Board of Directors'

Report 2021

Dear Shareholders,

On behalf of the Board of Directors of Dhofar International Development & Investment Holding Company (SAOG), I am pleased to welcome you to the Annual Ordinary General Meeting to review together the annual report, the company's closing financial results together with the auditors' report for the financial year ended **31st December 2021**.

Economic Indicators:

During the year 2021, the Omani market witnessed great challenges, and thanks to the strength and diversity of the national economy and the clear vision of the state, it maintained its ability to withstand the company's work in an environment characterized by openness and continuous change, seizing the available investment opportunities and finding new investment opportunities in order to diversify the investment structure. The general index of the Muscat Stock Exchange ended the year 2021, an increase of 12.87% to the level of 4,130 points, compared to the level of 3,659 points at the end of 2020. The highest level reached by the index during the year on December 28, 2021 was 4,141 points, while the lowest level recorded by the index was on February 16, at point 3554. Thus, the difference between the highest point and the lowest point is within 587 points. The changes in the Muscat Securities Exchange are one of the most important challenges facing the company. The volatility of stock prices is one of the main factors affecting the company's investments and the volume of borrowing coverage.

The company, like most companies in 2021, suffered from the challenges that accompanied the extension of the effects of the spread of the Corona Covid-19 pandemic through the decrease in the volume of demand and the difficulties faced by all the activities of its subsidiaries and sister companies, which were reflected in the performance, and consequently on the size of the potential dividends for those companies, which It is the company's main source of cash flows that can be used to pay the company's obligations. The company has taken appropriate measures to maintain an acceptable level of good performance and the confidence of its shareholders.

The Financial Indicators:

The following is a summary of the Final Audited Financial Results for the financial year ended December 31, 2021: -

The following are the main performance indicators:

- The total assets of the parent company on December 31, 2021, reached to R.O 213,131,636 compared to the same period last year which was R.O 215,174,870, while the total assets of the group on December 31, 2021 amounted to R.O 224,425,770 compared to R.O 226,178,174 in 2020

- An increase in the shareholders' equity in the company from R.O 92,077,512 at the end of 2020 to R.O 120,794,942 on December 31, 2021 in the parent and group company, due to the increase in the company's capital from R.O 25,872,000 in 2020 to R.O 54,472,000 in 2021, which led to the net assets of R.O 0.29 per share at the end of 2021 in comparison with R.O 0.356 on December 31,2020.

The Profits (loss) during the period:

The parent and the consolidated company achieved a net profit of R.O 3,884,632 for the year 2021, compared to a net profit of R.O 43,402,631 in 2020. Th Basic earnings per share in 2021 amount to 12 Baisas, compared to 168 Baisas in 2020. The main reason for the decrease in the profits is the one-time gain booked in 2020 as a result of the deemed acquisition of associate companies that resulted from the change in the Company's accounting policy from Investment Entity accounting to consolidation in that year.

Dear Shareholders,

The company works in a team spirit and this has enabled us to preserve the assets of the group by relying on sound and relevant analysis and strategies to achieve that aim as we aspire to continue preserving and diversifying these assets, which gives us optimism in the future, as the company continues to build on its capabilities by attracting cadres of efficient and qualified personnel to occupy leadership positions and implement the strategies in the coming period aimed at enhancing the company's ability to grow and prosper.

On this occasion, I cannot fail to record the Board of Directors' thanks to the Executive Management for their efforts, and we hope to further enhance our efforts to achieve the goals of the Company, the ambition of its Board and the aspirations of its shareholders.

The Company's Activities:

One of the company's objectives is to find new investment opportunities in the Sultanate and abroad, with the aim of increasing the volume of investments and implementing a balanced structure for it. The company has tried to maintain and develop its investment structure over the past few years by investing in the services sector, with the aim to diversify the investment structure by taking advantage of available opportunities.

During the year, the Company was able to successfully renegotiate the terms of the Agreement with its lenders amounting to RO 91.79 million, resulting in a long-term loan repayment structure that is better in line with the Company's cash flow structure as well as a lower interest cost.

The shareholders' approval was to increase the company's authorized capital from OMR 50,000,000 to R.O 75,000,000. In addition to approving the increase in the issued capital from 25,872,000 riyals to R.O 54,472,000 divided to 409,246,316 ordinary shares of equal value, by the right issue in favor of the company's shareholders in exchange for redeeming the unsecured subordinated bonds to the bondholders issued by the company on December 23, 2019, at the value of The nominal value of the bonds amounting to R.O 25,018,396, in addition to the entire cumulativ interest payable on the bonds until the date of closing the subscription for the right issue. And agreeing to pay the subscription value of the shares of the right issue to the shareholders of the bondholders from the value due to redeem the bonds, which is the nominal value and the accrued interest due on the bonds until the date of closing the subscription for the right issue

The Board of Directors confirms its commitment to continue seeking to invest in and develop feasible businesses that benefit shareholders and serve the national economy and the community at large in all regions of the Sultanate and the region in general.

Future Vision:

The company operates in a dynamic and changing environment with market fluctuations that have clear effects on the performance and results of our investments. To better manage the risk, the company consistently seeks to develop strategic cooperation with its subsidiaries and associates by building strong strategic alliances through which it can achieve common goals for all.

The company also seeks, through constructive cooperation with our banking partners, to find the appropriate loan structures that position the company for growth while fulfilling all of its obligations within the specified timeframe, and on this occasion, we extend to our banking partners our gratitude and appreciation for their efforts and continued support.

The Board of Directors is committed to achieving the goals it sets and strives to follow up on their implementation in a manner that leads to the desired development and performance.

The Board of Directors is committed to the realization of the stated objectives in a way that will enhance the company's performance and sharehol value.

Dear Shareholders,

Your confidence in assigning us this responsibility is one of the motives that we highly value and drives us in our efforts to fulfill your aspirations. Al we would like to welcome the new board of directors, which will be elected during these days, and we hope that God Almighty will crown th endeavors with success. Additionally, we also extend our thanks to the executive management and the employees for their constant perseverance a tireless efforts, which we hope will continue.

Finally, we wish our country continued safety and stability under the wise leadership and guidance of His Majesty Sultan Haitham Bin Tarik, m
God protect him and prolong his life.

Khalid Bin Mustahail Al Mashani

Chairman