



Board of Directors Report

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the twenty sixth annual report of Gulf Mushroom Products Co. (SAOG) for the financial year ended 31 December 2023

The Board of directors, executive management and staff of Gulf Mushroom thank His Majesty Sultan Haitham bin Tarik for leading the country on the path of sustainable long-term economic development through its Vision 2040 and robust fiscal and economic policies and support for the private sector.

Regional focus

With slowing down of global economy during the year, the GCC economies also slowed down due to reduced activities in the oil sector. However, economic recovery is expected in 2024 and beyond as oil sector recovers and particularly as non-oil sector activities continue to rise supported by the ongoing economic diversification efforts, rising tourism and infrastructure projects being implemented across the region.

Preview of Results

Global economic slowdown and rising material and logistics costs due to conflicts in Europe & Middle East during the year impacted Company's revenues and profitability.

The revenues of the company for the year ended 31 December 2023 were RO 10.275 million compared to RO 9.813 million in 2022, an increase of 5%. Earnings before depreciation and finance costs in 2023 was RO 2.500 million compared to RO 2.751 million in 2022, a decrease of 9%

Net profit after tax for the year ended 31 December 2023 was RO 1.385 million compared to RO 1.558 million in 2022, a decrease of 11%.

The net assets of the company (including land revaluation reserve) as of 31 December 2023 were RO 10.141 million compared to RO 9.172 million as of 31 December 2022

During the year your Company achieved a total production of 6,291 metric tons of different varieties of fresh mushrooms compared to 6,055 metric tons in the previous year, an increase of 4%.

Exports during the year 2023 were RO 9.135 million (89% of total sales) compared to RO 8.713 million (89% of total sales) during 2022.

Economic diversification and export revenues

With about 90% exports and by employing large amount of Omani youth, Company is proud of its contribution to Oman's economic diversification and social development policies.





Capacity Expansion

During the year Company has successfully completed the second expansion of its mushroom production capacity as per schedule. As the market leader in the regional markets, Company is committed to fully service the market demand and has a policy of increasing its production capacity in stages from time to time.

Technical Expertise

Production of compost and cultivation of mushrooms is carried out in a controlled environment involving hi-tech climate control systems and micro-biological processes. Your Company has a dedicated and highly experienced technical team and continuously engages with international consultants to stay up to date with technical developments in the mushroom industry.

Quality and safety certifications

Company is strictly following a standard food safety management program and is holding HACCP and Global GAP certifications issued by reputed bodies. Company's operations are regularly subjected to external surveillance and audits by quality auditors.

Dividends Policy

Company uses its cash reserves to re-invest in growth and to provide regular returns to its shareholders. For the year ended 31 December 2023 the board of directors is pleased to propose cash dividend at 15% of paid-up share capital subject to approval from appropriate authorities and shareholders. Share price and dividend history for the last ten years is shown in the table below—

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Share price at year end (RO)	0.426	0.386	0.336	0.306	0.306	0.306	0.306	0.263	0.238	0.226
Cash Dividend	-	-	-	-	5%	5%	-	7%	10%	15%*
Bonus shares	10%	15%	10%	-	-	-	10%	-	10%	-

* subject to approval from appropriate authorities and shareholders.

Corporate Governance

Company strictly adheres to the corporate governance regulations issued by the Capital Market Authority and exercises strong governance through its board of directors, well documented policies and procedures and sound internal control systems. During the year there were 16 meetings of the board of directors, audit committee and nomination & remuneration committee. Reference may be made to the Management Discussion and Analysis Report and Report on Corporate Governance which are enclosed.

ESG

Company has voluntarily reported its social and governance data for the financial year 2023 in the ESG Disclosure platform of MSX as per the ESG Guidelines issued by MSX.

Human resources

Company is proud of its skilled and motivated employees which includes 146 Omani citizens representing 35.96% of total employees. Besides hiring Omani workers, Company has employed Omani commerce and technical graduates across all business functions and in different levels. Company follows best industry practices for improving employee motivation, performance and growth through periodic performance appraisals, incentives and rewards and training programs.

Corporate Social Responsibility

Company has a CSR policy and contributes to social causes within the CSR budget approved by the shareholders every year.

Outlook

Tourism is a key driver of demand for fresh mushrooms. During 2023 tourist arrivals in the Middle East surpassed pre pandemic levels by more than 20% and this sector is expected to see a stronger growth in 2024 with the implementation of initiatives like the unified tourist visa in the GCC region. However, the prevailing geo-political tensions will continue to weigh on confidence. Your company is the leading producer of fresh mushrooms in the entire Middle East region and is committed to maintaining its leadership position and sustain its growth in revenues and profits in the future.

Thanks and Gratitude

We express our gratitude and loyalty to His Majesty Sultan Haitham bin Tarik May God protect him and guide him for the benefit of Oman and its people.

We express our gratitude and thanks to the Ministry of Commerce and Industry and Investment Promotion, the Ministry of Agriculture, Fisheries and Water Resources and all officials for their guidance and support extended to the company.

We thank the shareholders for their constant support to the company. We also thank the management team and staff of the company for their dedication and sincere efforts towards achieving the goals of the company.

Chairman of the Board of Directors