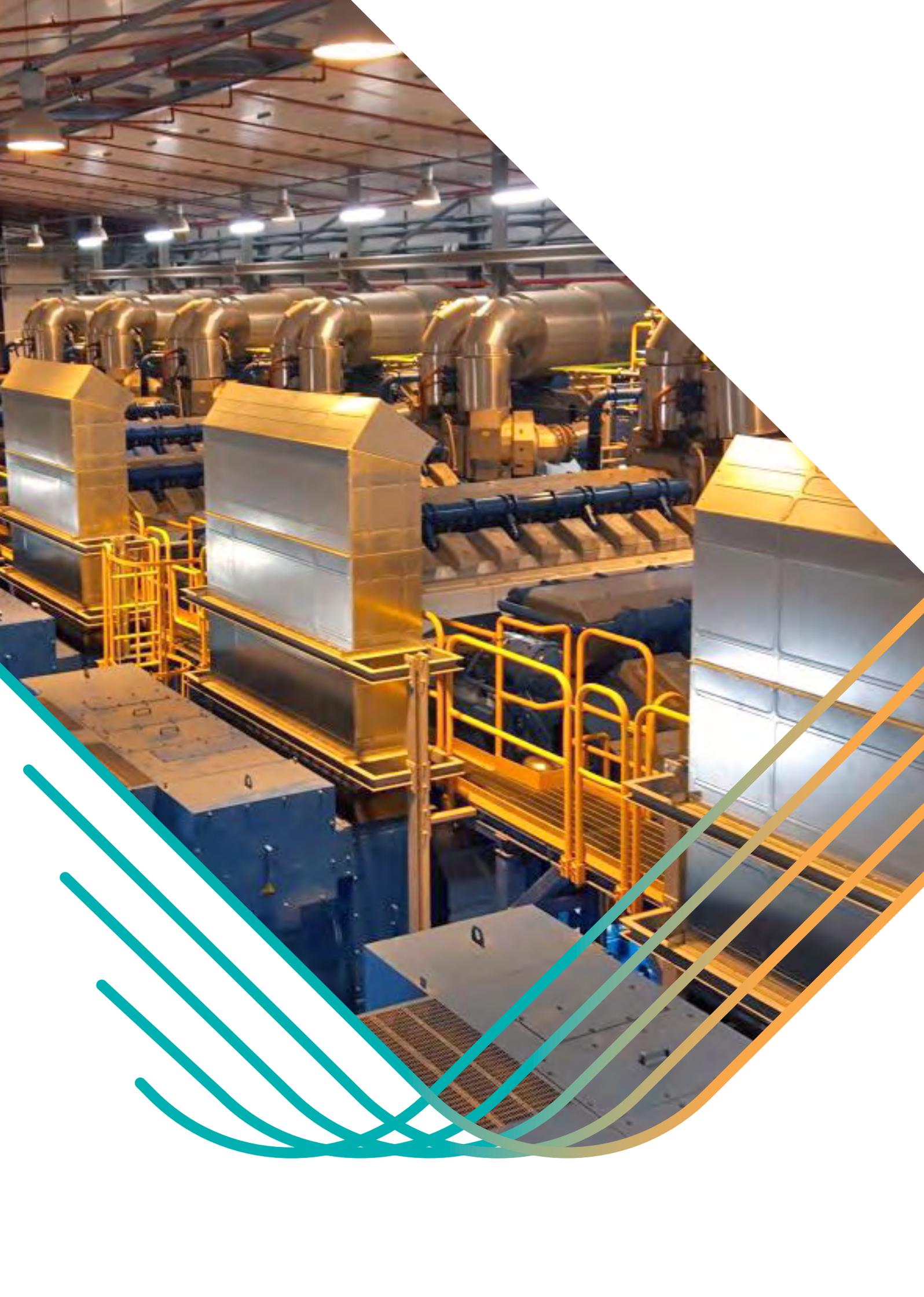




مسندم للطاقة  
MUSANDAM POWER



ANNUAL REPORT 2025





His Majesty Sultan Haitham bin Tarik



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## BOARD OF DIRECTORS

**Mr. Abdulwahhab Al Hinai**

Chairman

**Mr. Yull Kim**

Deputy Chairman

**Mahmoud Al Hashmi**

Director

**Mohammed Al Hashmi**

Director

**Mohammed Al Qalhati**

Director



# BOARD OF DIRECTORS' REPORT

## Dear Shareholders,

On behalf of the Board of Directors of Musandam Power Company SAOG (the "Company"), I have the pleasure to present the Annual Report of the Company for the year ended 31st December 2025.

Musandam Power Company SAOG (the "Company") was registered and incorporated as a closed joint stock company in the Sultanate of Oman on 18th November 2014. Subsequently, the Company was converted to a joint stock company ("SAOG") and was listed on the Muscat Stock Exchange ("MSX") on 5th December 2019.

The Company is engaged in the design, construction, ownership, financing, operation, and maintenance of a dual fuel power plant (the "Plant") with natural gas as the primary fuel and diesel oil as the alternative fuel with a capacity of 120 Mega Watt (MW) located in Wilayat Bukha in the Musandam Governorate, Sultanate of Oman. The Company is selling the electrical energy generated to Nama Power and Water Procurement Company SAOC (the "NPWP"). Before listing, the Company was a subsidiary of Oman Oil Facilities Development Company LLC ("OOFDC") which is owned by OQ SAOC ("OQ"), a closely held joint stock company incorporated in the Sultanate of Oman.

The Company commenced commercial operations on 17th June 2017.

## Corporate Governance

The Company has a comprehensive system of internal controls in place with a clear structure, delegated authorities, and accountabilities.

During the year, the company received an administrative decision from the Financial Services Authority (FSA) dated 18th March 2025 concerning governance shortcomings under the former Board related to certain related-party transactions and internal audit independence during a prior period. The Board and Executive Management have addressed these observations with seriousness and have implemented comprehensive corrective measures to ensure strict arm's-length dealings and full independence of the internal audit function, reaffirming the Company's commitment to regulatory compliance, sound governance, and the protection of stakeholders' interests.

