

AGREED-UPON PROCEDURES REPORT ON COMPLIANCE OF CODE OF CORPORATE GOVERNANCE BY GULF MUSHROOM PRODUCTS CO. SAOG

To the Shareholders of Gulf Mushroom Products Co. SAOG

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting Gulf Mushroom Products Co. SAOG (the “Company”) in determining whether ‘Report on Corporate Governance’ prepared by the Board of Directors for the year ended 31 December 2025 is compliant with the Code of Corporate Governance for Public Listed Companies (the “Code”) issued by the Financial Services Authority (“FSA”) vide Circular No. E/4/2015 dated 22 July 2015 as amended vide Circular No. E/10/2016 dated 01 December 2016 (the “subject matter”) and may not be suitable for another purpose.

Responsibilities of the Company

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner’s Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Management

We have complied with the ethical requirements of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) and the independence requirements in Part 4A of the IESBA Code.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below on the subject matter, which were agreed upon with the Company in the terms of the Letter of Engagement dated 21 May 2025:

	Procedures	Findings
1	Obtain the report on corporate governance (the “report”) issued by the Board of Directors and ascertain that it includes, as a minimum, all items and requirements suggested by FSA to be covered by the report, as detailed in Annexure 3 of the Code, by comparing the report with such suggested content in that Annexure.	We obtained the report and compared it with the suggested content in Annexure 3 of the Code. We ascertained that the report includes, as a minimum, all items and requirements suggested by FSA to be covered by the report No exceptions were noted in respect of the procedure performed.
2	Obtain the details regarding areas of non-compliance with the Code identified by the Company’s Board of Directors for the year ended 31 December 2025.	We observed that the Company’s Board of Directors has not identified any areas of non-compliance with the Code. Additionally, we obtained written representations from the directors that there were no other areas of non-compliance with the Code for the year ended 31 December 2025, of which they were aware.

CROWE MAK GHAZALI LLC



Jim Joseph Itty
Engagement Partner

Muscat, Sultanate of Oman
11 February 2026





Management Discussion & Analysis Report

This section of the Annual Report for the year ended 31 December 2025 has been prepared in accordance with the requirements and principles set out in the Code of Corporate Governance issued by the Capital Market Authority (CMA) for companies listed on the Muscat Stock Exchange (MSX). The Management Discussion and Analysis reflects Management's assessment of key trends, developments, and factors that are considered to have a material impact on the Company's operations and performance. While reasonable care has been taken to ensure accuracy, this discussion does not purport to be exhaustive of all matters that may affect the Company. Certain information contained herein is derived from external sources believed to be reliable; however, the Company does not warrant the completeness or accuracy of such information.

The views and forward-looking statements expressed in this section are based on Management's current expectations and assumptions as at the date of this report and are subject to risks, uncertainties, and changes in circumstances. Actual outcomes may differ materially. The Company undertakes no obligation to update or revise any forward-looking statements, except as required under applicable laws and regulations.

Economic development and outlook

During 2025, the GCC economies recorded strong and broad-based economic performance, supported by favorable oil market conditions, disciplined fiscal management, and continued progress in economic diversification programs. Non-oil sectors demonstrated notable momentum, particularly tourism, hospitality, logistics, construction, and services, contributing meaningfully to overall economic growth. The GCC region, which represents the principal market for the Company's mushroom products, benefited from rising domestic consumption and improved business activity. The UAE and Saudi Arabia continued to outperform, driven by sustained government investment, large-scale development projects, and a significant increase in international tourist arrivals accompanied by ongoing expansion in hotel and tourism infrastructure.

The outlook for 2026 remains positive, underpinned by continued diversification initiatives, infrastructure spending, and growth in non-oil sectors across the GCC. Tourism is expected to remain a key contributor to economic activity, particularly in the UAE and Saudi Arabia, supported by enhanced connectivity, additional hospitality capacity, and a strong pipeline of international and regional events. Notwithstanding the positive fundamentals, geopolitical developments and external economic factors may continue to influence market conditions and investor sentiment across the region.

Main objects and business.

Gulf Mushroom Products Company SAOG (GMPC) is a public joint stock company incorporated in Oman and floated on the Muscat Securities Exchange. GMPC was established in 1997 and is located in Barka. The Company is primarily engaged in the cultivation and marketing of fresh mushrooms. It is the largest hi-tech mushroom farm in the GCC region.

Key Strengths

Company enjoys the following competitive strengths:

- **Production volumes**

The Company is the leading producer and supplier of fresh mushrooms in the GCC and produced approximately 18–20 metric tons daily in 2025. With six new cultivation rooms coming online in 2026, daily production is expected to increase to 21–23 metric tons, reinforcing the Company's position as a reliable supplier of high-quality mushrooms.





- **Sustainable supply of compost**

The Company's hi-tech compost facility in Oman ensures a reliable and sustainable supply of this critical raw material, reducing dependence on imports and mitigating risks from global geopolitical disturbances and supply chain uncertainties.

- **Market logistics**

The Company benefits from strong logistical connectivity within the GCC through an efficient road network, supported by reliable transport resources that enable daily delivery of fresh mushrooms to regional and local markets. In addition, proximity to a modern international airport provides air-cargo access to more distant markets, ensuring timely distribution and product freshness.

- **Quality and safety certifications**

The Company adheres to a robust food safety management system and holds **HACCP** and **GLOBALG.A.P.** certifications issued by accredited bodies. Its operations are subject to regular external surveillance and audits conducted by independent quality auditors, ensuring continued compliance with international standards.

- **Established customer base**

The Company operates a well-structured sales and distribution network and serves a diversified customer base comprising reputable wholesale traders and established retail chains across the region. It maintains long-standing business relationships with key customers, built on trust, reliability, and a consistent commitment to supplying high-quality mushrooms in line with customer demand.

