the same period of last year.

Other gains and losses moved from a gain of RO 259k in 2024 to a net loss of RO 549k in 2025. This shift was primarily due to a one-time provision made against a financial asset.

Results from Associates: The Group recorded a profit of RO 472k from its associates in 2025, compared to a loss of RO 375k in the previous year. This turnaround reflects an overall improvement in the performance of key associates, with notable contributions as below (OFM shares):

Atyab IFFCO remained the largest contributor, recording a profit share of RO 324k (2024: RO 331k). Performance remained broadly stable, with marginal pressure on gross margins from higher input costs.

Arabian Food Production delivered a substantial recovery, shifting from a loss of RO 670k in 2024 to a profit of RO 211k in 2025, supported by growth in revenue.

Modern Dairy Factory reported a loss of RO 63k (2024: profit of RO 3k).

As a result of the above, the group recorded RO 6.1 million compared to RO 4.6 million against the same period last year, demonstrating a solid increase of 33%.

COMPANIES' PERFORMANCE OVERVIEW:

1. Oman Flour Mills SAOG (Flour Mill/Feed Mill):

The Flour division recorded a 0.7% decline in revenue to RO 33.3 million during 2025, compared to RO 33.5 million in the prior year. This was primarily due to a 1.7% drop in sales volume, which stood at 193k MT. Local sales accounted for 87% of total revenue, with export sales making up the remaining 13%.

The Feed division recorded revenue of RO 53.7 million, a 10% increase from RO 49 million in 2024. Sales volume rose 16% to 357k MT (2024: 309k MT), driven primarily by a 10% increase in local sales, which accounted for 98% of total volume, while exports contributed 2%.

The cost of materials increased by OMR 1.07 (3%) million during the period. This was primarily driven by higher sales volumes, which added OMR 5.13 million to costs, partially offset by a decrease in raw material prices of OMR 4.07 million.

As for production overheads, employee costs rose to RO 1.94 million, while depreciation on property, plant and equipment increased to RO 1.25 million. Other factory overheads climbed to RO 3.47 million. This resulted, gross profit improved by RO 1.83 million (+14%) to RO 15.47 million.

Selling and distribution expenses increased to RO 1.00 million (+50%), driven by higher employee-related costs and marketing and promotional spending. General and administrative overheads remained largely contained at RO 3.60 million (-3%).

The company recorded a net impairment loss on financial assets of RO 411k, reflecting prudent provisioning on financial assets. Other income nearly doubled to RO 368k, which is driven by one time reversal of a specific provision. In relation to financial assets (FVTPL), the company recorded a impairment provision amounting to RO 500k.

Consequently, operating income increased by RO 651k (+7%) to RO 10.29 million.

Finance income rose by 51% to RO 1.41 million, offsetting the marginal increase in finance costs - RO 1.98 million versus RO 1.97 million in 2024).

The share of loss from subsidiaries and associates reduced compared to last year, supported by the improvement in the associates’ segment.

Overall, profit before tax grew by RO 1.60 million (+24%) to RO 8.35 million, while net profit after tax increased by RO 1.44 million (+26%) to RO 6.89 million.

COMPANIES' PERFORMANCE OVERVIEW: (CONTINUED)

2. Sohar Flour Mills LLC (SFM) (Flour & Silo):

For the nine months ended September 2025, SFM reported total revenue of RO 3.09 million, down 35% from RO 4.73 million in 2024, mainly due to reduced volumes in the milling division (-RO 1.6 million) and lower silo rental income (-RO 51k).

Material costs and production overheads fell in line with revenue, while gross profit declined to RO 443k from RO 484k. Operating profit decreased to RO 48k compared to RO 194k last year, following marginal increases of 4% & 5% in administration and selling expenses, respectively.

Other income more than doubled to RO 45k, supported by equipment rental income, while finance costs improved by about 2% due to a lower loan balance. The ECL provision also dropped significantly compared to last year. Overall, SFM recorded a net loss of RO 1.93 million, a 9% improvement from the RO 2.11 million loss recorded in 2024.

3. Bio Products Oman SAOC (BPO) (Aqua Feed/Animal Feed):

BPO reported pre-operating expenses of RO 157k. The reported results relates mainly to test trial production and preliminary setup costs. BPO remains in the pre-commercial phase and is scheduled to commence full operations in Q4 2025.

4. Atyab Food Industries LLC (AFI) (Bakery):

AFI recorded revenue of RO 13.86 million, a 32% increase compared with RO 10.47 million in 2024. The growth primarily reflects the inclusion of Sohar Beach Bakery (SBB), which contributed approximately RO 3.8 million, while the Oman operations remained steady at RO 8.7 million. The UAE division recorded a decline of RO 700k following the wind-down of its commercial activities.

