



شركة عمان والإمارات للاستثمار القابضة (ش.م.ع.ع.) OMAN & EMIRATES INVESTMENT HOLDING COMPANY (S.A.O.G.)

Board of Directors' Report – 2025 -2026

Honorable Shareholders,

On behalf of the Board of Directors of Oman & Emirates Investment Holding Company (O&E), I am pleased to present the Annual Report together with the audited financial statements for the financial period ended 31 March 2026. This report outlines the macroeconomic environment, the Company's strategic direction, governance actions undertaken by the Board, and the financial performance during the period under review.

During the period, O&E changed its financial year-end from 31 December to 31 March. Accordingly, the current reporting represents a transitional financial period covering fifteen months from 1 January 2025 to 31 March 2026. As a result of this change, the financial information presented for the current period is not fully comparable with the comparative financial year, which covered a twelve-month period ended 31 December 2024.

Business Environment in Retrospect

Global and GCC

The global economy remained resilient through 2025, although growth stayed below pre-pandemic levels. Inflationary pressures eased, financial markets improved, and investment in technology and AI supported growth. Emerging markets generally outperformed advanced economies. Geopolitical tensions during the first quarter of 2026, trade uncertainty, energy-price volatility, and interest-rate fluctuations continued to create risks.

Within the GCC, economic conditions during 2025 remained strong, supported by hydrocarbon revenues, solid sovereign balance sheets, and ongoing government investment programmes. Non-oil sectors such as tourism, logistics, financial services, infrastructure, manufacturing, and real estate continued to support diversification efforts. Inflation remained relatively contained, although the region remained exposed to oil-price fluctuations and global financial conditions. Rising geopolitical tensions during the first quarter of 2026 in the Middle East increased uncertainty in energy markets, logistics, and investor sentiment.

Oman's Economy and Stock Market

Oman's economy continued to show resilience, supported by fiscal reforms, public-sector deleveraging, and progress under Oman Vision 2040. Non-oil sectors expanded further, inflation remained low at an average of 0.9%, and foreign direct investment increased by 12.8%. Forecasts by the IMF and the Ministry of Economy projected continued growth in 2025 and 2026, driven by stronger non-hydrocarbon activity and structural reforms. Oman also advanced into a "growth and expansion" phase with the launch of the Eleventh Five-Year Development Plan (2026–2030). Non-oil activities contributed 73.3% of GDP at constant prices by Q3 2025, compared to 72.5% in 2024. Nevertheless, regional uncertainties and global capital flows continued to affect market liquidity and investor appetite.

The Muscat Stock Exchange (MSX) was the best performing in the GCC for 2025. Market capitalization exceeded RO 32.2 billion, representing a 60% increase since 2020, while trading value surged over 1,000%. The rally was supported by Oman's upgrade to investment-grade status by S&P, Moody's, and Fitch in 2025, which reduced borrowing costs and attracted foreign institutional investment.

By the end of March 2026, the MSX Index recorded a growth of 78.48%, ADX a growth of 1.08% and DFM showed a growth of 5.34% compared to 2024 during which MSX recorded a growth of 1.4%, ADX a decline of 1.7% and DFM an increase of 27.0%. The stock market continued to serve as a key indicator of economic growth and financial-market stability.



Financial Strategy during the period

The Company maintained a disciplined financial strategy focused on strengthening liquidity and cash flow resilience, reducing leverage, supporting key investments under structured turnaround frameworks and enhancing recurring and predictable income streams.

The restructuring of the Government Soft Loan has improved the Company's liquidity profile and provided greater flexibility to execute strategic priorities.

Financial Performance

Performance highlights

The results of the Company's investments are outlined in greater detail in the body of this Annual Report. A snapshot of the Group's financial statements for the fifteen-month period 2025-26, consolidating the results of the Parent Company, its Subsidiary and Associates, reflects the sustained efforts in handling business challenges under the prevailing economic environment. The performance highlights are summarized as follows:

1. The Group recorded a **Net Profit of RO 4,484,432 during 2025-26** attributable to owners of the Parent Company compared to a Net Profit of RO 363,085 during 2024. The Parent Company achieved a **Net Profit of RO 4,914,742 during 2025-26** compared to a Net Profit of RO 701,012 during 2024.
2. The Shareholders' Equity increased to **RO 27.268 million** as of 31 March 2026 from RO 22.784 million as of 31 December 2024, against Share Capital of RO 12,187,500, registering an increase in equity of 19.68%.
3. The aggregate value of the Group's investments increased to **RO 34.657 million** as of 31 March 2026 from RO 30.902 million as of 31 December 2024.
4. The Parent Company's total borrowings reduced from **RO 7.127 million** as of 31 December 2024 to **RO 6.847 million** as of 31 March 2026 of which **RO 3.625 million** represent (interest free) **Government Soft Loan**.
5. Against the Net Equity of RO 29.265 million of the Parent Company, the Debt-to-Equity Ratio stood at **0.23** on 31 March 2026 providing room for future borrowing to grow our investments.

Despite the massive impact of a very challenging prevailing environment over the past years, the Company's overall financial structure is now better balanced to face future sustained income uncertainties. The investment environment presents opportunities that we have now started exploring.