- **Technical Expertise**

The Company produces compost and cultivates mushrooms in a controlled environment utilizing advanced climate-control systems and microbiological processes. A dedicated, experienced technical team, in collaboration with international consultants, ensures continuous alignment with global best practices and technological developments in the mushroom industry.

- **Human resource**

The Company values its skilled and motivated workforce, which at the end of 2025 included 172 Omani nationals (2024: 164), representing **35%** of total employees. Omani staff are employed across administrative, commercial, and technical roles at various organizational levels. The Company applies best industry practices to enhance motivation, performance, and development through regular appraisals, incentives, rewards, and training programs.

Threats

- **Supply-chain risks**

Ongoing geopolitical tensions in Europe and the Middle East continue to create supply chain disruptions and cost pressures for global businesses. The Company imports certain essential raw materials whose costs have increased during the year; however, proactive measures have been implemented to mitigate supply chain risks and ensure continuity of operations.

- **Competition**

The regional mushroom market is experiencing increased competition from both local and international producers, which may exert downward pressure on selling prices. The Company continues to focus on operational efficiency, cost optimization, and product quality to strengthen its competitive position and protect profitability.



- **Yield Ratio**

Mushroom yield levels have a direct impact on production costs and profit margins. The Company places strong emphasis on maintaining optimal yield ratios through stringent compost quality control and the adoption of best-in-class cultivation and harvesting practices. Production is carried out without the use of pesticides, relying instead on strict hygiene standards and preventive controls.

Opportunities

- **High air freight**

Higher air-cargo costs for overseas imports continue to affect the competitiveness of imported fresh produce. This environment may support demand for regionally produced fresh mushrooms, providing an opportunity for local producers to strengthen their market position.

- **Natural and healthy food**

Mushrooms are a natural food source containing essential vitamins and minerals. Increased consumer focus on health and wellness has contributed to gradual growth in demand for fresh mushrooms. The Company undertakes educational initiatives through social media to raise awareness of the nutritional and health attributes of fresh Omani mushrooms.

- **Rise in tourism**

The tourism and hospitality sector in the GCC recorded steady activity during **2025**, supported by infrastructure investment, major events, and ongoing economic diversification initiatives. The UAE and Saudi Arabia continued to attract international visitors, while other GCC countries experienced moderate growth, particularly in cultural and eco-tourism segments.

Looking ahead to 2026, tourism activity in the GCC is expected to remain stable, supported by ongoing destination development, additional hospitality capacity, and regional connectivity improvements. This is expected to support demand from the hotel, restaurant, and catering segments, subject to prevailing economic and geopolitical conditions.

Risks & Concerns

Internal control systems and their adequacy

The Company has established internal control systems that are commensurate with the nature and scale of its operations. The Board of Directors, through the Audit Committee, oversees the effectiveness of these controls and monitors compliance with applicable laws, regulations, and internal policies. The internal audit function is outsourced to an independent firm, and internal audit findings are reviewed by the Audit Committee. The Company periodically reviews its systems, policies, and procedures to ensure their continued adequacy and effectiveness.

Corporate Social Responsibility

Company has a CSR policy and contributes to social causes within the CSR budget approved by the shareholders every year. During the year Company has spent RO 10,000 in CSR activities as follows–

CSR Activity	Amount Invested (OMR)
Donation to authorities for welfare programs	3,700
Donations to educational institutions, mosque & sports clubs	3,800
Donations to Charitable Organizations	2,500
Total	10,000



Analysis of segment and product wise performance

The Company produces high-quality fresh mushrooms at its modern plant, which is based on advanced Dutch technology. The Company primarily manufactures the popular white button mushroom, also known as Champignon de Paris. In addition, the product portfolio includes brown button mushrooms, portabella mushrooms, baby white & baby brown button mushrooms, vitamin-D mushrooms, and sliced mushrooms. The Company's mushrooms are cultivated using natural raw materials and are 100% free from pesticides.

The Company is largely export-oriented, with approximately 90% of its products being exported. During the year under review, the Company achieved total production of 7,072 metric tons of various fresh mushroom varieties, as compared to 6,727 metric tons in the previous year, representing an increase of 5%.

Discussion of financial and operational performance

Optimal capacity utilization, improved operational efficiency, and economies of scale enabled the Company to maintain a competitive edge in an increasingly competitive environment.

The revenues of the company for the year ended 31 December 2025 were ~~₹~~ 12.009 million compared to ~~₹~~ 11.346 million in 2024, an increase of 6%. Earnings before depreciation and finance costs in 2025 were ~~₹~~ 3.611 million compared to ~~₹~~ 3.222 million in 2024, an increase of 12%

Net profit after tax for the year ended 31 December 2025 was ~~₹~~ 2.342 million compared to ~~₹~~ 1.947 million in 2024, an increase of about 20%.

The net assets of the company (including land revaluation reserve) as of 31 December 2025 were ~~₹~~ 12.829 million compared to ~~₹~~ 11.402 million as of 31 December 2024.

Company's closing share price, dividends and bonus declared for the past ten years is as follows –

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Share price at year end (₹)	0.336	0.306	0.306	0.306	0.306	0.263	0.238	0.226	0.220	0.325
Cash Dividend (₹ Baiza per share)	-	-	5	5	-	7	10	15	20	25*
Bonus shares	10%	-	-	-	10%	-	10%	-	-	10%*

* subject to approval from appropriate authorities and shareholders.



Conclusion

The Company remains optimistic about achieving sustained growth and improved performance during 2026. The outlook is supported by the anticipated continued growth in tourism across the GCC, driven by economic diversification initiatives, mega-events, and ongoing investments in infrastructure.

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Chief Executive Officer



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