



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

MANAGEMENT DISCUSSION & ANALYSIS REPORT – 2025-26

1. Business Environment and Outlook

1.1. Global economy

During 2025 and the first quarter of 2026, the global economy remained resilient but continued to grow below its pre-pandemic trend. Global growth moderated compared to historical averages, with advanced economies experiencing relatively slower expansion while emerging markets continued to provide support to overall economic activity. Inflationary pressures eased gradually during the period as monetary tightening measures and improving supply chains contributed to greater price stability, although central banks remained cautious in their approach to interest rate reductions.

The IMF projected global growth at around 3.4% in 2025, moderating to 3.1% in 2026 and 3.2% in 2027, while the World Bank's January 2026 outlook was more cautious, estimating global growth at around 2.7% in 2025–2026. Growth remained uneven, with emerging markets generally outperforming advanced economies, while Europe and other advanced markets faced weaker demand and higher energy-related pressures. Inflation eased during 2025 but remained vulnerable to renewed energy-price shocks, trade-policy uncertainty and geopolitical risks.

Financial markets experienced periods of volatility driven by geopolitical developments, trade realignments, and changing monetary policy expectations. Commodity and energy markets remained sensitive to global supply-demand dynamics and regional conflicts, while oil prices continued to provide relative support to GCC economies, including the Sultanate of Oman. At the same time, continued investment in technology, artificial intelligence, infrastructure, and strategic sectors supported global capital markets and investor sentiment. However, investor sentiment remained sensitive to interest-rate expectations, geopolitical developments, commodity prices, and global trade tensions.

1.2. GCC economy

The GCC economy remained comparatively resilient during 2025, supported by hydrocarbon revenues, strong sovereign balance sheets, public investment programmes, and continued expansion of non-oil sectors such as tourism, logistics, financial services, real estate, infrastructure, and manufacturing. The World Bank projected GCC growth to strengthen from 3.2% in 2025 to 4.5% in 2026, supported by expected easing of OPEC+ production cuts and robust non-oil activity.

Inflation across most GCC economies remained relatively contained compared with advanced economies, reflecting administered prices, currency pegs, and policy discipline. Nevertheless, the region remained exposed to oil-price volatility, geopolitical risks, global interest-rate movements, and external trade conditions.

1.3. Oman economy

Oman's economy continued to demonstrate resilience during 2025, supported by fiscal consolidation, public-sector deleveraging, non-oil sector expansion, and reforms under Oman Vision 2040. The IMF noted that Oman remained resilient to global uncertainty, geopolitical tensions and oil-price fluctuations in 2025, with expanding non-hydrocarbon activity, low inflation, and solid fiscal and external positions.

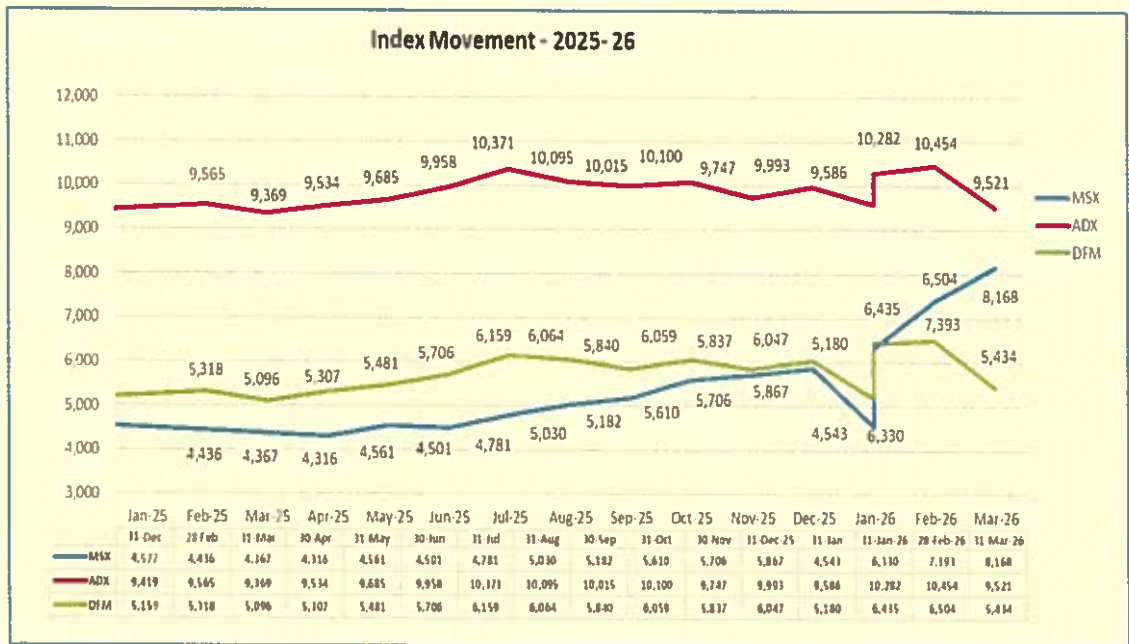
Oman's Ministry of Economy reported that non-oil activities grew by 4.1% in the first half of 2025, while oil activities grew by 0.5%. The Ministry also cited IMF forecasts indicating Oman's real GDP