Throughout 2025, the Company continued to review and enhance its key internal policies and procedures to uphold the highest standards of corporate governance and ensure ongoing compliance with the Code of Corporate Governance and all applicable FSA circulars issued up to 31st December 2025.

## Operational Results

The operational performance of the plant during the year continued to exceed expectations, achieving 99.9% plant reliability against a planned target of 98.0% (2024: 99.9%). Accordingly, MIPP continues to maintain a very high level of operational reliability.

During the year, the plant successfully handled a maximum plant load of up to 81 MW. The peak load on MIPP was higher than the previous year, despite Oman Electricity Transmission Company (OETC) availing dispatch from Khasab Power Station in parallel with MIPP in line with its revised operational philosophy. The total energy generated and delivered amounted to 394,629 MWh (2024: 366,801 MWh), representing an increase of approximately 7.6% compared to the previous year.

### Diesel Fuel System Reliability Enhancement

To address diesel fuel system challenges identified in 2023 and to further enhance plant reliability, the Company has implemented and planned targeted improvement initiatives. Major maintenance of both diesel storage tanks was successfully completed in July 2025, including full internal cleaning, inspection, and repainting. These works have significantly extended the tanks' useful life (assessed to exceed 40 years), strengthened structural integrity, reduced corrosion and contamination risks, and enhanced operational safety and reliability.

In parallel, the Company has awarded fuel oil system design modifications to the OEM, Wärtsilä, with execution scheduled for 2026. These upgrades are intended to improve system robustness, filtration, and equipment operating margins, addressing root causes of prior events and reducing the risk of unplanned outages. Collectively, these completed and planned initiatives materially strengthen the reliability, safety, and long-term sustainability of the diesel fuel system and support stable plant and grid operations.

The Company continued to maintain high plant reliability and successfully met OETC load demand, with a sustained focus on excellence in Health, Safety, Environment, and Quality Management. All stringent environmental permit conditions stipulated by the Environmental

Authority were fully complied with. All planned HSE activities were completed, and all key performance indicators were achieved.

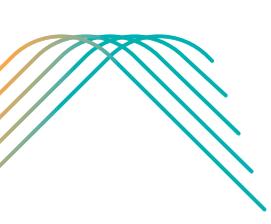
Integrated Gas Company (IGC), through OQEP, continued to supply gas from the Musandam Gas Plant (MGP), supplemented by Dolphin Gas to compensate for any gas shortfall from MGP. As a result of this additional gas availability, reliance on diesel fuel was significantly reduced. During 2025, the plant operated predominantly on gas fuel (97%), with only 3% operation on diesel fuel. The Company expects this positive trend of high gas availability to continue in future years, notwithstanding occasional diesel usage during periods of gas supply constraints.

### Financial Results

The plant demonstrated exceptional operational availability, achieving power generation levels that exceeded initial projections. This performance milestone was attained even though OETC strategically maintained partial power supply from the Khasab Power Station alongside the operation of MIPP.

Furthermore, the Capacity & Energy Charges saw an increase. This rise was attributed to periodic tariff adjustments linked to price indexation, coupled with a corresponding growth in energy demand, as detailed in the Operational Performance section. Together, these factors drove a 2.8% revenue increase, equivalent to ~~₹~~ 0.372 million. Fuel is considered a pass-through.

In 2025, the Company continued to deliver a resilient financial performance despite a challenging cost environment. While higher operating costs resulted in a marginal 1.5% reduction in gross profit margin (~~₹~~ 0.100 million) and an increase in general and administrative expenses, the impact on overall profitability was well contained. Net profit recorded a modest decline of 1.1%, equivalent to ~~₹~~ 0.027 million,



compared to 2024, reflecting the Company's disciplined cost management and its ability to sustain stable earnings in the face of external cost pressures.

The company has fulfilled all its commitments under the facilities agreement. Nama Power and Water Procurement Company SAOC (NPWP) continues to pay all invoices raised by the company in accordance with the payment terms outlined in the Power Purchase Agreement (PPA). In 2025, the company received all outstanding amounts from Integrated Gas Company SAOC (IGC) that were due as of 2024 and continues to pay all invoices raised by the company in accordance with the payment terms outlined in the Natural Gas Sales Agreement (NGSA).

Finally, the company's operational and commercial performance in 2025 allowed it to declare and pay an aggregate dividend of 27.6 Baiza per share (with a nominal value of 100 Baiza per share). This dividend corresponds to 27.6% of the company's paid-up capital and is in line with the Business Plan for 2025.

As of 31st December 2025, the company's share price stood at 330 Baizas per share, compared to 276 Baizas in 2024, reflecting strengthened investors' confidence in the Company's performance, fundamentals, and future outlook.

### **Corporate Social Responsibility**

The company has actively fulfilled its societal responsibilities in Musandam, demonstrating efficiency and commitment. In accordance with the directive from the Capital Market Authority, the company allocated R.O 4,000 of its CSR budget to the Oman Charitable Organization (OCO).

Additionally, the company contributed to the Directorate of Health Services in the Governorate of Musandam- Bukha Hospital in purchasing essential health equipment.

In the stream of education sector, the company contributed to the Ministry of Education in Musandam to participate in the Musandam Artificial Intelligence Forum, and also contributed towards the enhancement of Wali Bukha office hall.

In recognition of the importance of maintaining a healthy environment and sustainable development, the company has contributed towards establishing a sustainable irrigation infrastructure for the Environmental Authority of Musandam.

### **Medium-term & Outlook**

The Company continuously endeavors to identify and implement areas of improvement in plant operations. All reasonable measures are being taken by the management to maintain commendable operational performance during the year 2025. Any change in the power supply and demand landscape in the Musandam Governorate has a limited impact on the financial performance of the Company since its profitability is mainly derived from the plant's availability and reliability and the fact that the plant is performing in the isolated grid.