Cost of materials rose 31% to RO 6.31 million, and production overheads increased 27% to RO 2.67 million, both in line with the increased output and inclusion of SBB. Gross profit improved 37% to RO 4.88 million, supported by higher volumes and SBB’s contribution.

Marketing and sales overheads increased 24% to RO 3.68 million, while administration overheads more than doubled to RO 1.44 million due to higher personnel, utility, and insurance expenses after integration.

Other income rose sharply by 139% to RO 163k, mainly from payable discounts and lease liability write-backs. The ECL provision remained stable year-on-year. As a result, AFI posted an operating loss of RO 121k, compared with RO 87k in 2024, mainly due to higher overheads offsetting improved gross margins. Finance costs rose to RO 47k (vs RO 14k), interest on borrowings related to the SBB acquisition.

Overall, the company reported a net loss before tax of RO 168k, compared to RO 15k in 2024, primarily due to higher integration-related costs and elevated selling and administrative expenses during the consolidation phase.

COMPANIES' PERFORMANCE OVERVIEW: (CONTINUED)

5. Atyab International Services LLC (AIS) Group (Testing, Inspection, and Certification (TIC)):

AIS Group reported stable revenue of RO 1.64 million, showing a marginal 1% increase over last year (RO 1.63 million). With a steady top line, gross profit remained flat at RO 614k, as cost of goods sold rose slightly in line with activity levels.

Administrative overheads increased by about RO 15k (3%), mainly reflecting the recording of a bad-debt provision of RO 20k. Excluding this adjustment, operating expenses were broadly consistent with the prior year. As a result, operating profit declined by 16% to RO 71k (from RO 84k in 2024).

AIS also recorded a share of loss of RO 188k from the Uzbekistan branch, where commercial operations are still in the rollout phase. Consequently, the group’s net loss increased to RO 118k, compared with a loss of RO 55k in 2024.

6. Sohar Poultry (SPC) (Poultry Segment):

SPC reported a 5% increase in volumes compared to the prior year, supported by stronger demand across both finished goods and other sales, resulting in a total revenue growth of 13% (RO 10.2 million vs RO 9.05 million).

On the cost side, material consumption increased by 21% (RO 6.78 million vs RO 5.62 million), primarily reflecting higher volumes, as well as a marginal rise in average mortality (4.38% vs 3.34%). Production overheads were up 4%, in line with increased activity levels.

Gross profit decreased to RO 1.8 million, compared with RO 1.94 million last year, representing higher cost per unit & mortality rates as aforementioned. Indirect expenses remained broadly stable in comparison to last year, with minor reductions in G&A & S&D of 4% and 2%, respectively.

Other income increased by 32% (RO 113k vs RO 86k), with placement of fixed deposits at improved rates.

Overall, net profit before tax stood at RO 809k, broadly in line with the previous year (RO 829k, -2%), reflecting a balanced performance despite higher input costs and mortality pressures.

7. Osool Poultry Co SAOC:

Osool Poultry is one of the most significant projects in the Middle East, producing and marketing broiler hatching eggs. The investment is classified as Assets Available for Sale. During the year, the company recorded a profit of RO 3.052 million, compared to RO 2.184 million in the previous year.

COMPANIES' PERFORMANCE OVERVIEW: (CONTINUED)

8. Modern Poultry Farms SAOC (MPF):

MPF achieved revenue of RO 14.87 million, up 23% compared to RO 12.05 million in 2024, driven by approximately 9% volume growth. In the current year, MPF Oman recorded revenue of RO 7.8 million , while Sharjah contributed RO 7.05

Cost of goods sold rose 20% to RO 12.85 million. however, gross profit increased 48% to RO 2.02 million, with margins improving from 11% to 15% year-on-year & increase volume. Marketing and sales overheads rose 50% to RO 874k, mainly due to overhead reallocations from the parent company, while administration overheads declined 12% to RO 127k.

Other income turned positive at RO 28k, compared to a loss of RO 12k in 2024, driven by manure/grass sales. Finance costs fell 81% to RO 8.8k as borrowings reduced

Consequently, operating profit surged to RO 801k, up 241% from RO 235k last year.

Overall, MPF delivered a strong turnaround, recording a net profit before tax of RO 793k, compared to RO 189k in 2024, a 318% increase, supported by higher sales volumes and gross margin improvements.

9. Gulf International Poultry Farms LLC (GIPF):

GIPF recorded revenue of RO 13.08 million, a robust 26% increase compared to RO 10.41 million in the previous year. The growth was supported by both higher sales volume up 6% to 748k cartons and improved average selling prices. This performance reflects the company’s stronger capacity utilization, favorable market conditions.