growth of around 2.9% in 2025 and 4.0% in 2026, while the Ministry's own forecast was more conservative at 2.2% in 2025 and 2.6% in 2026.

2. Performance of the MSM Equity Markets

2.1. By the end of March 2026, 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 a growth of 27.0% respectively. The stock market is viewed as an indicator of economic growth, a vital part in monetary policy and its stability or volatility is monitored as a development indicator. Stock market stability and its volatility will be monitored as a development indicator.



2.2. The Muscat Stock Exchange (MSM) was the best performing in the GCC for 2025. Market capitalization exceeded OMR 32.2 billion—a 60% increase since 2020—while trading value surged over 1,000%. This rally was fueled by all three major credit rating agencies (S&P, Moody's, Fitch) upgrading Oman to investment-grade status in 2025, significantly lowering borrowing costs and attracting foreign institutional investors

3. Company's performance during 2025-26:

3.1. Financial Strategy

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 Board has implemented a formal capital allocation framework, ensuring that all financial support to subsidiaries and associates is governed by defined return expectations, approved turnaround plans, measurable performance milestones and continuous Board oversight. This approach ensures disciplined deployment of capital while safeguarding shareholder interests.



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

3.2. Financial Highlights

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.

PARTICULARS - GROUP	2025-26 Holding %	2025-26 (RO)	2024 (RO)
Net Profit/ (Loss) before share of results of Subsidiaries and Associates)		4,752,728	(236,461)
SUBSIDIARIES			
- Omani Euro Food Industries Co SAOG	80.84%	(480,309)	(337,926)
- FINCORP SAOG	51.20%	(720,141)	(221,869)
ASSOCIATES			
- Oman Hotels and Tourism Co SAOC	31.72%	329,613	96,562
- Oman Fiber Optic Co SAOC	20.97%	602,541	1,062,780
Net Profit / (Loss)		4,484,432	363,086

PARTICULAR - PARENT	2024 Holding %	2025-26 (RO)	2024 (RO)
Net profit / (Loss) (before results of Subsidiaries and Associates)		4,702,727	(236,461)
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- Omani Euro Food Industries Co SAOG	80.84%		
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3.3. Key financial indicators:

The key financial indicators to assess performance and shareholder value creation are summarised as follows:

1. Return on Equity (ROE): Approximately 20.18 %, reflecting improved profitability relative to the strengthened equity base.
2. Earnings Per Share (EPS): Approximately RO 0.040 per share, demonstrating recovery in earnings compared to prior periods.
3. Net Asset Value (NAV) per Share: Improved to approximately RO 0.240 per share, compared to RO 0.200 in 2024, reflecting growth in net equity, and the Board remains focused on enhancing NAV growth through disciplined capital allocation and improved earnings sustainability.