The Company and its Operation & Maintenance Contractor are making all efforts to steadily increase Omanisation while ensuring the smooth and reliable operation of the plant. Currently, the Company is on track to meet the Omanisation commitment made to the Authority for Public Services Regulation and the Ministry of Labour. The company has achieved 100% (2024: 93%) of Omanisation at the end of the year 2025.

The Company's Power Purchase Agreement with NPWP (Nama Power and Water Procurement Company SAOC) expires in 2032. The spot market implemented by NPWP shall have no impact on the revenue stream of the Company until the expiry of the Power Purchase Agreement.



The company is closely following NPWP's "spot market" arrangements for the future procurement of power from independent power producers. Oman's electricity spot market has been fully operational since 1 January 2022, functioning alongside existing long-term power purchase agreements (PPAs). Through this market, NPWP procures electricity on a daily basis based on competitive offers from generation companies, with prices determined for each half-hour trading period. Authority for Public Services Regulation (APSR) remains actively engaged in refining the market framework, having approved amendments to the market rules in March 2024, with the updated rules becoming effective from 1st January 2025.

### Conclusion

On behalf of the Board of Directors, I wish to express gratitude to NPWP, the Authority for Public Services Regulation, the Financial Services Authority, and other governmental and non-governmental bodies for their guidance and support. I would also like to thank all personnel associated with the operation of Musandam

Independent Power Plant and the staff of the Company for their hard work and dedication, and also to those others such as our contractors, whose expertise has assisted us in achieving these commendable results.

Finally, it's my honor and also on behalf of the shareholders, board members, and employees of the Company to express to His Majesty Sultan Haitham bin Tarek our best greetings and sincere wishes and praying to Allah the Almighty to grant him success in achieving goodness for our beloved country, its people and the whole humanity. We pledge loyalty and allegiance to serving the nation under his wise leadership.



**Abdulwahhab Al Hinai**  
Chairperson





# CORPORATE GOVERNANCE REPORT

## **AGREED-UPON PROCEDURES REPORT ON COMPLIANCE OF CODE OF CORPORATE GOVERNANCE BY MUSANDAM POWER COMPANY SAOG**

**To the Shareholders of Musandam Power Company SAOG**

### **Purpose of this Agreed-Upon Procedures Report**

Our report is solely for the purpose of assisting Musandam Power Company 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 Board of Directors**

The directors of the Company have prepared the Corporate Governance Report ("the report") and remain solely responsible for it, and are also responsible for identifying and ensuring that the contents of the Report comply with the Code. The directors are also responsible for determining that the scope of the agreed-upon procedures is appropriate and sufficient for the purpose of the engagement.

### **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 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 09 April 2025:

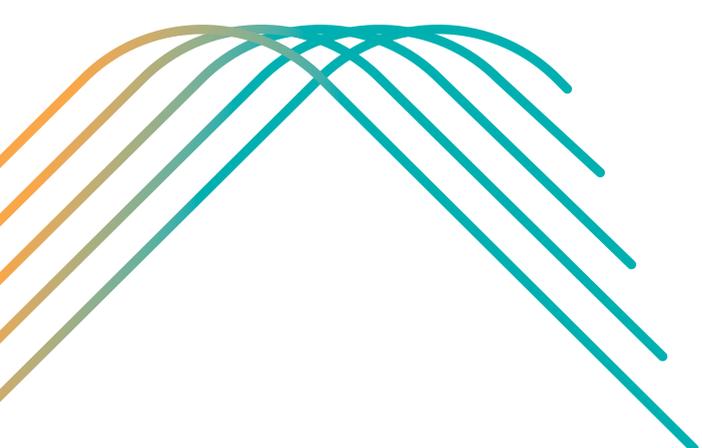
	<b>Procedures</b>	<b>Findings</b>
1	Obtain the report on corporate governance (“the report”) issued by the Board of Directors and ascertain that it includes, as a minimum, all items and requirements suggested by FSA to be covered by the report, as detailed in Annexure 3 of the Code, by comparing the report with such suggested content in that Annexure.	<p>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.</p> <p>No exceptions were noted in respect of the procedure performed.</p>
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.	<p>We observed that the Company’s Board of Directors has not identified any areas of non-compliance with the Code.</p> <p>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.</p>

**CROWE MAK GHAZALI LLC**

  
**Karl Jackson**  
 Engagement Partner



Muscat, Sultanate of Oman  
 08 February 2026



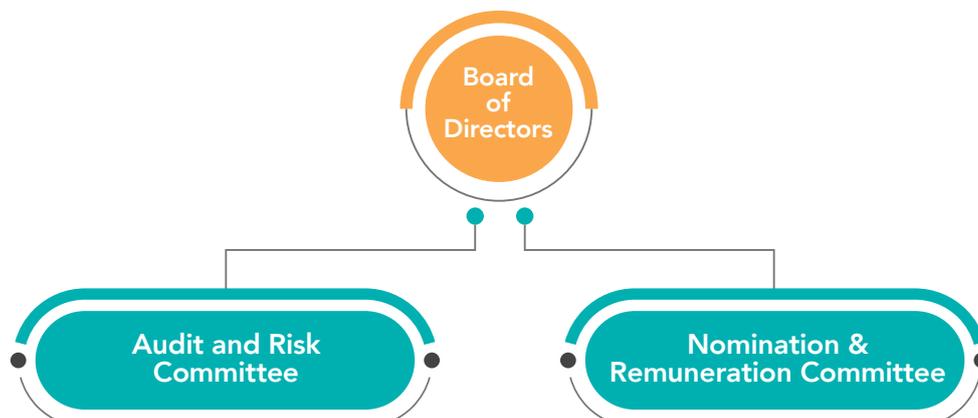
# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “Board”) of Musandam Power Company SAOG (the “Company”) hereby presents their Corporate Governance Report for the year ended 31st December 2025 in compliance with the requirement of the Code of Corporate Governance applicable to the Public Joint Stock Companies (the “Code”), clarifications and notifications issued by Financial Services Authority (the “FSA”) up to 31st December 2025.