Financial snapshot

The following table provides the Company's financial development snapshot showing the earnings per share and gearing ratios over the past five years with a comparative of Group and Parent for the 15-month period:

Particulars	RO in million					
	Group					Parent
	2021	2022	2023	2024	2025-26 (15 months)	2025-26 (15 months)
Equity Share Capital	12.187	12.187	12.187	12.187	12.187	12.187
Net Equity	21.073	23.157	22.421	22.784	27.268	29.265
Investments	38.690	32.540	31.176	30.902	34.657	28.994
Net Profit Before Tax	2.168	1.774	0.402	0.363	4.484	4.914
Book value per share – RO	0.173	0.190	0.184	0.187	0.224	0.240
Earnings per share – RO	0.013	0.017	0.0015	0.003	0.037	0.040
Debt/ Equity Ratio	0.79	0.40	0.32	0.29	0.39	0.23



Investment Portfolio at Year End

The Management Discussion & Analysis Report describes the sectoral diversification of the Parent Company's portfolio. The Company's total investment portfolio carries a value of RO 31.905 million, of which 89% are concentrated in key assets in the following sectors: 31.73% in hospitality, 41.94% in financial and 16.35% in manufacturing. The remaining 11% is diversified across various other sectors, ensuring a balanced approach to risk management and long-term growth opportunities.

The new strategy prioritizes exit from non-performing assets, portfolio rebalancing toward liquid and income-generating assets.

Strategic Support for Distressed Investments

Governed by clearly defined turnaround frameworks, the Board provided structured support to key portfolio companies operating in strategically important sectors within the Sultanate of Oman.

1. **Omani Euro Food Industries Co. SAOG**

Our subsidiary is the only baby food products manufacturing company in the Country. It operates under challenging financial conditions but maintains operational continuity safeguarding product quality, playing a strategic role in supporting national food security and preserving specialized industrial know-how through employment of Omani nationals. Sales volumes cannot be increased due to lack of funds. O&E holds 80.84% stake in this subsidiary. The Company advanced RO 100,000 as part of a committed total injection of RO 500,000 in the form of a convertible loan to meet immediate operational requirements and plant upgrades.

2. **National Aluminium Products Co. SAOG**

This unique aluminum extrusion company in the Country has been challenged by liquidity constraints and was on the verge of shutting down. Along with one other major shareholder and upon engagement with government agencies, the Company injected RO 500,000 in the form convertible loan to support its working capital needs, stabilize operations and restore its financial health. During the period, despite facing substantial increase in aluminium prices exerting pressure on production costs and margins, the company's capacity utilization improved towards operational stabilisation. The company also concluded a structured framework for the reorganization of its banking facilities that will support the implementation of its turnaround strategy. O&E holds 13.3% stake in it.

3. **Oman Hotels & Tourism Co. SAOC:**

Recognizing the potential long-term value, the Company provided RO 750,000 in the form of a convertible loan to our associate company to complete the remodeling of a key hotel property which will enhance its competitive positioning, its service offerings, attract premium clientele and improve revenue generation in a recovering travel market. O&E holds 31.72% stake.

4. **The Financial Corporation (FINCORP):**

During the period, FINCORP continued the work initiated in 2023 following the appointment of an independent consultant to review and assess the impact of discrepancies in brokerage accounts. Significant progress was made by the board of directors, the management, the independent consultant and the legal advisor to substantiate the accuracy of account balance and minimize the impact of the discrepancies in the brokerage accounts. A provision for claims of RO 600,000 has been taken based on the report of the independent financial consultant against any potential claims in year 2024 and additional provision of RO 867,016 and provision for expected credit losses of RO 606,736 have taken during the year ended 31 December 2025. O&E holds 51.2% stake, which is equivalent to RO 2.9 million.

All such interventions are subject to strict governance oversight, performance monitoring, and defined value recovery expectations.



Corporate Governance and Internal Controls

The Company maintains strong governance practices aligned with regulatory requirements and best practices. Internal control systems remain robust, supported by independent internal audit function and continuous monitoring and compliance processes. There were no breaches of internal control during the period.

Global Outlook 2026 and sector specific trends

The outlook for 2026 and beyond is characterized by heightened uncertainty, particularly due to escalating geopolitical tensions and conflict risks in the Region.

For GCC economies, including the Sultanate of Oman, the medium-term outlook remains supported by relatively firm hydrocarbon revenues, fiscal consolidation, infrastructure investment, and ongoing economic diversification initiatives. However, external risks from global financial market volatility, commodity price fluctuations, and geopolitical developments are expected to remain important factors influencing investment activity and capital allocation decisions.

People:

On behalf of the Board, I express appreciation for the dedication and the transformational results delivered by the Executive Management and all employees of the Company and the Group during the difficult times experienced by the World over the past years. The Company embraced a working environment and a culture that focused sharply on transformation and sustainability.

Acknowledgment

On behalf of the Board, I express our sincere gratitude to His Majesty Sultan Haitham Bin Tarik, Sultan of Oman, and His Highness Sheikh Mohammed Bin Zayed Al Nahyan, President of the United Arab Emirates, for their support. May God's grace be bestowed on them towards having a good health and long life to achieve greater success in all their endeavours.

I also take this opportunity to convey our heartfelt gratitude to the Governments of the Sultanate of Oman and United Arab Emirates, to the Financial Services Authority, banks for their support, and to Shareholders for their continued support and confidence in the Company.

Mohamed Abdulla Al Khonji
Chairman
18 May 2026