3.4. Investment Movement

The movements of Parent Company investments under different categories during the period 1.1.2025 to 31.3.2026 and from the previous year are summarized in the following table:

PARTICULARS	RO in million				
	Financial Assets – FVTPL Equity	Financial Assets – Debt (Amort'd Cost)	Associates (Equity Basis)	Subsid's (Equity Basis)	Total
At 01.01.2024	10.376	-	14.612	3.852	28.840
At 01.01.2025	10.013	-	15.241	3.630	28.884
Purchases			-	-	
Less: Cost of Sales	(1.238)		-	-	(1.238)
Add: Unrealized gain/(loss)	4.8788	-	-	-	4.8788
Add: Share of Results	-	-	0.932	(0.720)	0.212
Add: Realised Gains					
Less: Divestment/Maturity of Investment	-			-	
Less: Dividend received			(0.832)		(0.832)
Less: Amortisation of placement charges					
At 31.03.2026	13.653	-	15.341	2.910	31.904
% to Total	42.8%	0.0%	48.1%	9.1%	100%

3.5. Performance of Subsidiaries, Associates and Other Investments:

This Annual Report contains a separate section (Investments Overview) which highlights in greater detail the performance of project companies, Subsidiaries, Associates and Other investments during 2025-26. Performance is summarised below:

1. Oman Hotels & Tourism Co. SAOC recorded a Net Profit of RO 1,039,040 compared to Net Profit of RO 304,392 in 2024 with tourism and hospitality sector still trying to recover in the prevailing business environment.
2. Omani Euro Food Industries Co. SAOG incurred a Net Loss of RO (594,156) compared to a Net Loss of RO (418,024) in 2024 and the impact is reflected only in Group Financials in 2025-26.
3. FINCORP SAOG incurred a Net Loss of RO (1,406,566) compared to a Net Loss of RO (433,350) recorded in 2024.
4. Oman Fiber Optic Co. SAOC recorded a Net Profit of RO 2,873,628 compared to a Net Profit of RO 5,068,589 in 2024.

3.6. Total Borrowings and Debt/ Equity Ratio

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.



Against the Net Equity of RO 29.266 million of the Parent Company, the Debt-to-Equity Ratio stood at 0.23 on 31 March 2026, down from 0.29 in 2024, continuing the deleveraging trend from prior years as summarized in the table below:

Borrowings	31.03.2026	31.12.2024
	RO Million	RO Million
BANK BORROWINGS		
Term Loan from banks	2.822	1.441
Building Loan	0.400	0.686
Overdraft from banks	0.000	0.000
TOTAL BANK BORROWINGS	3.222	2.127
Government Soft Loan	3.625	5.000
TOTAL BORROWINGS	6.847	7.127
Net Equity	29.266	24.351
Debt / Equity Ratio	0.23	0.29

3.7. Non-controlling Interests:

The results and net assets of the Subsidiaries relating to the shareholders other than the Parent Company are shown under 'Non-controlling Interests' in the Group statements. The Statement of Profit or Loss has recorded a decrease of RO 0.80 million related to these minority interests for the year 2025-26 (compared to a decrease of RO 0.29 million in 2024). The Group Total Equity includes RO 2.289 million representing the net assets of the minority shareholders as at 31.03.2026 (compared to RO 3.089 million at end 2024).

3.8. Composition of investments in Parent Company:

The composition of the Parent Company's investment as at 31.03.2026, in comparison with previous year's status indicates the following proportion of investments of the Company:

Particulars	2025-26		2024	
	RO	%	RO	%
Fair Value Through Profit & Loss	13,653,139	42.79%	10,012,944	34.67%
Associates (At Equity)	15,341,291	48.08%	15,241,212	52.77%
Subsidiaries (At Equity)	2,910,222	9.12%	3,630,363	12.56%
At Amortised Cost	-	-	-	-
Total	31,904,622	100.00%	28,884,519	100.00%

3.9. Investment Portfolio at Year End

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.