## Company’s philosophy and principles of Corporate Governance

The Company’s philosophy is to adhere to the Code issued by the FSA to fulfill all the requirements of the highest standard of Corporate Governance and is aimed to support the Board of Directors and the management of the Company in the efficient conduct of the business. The Company has adopted the principles of good Corporate Governance and has implemented all guidelines issued by the FSA. The Company is committed to placing effective Corporate Governance assuring the shareholders that there is a well-performing management in place that supports the highest standards towards transparency, accountability, continuous improvement of business processes, disclosure, displaying the highest ethical standards, observing compliance with laws, permits and regulations and business propriety to enhance long term shareholders value and the interest of all stakeholders. Towards this, the Company has established and put in place detailed functional policies, procedures, financial authority limits, clear roles and responsibilities of the Board and Management and systems to ensure fair and timely release of material information about the Company to the stakeholders as well as supports Management to take decisions about Company’s obligation and affairs. The Board also sets key performance indicator targets every year and evaluates the Company’s performance progressively.

The Company has the following two committees of the Board which are fully operational in line with the provisions of the Code:



In compliance with the FSA rules and guidelines on disclosure, the Company's Statutory Auditors, Crowe Oman, have issued a separate Report on the Company's Governance Report for the year ended 31st December 2025.

### Board of Directors

In compliance with the Company's Articles of Association, the Board comprises five (5) non-executives directors. During the elections conducted at AGM on 06th March 2025, Mr. Abdulwahhab Al Hinai (Non – Independent) & Mr. Yull Kim (Non – Independent) of the previous Board were re-elected. Mr. Mahmoud Al Hashmi (Non – Independent), Mr. Mohammed Al Hashmi (Independent), and Mr. Mohammed Al Qalhati (Independent) joined the Board as newly elected members replacing Mrs. Nabila Al Jasri and Ms. Aseel Hassan, who did not submit nomination forms for the new Board term.

a) Composition, positions, and attendance of Directors in the year 2025:

All directors are non-executive in accordance with the requirements of the Code.

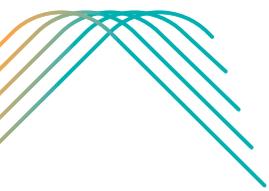
During the year, the composition of the Board changed as follows

- o During the elections held at the AGM on 06th March 2025, Mr. Mahmoud Al Hashmi (Non – Independent), Mr. Mohammed Al Hashmi (Independent), and Mr. Mohammed Al Qalhati (Independent) joined the Board replacing Mrs. Nabila Al Jasri (Independent) & Ms. Aseel Hassan (Independent) from the previous Board. It's important to note that the Board composition during the election consisted of only four members due to the resignation of Mr. Ahmed Al Azkawi on 4th December 2024.
- o The Board unanimously selected Mr. Abdulwahhab Al Hinai, representing OQ SAOC (OQ), as the Chairperson of the Board and Mr. Yull Kim, Representing LXi Corp, as the Deputy Chairperson during the Board meeting held on 12th March 2025. (i.e., at the first Board meeting after elections at AGM on 06th March 2025).

Category of Directors		Board Meetings 2025							AGM 06th March 2025
		09 <sup>th</sup> Feb	12 <sup>th</sup> Mar	30 <sup>th</sup> Apr	23 <sup>rd</sup> Jul	21 <sup>st</sup> Oct	18 <sup>th</sup> Nov	Total	
Board Members									
Mr. Abdulwahhab Al Hinai (Chairperson)	Non-independent	√	√	√	√	√	√	6	√
Mr. Yull Kim (Deputy Chairperson)	Non-independent	√	√	√	√	√	√	6	√
Mr. Mahmoud Al Hashmi	Non-independent	N/A	√	√	√	√	√	5	N/A
Mr. Mohammed Al Hashmi	Independent	N/A	√	√	√	√	√	5	N/A
Mr. Mohammed Al Qalhati	Independent	N/A	√	√	√	√	√	5	N/A
Ms. Aseel Hassan*	Independent	√	N/A	N/A	N/A	N/A	N/A	1	√
Mrs. Nabila Al Jasri*	Independent	√	N/A	N/A	N/A	N/A	N/A	1	√

√: attend, x: absent, N/A: not in seat, P: attend by proxy.

\* Members whose tenure ended during the year and didn't submit nomination forms for the new Board term.



## CORPORATE GOVERNANCE REPORT (continued)

- b) Directors holding directorship/chairmanship in other joint stock companies in Oman as of 31st December 2025

Name of Director	Name of Companies and Position Held
Mr. Abdulwahhab Al Hinai	Deputy Chairperson in OQEP SAOG. Deputy Chairperson in OQGN SAOG. Chairman in CUC – Marafiq LLC.

The profile of Directors and Key Executive Officers is included as an Annexure to the Corporate Governance Report.



### Audit & Risk Committee

- a) Brief description of terms of reference

The primary role of the Audit and Risk Committee is to provide independent assistance to the Board in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community, and other stakeholders relating to:

- (i) Considering the name of the auditor in the context of their independence (particularly with reference to any other non-audit services), fee and terms of engagement, and recommending the auditors to the board for appointment.
- (ii) Reviewing the audit plan and results of the audit firms and the results of the audit process as to whether or not the auditors have had full access to all relevant documents to perform their job.
- (iii) Implementing appropriate systems to check financial fraud and ensure the fairness of financial statements.
- (iv) Oversight of the internal audit function through an approved audit plan, considering the reports of the internal auditor, ensuring the internal auditor has full access to the relevant documents, and reviewing the efficiency of the internal audit function regularly.
- (v) Oversight of the adequacy of the internal control systems.
- (vi) Oversight of financial statements in general including the review and integrity of annual and quarterly financial statements before issue, qualifications contained in draft financial statements, and discussions of accounting principles therein and changes in accounting standards adopted by the Company.
- (vii) Serving as a channel of communication for the Board with the external and internal auditors.
- (viii) Reviewing and ensuring the effectiveness of risk management policies.
- (ix) Reviewing proposed related party transactions and making suitable recommendations to the Board.

