almadina investment holding (S.A.O.G)
المدينة للإستثمار القابضة (ش.م.ع.ع)

Management discussion and analysis report

Overview

Al Madina Investment Holding Company SAOG (the parent company) was established as an Omani public joint stock company in 1996. The company's shares are listed and traded on the Muscat Stock Exchange. The company includes a large base of shareholders along with the participation of individuals and institutions from the Sultanate of Oman and other Gulf Cooperation Council countries.

The main activity of the company is establishing or participating in the establishment of projects in various economic sectors. The main objective of the company is to be a long-term strategic investor and to participate in the development of the activity and therefore add value to the companies in which it invests. The company represents the boards and various committees in the companies it invests in. The company's investments are centered in the Sultanate of Oman, and most of them are in the financial and services sector.

Local Economic Vision

The budget aims to enhance the financial, economic, and social stability through continued economic diversification policies, creation of job opportunities, improved credit ratings, and enhanced digital transformation, while maintaining sustainable spending on essential services due to the prudent measures taken by the government.

The Omani economy continues to demonstrate its resilience and to achieve stable progression towards the economic diversification. The non-oil sector is increasingly contributing to GDP growth, reflecting the success of ongoing structural reforms and enhanced private sector participation. In addition, the government's disciplined fiscal policies, targeted development spending, and commitment to economic diversification within the framework of Oman Vision 2040 have resulted in noticeable improvements in economic stability and enhanced confidence of the investors.

Furthermore, the data shows improvement in fiscal indicators, with public debt projected to decline to around 33 percent of GDP, while a current account surplus of 7.5 percent is expected, driven by strong exports and inflows of foreign capital.

Industry structure and development

The company has a diversified investment portfolio and therefore does not depend on the performance of a particular company or an economic sector per se. The investment portfolio

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currently consists mostly of diversified ownership rights across different economic sectors, of which Omani companies represent the predominant part.

Subsidiaries

Al Madina Business Center LLC is one of the subsidiaries of the parent company, which rents offices for companies and individuals and is located in Muscat Grand Mall. During this year, business center maintained its revenue level, as it has recorded increased revenues of ﷼156,000 compared to the amount of ﷼144,000 last year, and the company will continue the development plan for the business center and work to increase returns during the coming period.

Gulf Brand Trading Company SAOC is one of the subsidiaries of the parent company. During the upcoming period, the liquidation works for this company will be carried out as a result of the accumulated losses secondary to the Corona pandemic and the closure of restaurants.

Al Mithaq Al Raida Trading Company LLC is one of the subsidiaries of the parent company and it works in the field of health. Since the company has stopped practicing its activities during the past years and due to the accumulation of losses, secondary to the Corona pandemic, some medical devices have been sold to reduce losses.

Financial and operational performance

The consolidated financial statements include the results of the parent company and its subsidiaries (together referred to as the Group). The financial statements of the parent company and the group have been presented in accordance with international accounting standards.

Income list

The Group

The Group recorded a net loss of ﷼ 1,820,721 compared to a net loss of ﷼ 308,721 last year.

The realized income amounted to ﷼ 573,342, a decrease of 25%, compared to ﷼ 762,956 in the previous year as a result of the selling of a number of residential units.

The company's share in the losses of the associate companies was recorded to ﷼ 351,981 compared to profits of ﷼ 473,816 last year, and the basic loss per share amounted to 22 baizas compared to a loss of 4 baizas last year.

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The Parent Company

The parent company recorded a net loss of ﷼ 1,820,721 compared to a net loss of ﷼ 308,721 last year.

The realized income decreased by 17% to reach ﷼ 553,238 compared to ﷼ 667,881 in the previous year.

The level of expenses in general, reached ﷼ 233,489 compared to ﷼ 194,754 last year. Interest costs also decreased to ﷼ 640,623 compared to ﷼ 651,639 the previous year due to loan repayments with the bank. Staff costs decreased slightly to ﷼ 111,983 compared to ﷼ 112,422 the previous year.

The change in the fair value of financial assets through the income statement increased by 40% from last year to record a loss of ﷼ 818,868 compared to a loss of ﷼ 586,944 in the previous year.

The company recorded a change in the fair value of real estate investments, a profit of ﷼ 49,120 compared to losses of ﷼ 63,802 for last year and recorded a basic loss of 22 Baizas per share compared to a loss per share of 4 Baizas in the previous year.

Statement of financial position

The Group

The Group's capital base was recorded to reach ﷼ 5,569,150 (compared to ﷼ 7,405,049 in the previous year) and the asset base decreased to reach ﷼ 16,553,217 compared to ﷼ 19,253,363 last year.