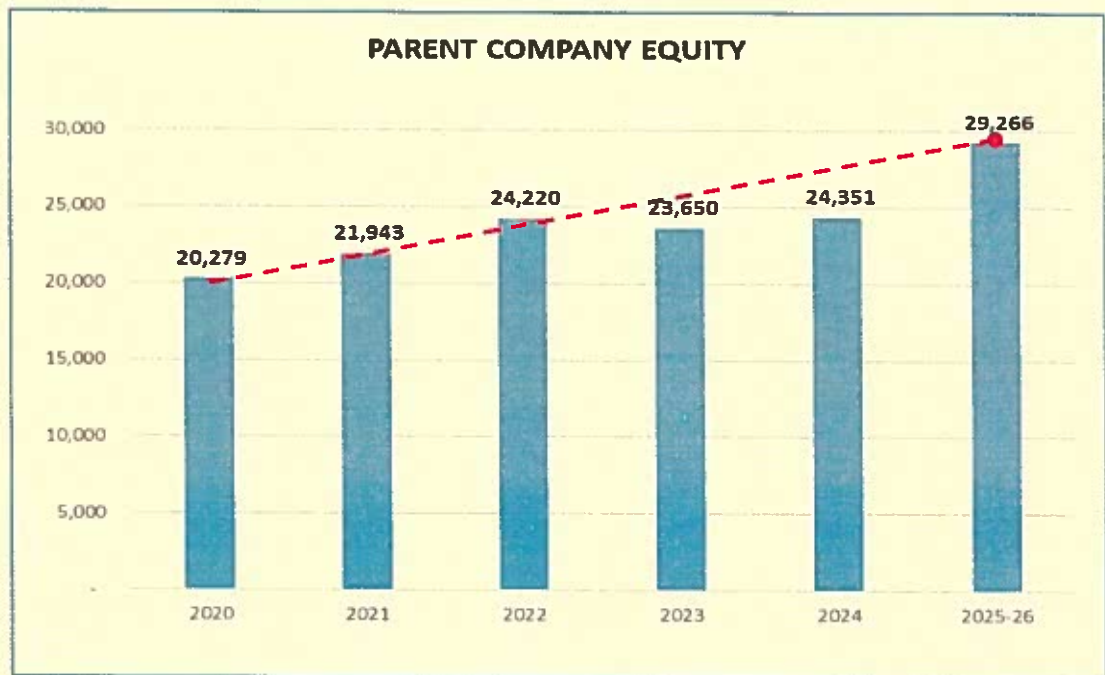
Management will continue to prioritize reshuffling it with asset classification by risk and liquidity (e.g. equities/ stocks, fixed income/ bonds and cash equivalent or money market instruments) and building a portfolio base consisting of readily liquid with regular income and return generating assets.



SECTOR	2025-26		2024	
	Investment Value (RO Million)	Holding %	Investment Value (RO Million)	Holding %
1 Tourism & Hotels	10.124	31.73%	9.794	33.91%
2 Banking	10.155	31.83%	5.886	20.38%
3 Telecom	5.217	16.35%	5.446	18.86%
4 Investment (FIN, OYF)	3.203	10.04%	3.715	12.86%
5 Real Estate (M,IOD)	2.310	7.24%	1.897	6.57%
6 Insurance		0.00%	0.986	3.41%
7 Power (AK)	0.061	0.19%	0.552	1.91%
8 Industry (CSI, NAPCO)	0.643	2.02%	0.421	1.46%
9 Agriculture (AN)	0.072	0.23%	0.116	0.40%
10 Leasing (NF)	0.120	0.38%	0.070	0.24%
Total	31.905	100%	28.884	100%

3.10. Update – Shareholders Equity

The following shows the growth in Shareholders Equity (Parent) throughout the past six years indicating a compounded annual growth, including cash dividend, of 8.28% from 2020 to 2025-26



3.11. Head Office Building Results

New tenants were attracted to the Head Office building during 2025-26 which is now occupied by reputed tenants on long-term tenancy agreements. Only a few vacant units remain.



4.2. Government Soft Loan.

For over two decades, the Company and its Shareholders benefitted from the interest-free Soft Loan extended by the two Governments. The restructuring of the Government Soft Loan has improved the Company's liquidity profile and provided greater flexibility to execute strategic priorities.

4. Internal Controls

The Company has a robust internal audit system and strict adherence is monitored to ensure compliance with the procedures and operating systems. There was no breach of internal control during 2024.

5. Corporate Governance Matters during 2025-26

Management continues to uphold the sound corporate culture established in the Company as manifested by shared values and transparent governing policies. Our Company's governance system has been fully integrated with ethical business practices, which meet the high standards expected by the Authorities.

6. Outlook Going Forward

6.1. Outlook for 2026 and beyond

The outlook for 2026 remains cautiously positive but subject to significant uncertainty. The IMF expects global growth to remain moderate, with inflation likely to decline only gradually and financial conditions remaining sensitive to energy prices and geopolitical developments. The ECB's March 2026 projections, for example, expected euro-area inflation to rise from 2.1% in 2025 to 2.6% in 2026 before easing to 2.0% in 2027, reflecting renewed energy-price pressures.