- (x) Proposing wages and remunerations and financial and in-kind benefits for the employees of the internal audit unit.

Consistent with this function, the Audit and Risk Committee encourages continuous improvement of and promotes adherence to, the Company's policies, procedures, and practices for corporate accountability, transparency, and integrity.

In fulfilling its role, it is the responsibility of the Audit and Risk Committee to maintain free and open communication with the external auditors, the internal auditor, and the management of the Company and to determine that all parties are aware of their responsibilities.

- b) Composition, position, and attendance in the year 2025:

The Audit and Risk Committee is comprised of a majority of independent directors as required by the Code. Below are the composition of this Committee and the number of meetings held and attendance for the year 2025.

During 2025, the Company commenced a new Board term following the conclusion of the previous Board's mandate. As a result, the composition of the ARC changed entirely. Elections for the new Board were held on 6th March 2025, resulting in the following new members being appointed to the ARC:

1. Mr. Mohammed Al Qalhati – Chairperson
2. Mr. Mahmoud Al Hashmi – Member
3. Mr. Mohammed Al Hashmi – Member

The change in membership during the year is reflected in the attendance records below, noting that Committee meetings held prior to the new Board's appointment were attended by members of the previous Board.

Name of Committee Members	Position	Attendance					Total
		6th Feb.	28th Apr	24th Jun	21st Jul	20th Oct	
Mr. Mohammed Al Qalhati	Chairperson	N/A	√	√	√	√	4
Mr. Mahmoud Al Hashmi	Member	N/A	√	√	√	√	4
Mr. Mohammed Al Hashmi	Member	N/A	√	√	√	√	4
Mrs. Nabila Al Jasri*	Chairperson	√	N/A	N/A	N/A	N/A	1
Ms. Aseel Hassan*	Member	√	N/A	N/A	N/A	N/A	1

√: attend, x: absent, N/A: not in seat, P: attend by proxy.

\* Members whose tenure ended during the year and didn't submit nomination forms for the new Board term.



## CORPORATE GOVERNANCE REPORT (continued)



### Nomination & Remuneration Committee

#### a) Brief description of terms of reference

The primary role of Nomination & Remuneration Committee of the Board involves:

- (i) Assisting the Shareholders, while electing the Board at a general meeting in the nomination of proficient directors and the election of the most fit for the purpose.
- (ii) Assisting the Board in selecting the appropriate and necessary executives for the executive management of the Company.
- (iii) Assisting the Company in formulating clear, credible, and accessible policies to inform shareholders about directors' and executives' remuneration subject to the provisions of Administrative Decision No. 27/2021 on the rules of remuneration and sitting fees for directors of SAOGs.
- (iv) Developing and deploying additional performance-based criteria to determine the bonus and remuneration of the chief executive officer and senior executive management of the Company.
- (v) Submitting to the Board an annual plan of action.
- (vi) Providing succession planning for the executive management.
- (vii) Developing a succession policy or plan for the Board or at least the chairperson.
- (viii) Preparing detailed job descriptions of the roles and responsibilities of directors including the chairperson.
- (ix) Identifying and nominating qualified persons to act as interim directors on the Board in the event a seat becomes vacant.
- (x) Nominating qualified persons to assume senior executive positions, as required, or directed by the Board.
- (xi) Recommending to the Board bonus, allowances, and incentive policy for the executive management; and
- (xii) Reviewing such policies periodically, considering market conditions and company performance.

#### b) Composition, position, and attendance in the year 2025:

The Nomination and Remuneration Committee is comprised of non-independent directors. Below are the composition of this Committee and the number of meetings held and attendance for the year 2025.

During 2025, the Company commenced a new Board term following the conclusion of the previous Board's mandate. As a result, the composition of the NRC changed. Elections for the new Board were held on 6th March 2025, resulting in the following members being appointed to the NRC:

1. Mr. Abdulwahhab Al Hinai – Chairperson
2. Mr. Yull Kim – Member
3. Mr. Mahmoud Al Hashmi – Member

The change in membership during the year is reflected in the attendance records below, noting that Committee meetings held prior to the new Board's appointment were attended by two members of the previous Board only due to the resignation of Mr. Ahmed Al Azkawi on 4th December 2024.

Name of Committee Members	Position	Attendance			Total
		5th Feb	19th Jun	14th Oct	
Mr. Abdulwahhab Al Hinai	Chairperson	√	√	√	3
Mr. Yull Kim	Member	√	√	√	3
Mr. Mahmoud Al Hashmi	Member	N/A	√	√	2

√ attend, x: absent, N/A: not in seat, P: attend by proxy.



### Appraisal for the performance of the Board

In accordance with the principles of the Code of Corporate Governance, the shareholders will approve a formal process for the external evaluation of the Board's performance. An independent consultant will be appointed, at least once either in second or third year.

The objective of this appraisal is to assess the effectiveness of the Board and its Committees by reviewing their composition, structure, dynamics, interpersonal relationships, and overall performance against criteria established and approved by the shareholders.

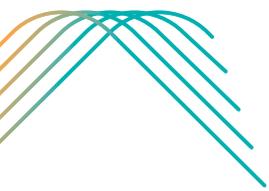
Upon conclusion of the evaluation, the independent consultant will submit a report detailing the performance appraisal findings and any recommendations to the Chairperson of the Board for review and appropriate action by the Board as a whole.



### Process of nomination of the directors

The election of the Board is governed by the Company's Articles of Association and Corporate Governance. The Company ensures that the election of the Board is held in accordance with the Commercial Companies Law and rules issued by the Financial Services Authority.

The Nomination and Remuneration Committee (NRC) plays a pivotal role in the process of recommending and selecting new directors to fill board vacancies. The NRC carefully reviews applications from prospective candidates, evaluates their qualifications and suitability, and provides recommendations for consideration at the Ordinary/Annual General Meeting.



## CORPORATE GOVERNANCE REPORT (continued)

Board members are regularly briefed and updated on matters relevant to the company's business environment, operations, and key elements of corporate governance. The Board remains committed to continuously enhancing the knowledge and awareness of its members in these areas to ensure effective governance and strategic oversight.