Material costs rose to RO 10.71 million (from RO 9.98 million). Despite this rise, GIPF achieved a significant margin turnaround, delivering a gross profit of RO 2.36 million, compared to RO 431k in the prior year, reflecting enhanced capacity utilization and sales.

Marketing and sales overheads decreased to RO 140k (6% YoY), while administrative overheads declined to RO 600k (60% YoY), through reallocation of group overhead.

Consequently, operating profit reached RO 1.82 million, compared to an operating loss of RO 659k in the previous year. With a finance cost reduction to RO 896k (from RO 1.08 million), the company reported a net profit before tax of RO 925k, marking a full turnaround from the RO 1.74 million loss recorded in 2024.

COMPANIES' PERFORMANCE OVERVIEW: (CONTINUED)

10. Emirates Poultry Farms (EPF):

EPF reported revenue of RO 2.71 million, a 35% decline from RO 4.19 million in 2024, reflecting the ongoing production wind-down and reduced operating cycles. Correspondingly, cost of goods sold fell by 41% to RO 2.28 million (from RO 3.84 million), consistent with lower throughput levels. As a result, gross profit improved slightly to RO

424k, compared with RO 350k last year (+21%).

Marketing and sales overheads decreased by 39% to RO 488k, while administration overheads remained contained at RO 68k (+7%). Finance costs remained minimal at RO 7.5k, and other income was recorded at RO 2.2k. Consequently, operating profit stood at RO 128k, down 75% year-on-year. With the inclusion of losses from discontinued operations of RO 117k, the company reported a net loss before tax of RO 254k, compared to RO 521k in 2024.

11. Modern Dairy Factory (MDF):

MDF continued to expand its market reach during Q3 2025, with sales revenue increasing 19% year-on-year to RO 2.41 million (Q3 2024: RO 2.02 million). The increase was supported by a 37% increase in sales volume to 4.72 million liters and the expansion of distribution routes from 17 to 24, reflecting improved serviceability across Muscat and interior markets. 10 KG Yoghurt volumes rose 26% year-on-year, while cheese revenue increased sharply as 2025 marked its first full year of commercial sales.

Despite topline growth, gross profit declined by 21% to RO 593k, primarily due to higher milk-powder cost impacted by global price increase of roughly 25–30%, and increased factory overheads following the Rusayl relocation. To mitigate exposure to further commodity cost hikes, MDF diversified its milk-powder sourcing base to ensure supply continuity amid geopolitical disruptions.

Marketing and distribution expenses rose to RO 706k (+31% YoY), reflecting route expansion, logistics inflation, and launch-related promotion activity. Administrative overheads increased moderately to RO 291k (+22% YoY) following departmental strengthening in HSE, Quality Assurance, Maintenance, & Branding. Other income of RO 296k mainly comprised one-off transactions. After finance costs of RO 29k, the company recorded a net loss before tax of RO 137k, compared with a marginal profit of RO 10k in Q3 2024.

Management expects margins to gradually stabilize in the coming quarters as raw-material prices ease, juice-line production commences, and fixed-overhead absorption improves with higher capacity utilization.



CORPORATE SOCIAL RESPONSIBILITY (CSR):

The shareholders have approved a budget of RO 150K for CSR activities for 2025. OFM successfully allocated RO 102k to support various initiatives, including providing free flour bags to needy families during Ramadan in collaboration with Zakat committees and other organizations and contributing for general health services.

FUTURE OUTLOOK:

Multiple projects are being evaluated across the Group. The projects focus on integration across the value chain as well as diversification into new ventures:

Mergers & Acquisitions

Sohar Beach Bakery (SBB) Acquisition:

Atyab Food Industries successfully completed the acquisition of Sohar Beach Bakery in January 2025. Integration activities are progressing as planned, with operations being gradually aligned under Atyab’s existing production and distribution framework.

Greenfield Projects

Insect Meal Facility:

A feasibility study for an insect meal manufacturing facility is expected to be completed in Q4 2025. The project aims to produce alternative protein from organic or poultry waste for use in animal feed, supporting sustainable feed production practices.

Functional Foods Expansion:

The company is exploring entry into the functional foods segment, focusing on high-value nutritional products aligned with global health and wellness trends.

Distribution Initiatives:

Opportunities are being explored to partner with a leading Chinese company to establish a state-of-the-art distribution facility in Oman under a joint venture structure. In addition, OFM and HSA Group are jointly evaluating a proposal to acquire a large distribution company in Oman, which would significantly strengthen the Group’s downstream presence.

THANKS AND APPRECIATION:

The Board of Directors expresses its deepest appreciation to the Government of the Sultanate of Oman for its continued support, under the wise leadership of His Majesty Sultan Haitham bin Tariq — may God protect and preserve him.

Regards,

Ahmed bin Ali bin Sulaiman Al Bulushi

Chairman, Board of Directors