For the GCC, the outlook remains supported by non-oil diversification, infrastructure spending, and potential recovery in oil production volumes. However, downside risks include lower oil prices, escalation of regional geopolitical tensions, tighter global financial conditions, and weaker global demand.

For Oman, the medium-term outlook remains constructive, supported by fiscal discipline, debt reduction, non-oil diversification, and investment under Oman Vision 2040. Key risks include oil-price volatility, regional geopolitical tensions, global interest-rate conditions, execution risks in diversification projects, and potential pressure on liquidity or asset valuations if global markets weaken.

6.2. Geopolitical Risk Impact

The ongoing tensions and war risks in the region may result in:

1. Disruptions to supply chains and logistics, particularly affecting manufacturing investments
2. Volatility in energy and raw material prices, impacting cost structures
3. Slower recovery in tourism and hospitality assets
4. Reduced investor confidence and capital flows
5. Pressure on financial markets and asset valuations

6.3. Implications for O&E- Risks and Uncertainties

While the Company has demonstrated financial recovery, the outlook remains subject to heightened geopolitical and macroeconomic risks, particularly arising from escalating regional tensions. The following key financial exposure areas are identified:

1. **Earnings Sensitivity:** A significant portion of Group earnings is derived from associates, making profitability sensitive to sector performance (tourism, manufacturing, finance), regional stability and demand cycles,
2. **Dividend Dependency:** Dividend income (notably from Fibre Optics investments) remains a key driver of cash flow. Any disruption in regional economic activity could impact distributions.



3. Liquidity and Funding: While borrowings have reduced, maintaining liquidity buffers remains critical in a volatile environment.

The macroeconomic environment implies the need for a cautious but opportunity-focused investment approach and the Company will continue to monitor interest-rate movements, oil-price trends, GCC fiscal conditions, liquidity in capital markets, and sector-specific valuation risks.

A stable Oman and GCC outlook may support opportunities in banking, logistics, infrastructure, utilities, tourism, manufacturing, and dividend-yielding listed equities. However, global uncertainty will require disciplined capital allocation, portfolio diversification, active liquidity management, and careful assessment of valuation and concentration risks.

Therefore, while navigating the evolving global and regional landscape, key uncertainties and risks are recognized that may impact on our investment strategy and portfolio performance. We will face industry specific risks in our investments:

1. The baby food sector is expected to witness increased demand due to rising health-conscious consumer preferences and demographic shifts but exposed to cost pressures. Companies that emphasize innovation, sustainability, and digital distribution will have a competitive edge.
2. The aluminum market is poised for growth supported by the renewable energy transition and infrastructure investments; however, supply chain disruptions and global price volatility will remain key concerns.
3. Oman's tourism sector is set to expand with major infrastructure projects, including luxury resorts, eco-tourism initiatives, and cultural heritage developments. Hotels that enhance customer experience and leverage technology will gain a competitive advantage; however, long-term growth remains positive but sensitive to regional stability.
4. The banking industry is expected to maintain stable growth driven by digital transformation and increasing financial inclusion, but interest rate fluctuations will influence profitability.
5. The demand for fibre optic infrastructure is set to rise significantly due to the acceleration of 5G networks, smart city initiatives, and digital transformation across industries. Increased investment in high-speed broadband and data centers will drive expansion in this sector.

We remain committed to proactive risk management to safeguard shareholder value.

6.4. Board Strategic Response

In response, the Company will focus on strengthening liquidity and maintaining financial flexibility, enhancing resilience of core investments, prioritizing stable, income-generating assets, maintaining disciplined capital allocation, and closely monitoring geopolitical developments and adjusting strategy accordingly.

The investment environment presents both challenges and opportunities, requiring strategic agility and resilience. Starting 2026, the objective remains to ensure predictable and stable cash flows to cover all operating costs and start investing to achieve capital growth that reflects consistent earnings per share. The Company will continue to adopt a prudent investment strategy focused on capital preservation, sustainable income generation, selective growth opportunities, and resilience against external market volatility.

Management maintains total awareness of challenges faced in the prevailing business environment and is keen to enhance the credibility and financial strength of the Company in the coming years and to source further improvement in the overall return on the shareholders' funds.

Raffy Kozadjian
Acting Chief Executive Officer
18 May 2026