In accordance with the requirements of the Code and the Articles of Association of the Company, the following shall be observed on the formation of the Board:

- i. Five directors are to be elected by the shareholders in a general meeting for a term of 3 years.
- ii. All directors shall be non-executive directors.
- iii. At least one-third of the directors shall be independent.
- iv. The members of the Board of Directors are elected from amongst the shareholders or non-shareholders.
- v. A director shall not be allowed to combine the positions of chief executive officer and chairperson, and no director shall be a member of the Board of more than four joint stock companies or chairperson of more than two joint stock companies. As per the Article (2) of Clause (8) of the Ministerial Decision 137/2002, as amended by Ministerial Decision 201/2016, requires that the director cannot be an employee or member of the Board of the company carrying out similar activities and whose principal place of business is in Oman.



### Remuneration matters

- a) Sitting fees to members of the Board and its sub-committees

As approved by the shareholders, the sitting fees of **₹** 550 for the Chairperson, **₹** 450 for the members of the Board, and **₹** 300 for the members of the Audit and Risk Committee and Nomination & Remuneration Committee are paid till the end of December 2025. The sitting fee is payable to the members of the Board, the Audit and Risk Committee, and the Nomination & Remuneration Committee who attend the meeting either in person or by video conference.

The total sitting fees for the year 2025 paid to the directors for attending Board, Audit & Risk Committee, and Nomination & Remuneration Committee meetings amounted to **₹** 13,650, **₹** 4,200, and **₹** 2,400 respectively.

- b) Remuneration to Board members

Following approval by the shareholders at the AGM on 6th March 2025, the Company paid total remuneration of **₹** 45,000 to the Board members for the year 2024.

For the financial year 2025, the Board proposes a remuneration package in accordance with the guidelines outlined in Administrative Decision 27/2021 of the Financial Services Authority, specifically article 133. The Board has suggested a remuneration amount of **₹** 70,050 for the year ending 31st December 2025. However, the final remuneration will be determined and disbursed upon approval by the shareholders at the Annual General Meeting (AGM), scheduled for 8th March 2026.

c) Other payments to directors

There was no other payment to the directors besides the sitting fees and remuneration.

d) Executive Management

The Company paid its top officers an aggregate amount of **﷮** 325,500 which includes salary, benefits, allowances, bonuses, gratuity and pension. The remuneration paid commensurate with their qualification, role, responsibility, and performance.

The performance-based bonus for staff members is based on the following criteria:

- a. At the beginning of the year, benchmark objectives, which include among other parameters, the financial performance of the Company, Health, Safety, and Environment targets, for each staff member are set.
- b. At the end of the year, the performance, and actual results against each of these objectives are evaluated and most importantly, any extraordinary contribution by the staff member leading to the Company's improved performance is duly noted and acknowledged.
- c. Based on the final score and a transparent process of evaluation, a bonus is worked out and disbursed.

Employees' notice period and severance fees are specified in the standard employment contract entered into by the Company with the staff. Generally, the employment contract carries a one-month notice period. A severance fee is payable to an employee if the employee is terminated with less than the agreed notice period.



### Details of non-compliance by the Company

The Company maintains a firm commitment to the highest standards of regulatory compliance and corporate governance. In line with this commitment, management assures shareholders of its full and ongoing adherence to all applicable rules and regulations.

During the year, MPC received an administrative decision from the Financial Services Authority (FSA) on 18th March 2025, relating to shortcomings under the former Board in ensuring that certain related-party transactions were conducted on a fair and arm's-length basis in accordance with applicable laws and regulations. The decision related to a prior period and addressed governance deficiencies, including aspects of related-party transaction arrangements and internal audit independence, where certain practices, such as the involvement of a major shareholder in audit-related activities, were assessed as not fully aligned with the arm's-length principle under Omani commercial law.

The Board and Executive Management have taken these observations with the utmost seriousness. Comprehensive corrective measures have since been implemented to ensure all related-party transactions are conducted on a strictly arm's-length basis and that the internal audit function operates with complete independence. The Company welcomes the FSA's rigorous oversight, which reinforces the integrity of Oman's capital markets, and remains dedicated to preventing any future breaches, thereby safeguarding the interests of all stakeholders.

## CORPORATE GOVERNANCE REPORT (continued)



### Means of communication with the shareholders and investors

The Company communicates with the shareholders and investors mainly through the MSX website and the Company's website ([www.musandampower.com](http://www.musandampower.com)) in both English and Arabic. Material information is disclosed immediately, and financial information such as initial quarterly and annual unaudited financial results, and annual reports including audited financial statements and Management Discussion & Analysis Reports are disclosed within the regulatory deadlines.

Twice a year, following the board's approval of the financial statements, management organizes online discussion sessions for investors, analysts, and the public, with prior announcements made on MSX. These sessions are designed to promote transparency and boost investor confidence. Additionally, the company's executive management is available to meet with shareholders and analysts whenever needed.