Parent company

The Group's capital base was recorded to reach ﷼ 5,569,150 (compared to ﷼ 7,405,049 in the previous year) and the asset base decreased to reach ﷼ 16,517,445 compared to ﷼ 19,191,299 last year.

Investment Portfolio and Investment Strategy

The investment portfolio is diversified in various sectors of activity, most of which are in stocks or are stock-related. The company's investment strategy is long-term. The company has built a portfolio of core long-term strategic investments in the services sector with good potential while focusing on the real estate sector as well.

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The following is a summary of the large real estate investments made by Al-Madina Investment Holding Company:

Al-Madina Real Estate Company SAOC is the largest investment of Al-Madina Investment Holding Company in the real estate sector, in which it is considered to be a direct founding shareholder with about 18% of the capital of Al-Madina Real Estate Company. The paid-up capital and net assets of Al-Madina Real Estate Company amounted to ﷼ 20 million and ﷼ 23 million, respectively, as of December 31, 2025. Furthermore, Al-Madina Real Estate Company is considered to be one of the major founders of Tilal Development Company and owns 24% of its ownership rights. It also owns a group of projects, including a five-star hotel project in the heart of the capital near the Tilal project in which it owns a 35% stake and Al-Sahel neighborhood project was also launched, in which it owns a 50% stake. In addition, the company plans to focus on providing development services for projects that can be owned by others.

Al-Madina Investment Holding Company has acquired about 9.6% of the paid-up capital of Tilal Development Company SAOC as a long-term strategic investment. Tilal Development

Company is the founder of Tilal Complex, which represents a unique multi-use project located in the Al Khuwair area under the name "Muscat Grand Mall". The paid-up capital of Tilal Development Company is ﷼ 18 million and the net assets amounted to ﷼ 21 million as of December 31, 2025.

The National Real Estate Development and Investment Company (SAOC) is known to be part of Al Madina Investment Holding Company's investments, where it is considered to be a direct founding shareholder with a 12% stake. As of December 31, 2025, the National Real Estate Development and Investment Company had a paid-up capital of ﷼ 14 million and net assets of ﷼ 17 million. The company engages in real estate development with its various activities, sells residential plots and provides leading solutions in the field of real estate marketing, property management, real estate consulting and valuation.

Accounting policies

The accounting policies of the Parent Company and the Group are in accordance with the International Financial Reporting Standards. The Parent Company and the Group follow a cautious, prudent and constant approach in accounting and in reporting its financial assets. The investments are listed at values equal to their percentage of net equity in the investee company. The Parent Company's investments in subsidiaries and associate companies are also listed at values equal to their percentage of net equity in these companies.

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Internal Control

The Board of Directors has established an effective internal control system in the company that achieves reasonable assurance of the efficiency and effectiveness of operations, examination and balance with regard to internal financial control and follow-up of compliance with regulations and laws. The internal control system is regularly monitored by the Board, the Audit Committee, the management team and the internal audit.

In addition, the parent company documents policies, procedures and controls for all operations. The Board also established a management structure in which tasks, responsibilities, and reporting lines were defined. All of these matters are clearly documented for all company employees to follow. The internal audit is carried out by one of the Omani audit institutions.

The company has a well-designed system for reporting to the management and the Board. Furthermore, periodic reports are prepared and revised in order to evaluate performance in light of the budget and the level of performance in previous years. The financial information is prepared using appropriate accounting policies. Additionally, operational procedures and controls are designed to ensure the timely execution of transactions and the protection of assets.

Risks and Fears

In general, any investment carries some risk and we believe that the company's investment portfolio is sufficiently diversified with respect to the economic sectors to reduce the risks associated with any single investment. The company's investment in new projects involves the risk of declining performance, as the performance of those participations may not be implemented as planned.

Expectations

The latest IMF World Economic Outlook reports for April 2026 revealed the continued challenges facing the global economy, alongside positive indicators reflecting the resilience of the Omani economy and its capacity for sustainable growth. The IMF lowered its global growth forecast to 3.1 percent in 2026, compared to 3.4 percent in 2025, with a slight improvement to 3.2 percent expected in 2027. This comes with escalating geopolitical problems, ongoing trade disputes, and pressures related to rising global debt levels and public budget deficits.

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The report also indicated a projected rise in the global inflation rate to 4.4 percent in 2026, compared to 4.1 percent in 2025 and to decline to 3.7 percent in 2027, driven by energy price pressures and persistent supply chain challenges.

The Board of Directors anticipates that 2026 will be an interesting year, as macroeconomic conditions improve alongside oil process exceeding budgetary assumptions, while global sentiment remains weak due to ongoing conflicts.



Khaled Mohamed Ebeid
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