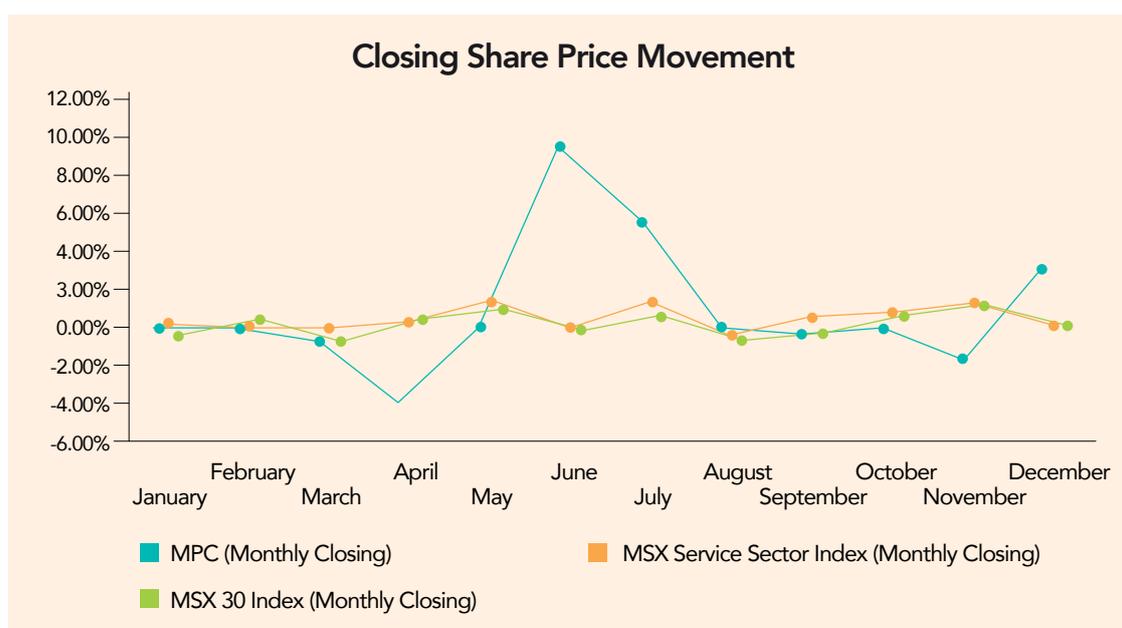
### Market price data

High/Low share price and performance comparison during each month in the year 2025:

Month	Price (Baizas per share)			MSX Service Sector Index (Monthly Closing)	MSX 30 Index (Monthly Closing)
	High	Low	Closing		
January	-	-	0.266	1,692.27	4,543.21
February	0.269	0.269	0.269	1,632.89	4,435.86
March	0.264	0.264	0.264	1,599.49	4,367.03
April	0.250	0.240	0.240	1,538.02	4,316.25
May	0.258	0.255	0.255	1,625.07	4,561.04
June	0.283	0.271	0.283	1,599.43	4,500.87
July	0.301	0.300	0.301	1,807.93	4,780.98
August	-	-	0.286	1,958.31	5,029.89
September	0.298	0.298	0.298	2,080.92	5,181.62
October	0.297	0.297	0.297	2,268.68	5,610.34
November	0.305	0.300	0.300	2,357.79	5,705.72
December	0.330	0.315	0.330	2,405.16	5,866.80

b) Performance in comparison with MSX index:

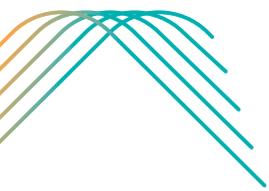
The graph below represents the Closing Share Price movement for the year 2025 as compared to the MSX index and Investment Sector Index movement.



c) Distribution of the shareholding as of 31st December 2025:

Group	Number of shareholders	Number of shares held	Share capital %
5% and above	5	56,365,444	80.1%
1% to 5%	5	7,519,178	10.7%
Less than 1 %	400	6,505,378	9.2%
<b>Total</b>	<b>410</b>	<b>70,390,000</b>	<b>100%</b>

The company does not have any GDRs/ADRs/Warrants or any convertible instruments as of 31st December 2025, and hence the likely impact on equity is "nil".



## CORPORATE GOVERNANCE REPORT (continued)



### Professional profile of the statutory auditor

#### **Crowe Oman**

Crowe Oman is one of the leading accounting and advisory firms in the Sultanate of Oman. Crowe Oman is a member firm of Crowe Global, which has a history of 100+ years. Crowe Global is one of the top 10 accounting networks worldwide, operating with more than 770 offices in 150 countries, and employing more than 42,000 staff. Crowe practitioners help multinational organizations reduce uncertainty in measuring and reporting the implications of transactions in and across diverse jurisdictions. Crowe provides audit & assurance, tax advisory, management consultancy, risk advisory, business advisory and cybersecurity services to numerous SAOG, SAOC and other prestigious privately owned companies/groups in the Sultanate of Oman.

Our clients can rely on extensive knowledge in specialized areas and personal delivery from the professionals they work with. Our clientele industries include Banking & NBFCs, Mutual Funds, Money Exchanges, Manufacturing, Hospitality, Contracting, Trading, Retail, Professional Firms and many more. Crowe Oman is accredited by the Capital Market Authority (CMA) to audit joint stock companies (SAOG's). Please see [www.crowe.com/om](http://www.crowe.com/om) to learn more.

The audit fee for the year 2025 was **₹** 10,900 for the December audit, **₹** 500 for the Corporate Governance Report review, and **₹** 500 for the XBRL review.



### Related Party Transactions

The company adopts the highest degree of transparency and clarity for Related Party Transactions. All such transactions are subject to review by the Audit & Risk committee and approval of the Board of Directors and where required, by Shareholders in the General Meeting.

The details of such transactions, where required, will be sent to every shareholder along with the notice to the general meeting covering the Related Party Transactions details. These transactions will also be disclosed in detail in the company's annual report.

The details of Related Party Transactions for the year 2025 are included within the notes of Financial Statements. All these transactions have been concluded in accordance with the governing regulations applicable at the time when they were entered and disclosed in the Financial Statements in accordance with applicable International Financial Reporting Standards. All the transactions are at 'arms-length' and do not involve any preferential terms.



### Acknowledgement by the Board of Directors

The Board of Directors accepts the responsibility for accurately preparing accounts and financial statements and confirms that the financial statements for the year 2025 have been prepared in accordance with the applicable International Financial Reporting Standards, as verified by the company's statutory auditors.

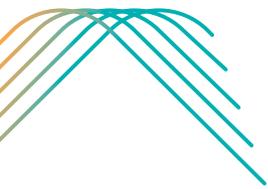
The Board of Directors acknowledges its commitment to comply with the Code of Corporate Governance and its principles, safeguarding stakeholders' interests, and maintaining transparency and accountability. There are no known violations or deviations from the Code of Corporate Governance during the reporting period.

The Board of Directors, through the Audit and Risk Committee, has reviewed the Company's system of internal controls and assures efficiency and adequacy of the internal control systems including financial management and its related operations, contractual obligations, and risk management.

The Company has a robust business model and contractual framework as explained in detail in the financial statements and, as such, the Board of Directors confirms that they believe there are no material matters that may affect the continuation of the Company and its ability to continue its operations during the next financial year.

**Chairperson**

**Director**



### Brief Profiles of Directors

<b>Name</b>	: <b>Mr. Abdulwahhab Al Hinai, Chairperson.</b>
<b>Year of Joining</b>	: 2024
<b>Education</b>	: Master of Law (LLM), 2011, Kings College London. Master of Business Administration (MBA), 2013, University of Strathclyde.
<b>Experience</b>	: More than 20 years of experience in legal and regulatory practice including occupying the role of Director of Legal and Regulatory Affairs in the Authority for Public Services Regulation until early 2021. In addition to legal, he significant experience in regulatory frameworks and corporate restructuring and reforms. He is currently the General Counsel of OQ.

<b>Name</b>	: <b>Mr. Yull Kim, Deputy Chairperson.</b>
<b>Year of Joining</b>	: 2024
<b>Education</b>	: Master of Climate and Energy Policy (2024), Sejong University. Bachelor of Economics (2010), Chonnam National University.
<b>Experience</b>	: Over 10 years of experience in international trade and infrastructure projects. He has held senior roles with leading global organizations, including Hanwha Corporation and LX International. He is currently the General Manager at LX International, overseeing operations in the Dubai and Muscat offices and supporting strategic business growth.

<b>Name</b>	: <b>Mr. Mahmoud Al Hashmi</b>
<b>Year of Joining</b>	: 2025
<b>Education</b>	: Bachelor of Science in Mechanical Engineering, Sultan Qaboos University (Oman). Master of Science in Petroleum Engineering, Heriot-Watt University (UK). Master of Business Administration, University of Strathclyde (UK). He has also completed the National Collaborative Leadership " National CEO" Programme delivered Royal Academy of Management.
<b>Experience</b>	: Over 27 years of experience across technical, managerial, and commercial roles in the energy sector. He is currently the Acting Chief Executive Officer of OQ Exploration and Production SAOG (OQEP), in addition to his role as Chief Operating Officer. He has been with OQ Group since 2010 and has extensive experience in both onshore and offshore operations.

<b>Name</b>	: <b>Mr. Mohammed Al Qalhati</b>
<b>Year of Joining</b>	: 2025
<b>Education</b>	: Bachelor of Finance (2008), Sultan Qaboos University, Post Graduate Diploma In Shipping, Transport & Ports Management (2009), Shipping & Transport College (Netherlands)
<b>Experience</b>	: Over 16 years of experience in finance, audit, and transformation projects. He spent seven years leading audit assignments at the State Audit Institution and led a major national reform project social protection & pension & merge the funds into a unified scheme. He is currently leading a restructuring project for a group of companies.

<b>Name</b>	: <b>Mr. Muhammed Alhashmi</b>
<b>Year of Joining</b>	: 2025
<b>Education</b>	: Master's degree in accounting and finance
<b>Experience</b>	: Over 25 years of experience in the public sector, with senior leadership roles focused on financial governance, internal controls, and operational efficiency. He has extensive experience in investments, audit committees, and board directorships, contributing to strong financial oversight, risk management, and corporate governance.



### Brief Profiles of Key Executive Officers

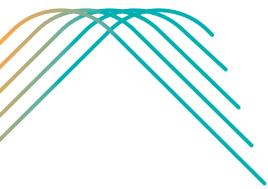
The senior management team has been empowered by the Board of Directors for the day-to-day operations of the Company.

<b>Name</b>	: <b>Mr. Murshid Al Yarubi</b>
<b>Position</b>	: Chief Executive Officer
<b>Year of Joining</b>	: 2019
<b>Education</b>	: MSc in Process Safety and Loss Prevention, University of Sheffield (UK). MSc in Petroleum Engineering Technology, Curtin University of Technology. BEng (Hons.) in Systems and Control Engineering, University of Sheffield (UK). Higher National Certificate (HNC) in Electrical/Electronic Engineering, Wigan and Leigh College of Engineering (UK).
<b>Experience</b>	: Over 25 years of experience in the oil and gas sector across production, operations, asset management, and process safety. He joined PDO in 1995 and held various technical and leadership roles, including production optimization, project execution, operation readiness, and asset management. He has managed major assets across multiple regions in Oman with a strong focus on integrity, HSE, and process safety management.

<b>Name</b>	: <b>Mr. Abdulhameed Al Jabri</b>
<b>Position</b>	: Finance Manager
<b>Year of Joining</b>	: 2017
<b>Education</b>	: Mr. Al Jabri is a Fellow of the Chartered Association of Certified Accountants (FCCA), United Kingdom. He holds a degree in Bachelor of Commerce.
<b>Experience</b>	: Over 20 years of experience in the private sector in Oman, with expertise in Banking, Audit, Consultancy, Accounting, and Finance, and a specialization in the power and water generation sector. He has held various positions, including senior auditor, chief accountant, and finance manager, gaining a comprehensive understanding of the full business cycle of power and water generation operations. In January 2017, he joined Musandam Power as Finance Manager, and in 2019 also assumed the role of Investors' Relationship Manager. During his tenure, he played a vital role in establishing several departments, developing internal policies and procedures, supporting the financial transition from construction to operation, and contributing to the company's successful IPO in 2019.

<b>Name</b>	: <b>Mr. Sivaprasad Nandikolla</b>
<b>Position</b>	: Technical Manager
<b>Year of Joining</b>	: 2020
<b>Education</b>	: Diploma in Mechanical Engineering
<b>Experience</b>	: Over 29 years of experience in mobilization, operations, maintenance, and contract management of HFO, Crude Oil, Gas, and Dual Fuel-based reciprocating engine power plants (Wärtsilä) up to 175 MW capacity. He has held managerial positions in Sudan, South Africa, Mozambique, Oman, and India, gaining extensive multinational exposure. He is skilled in power plant operations, technical and contract management, and in building and optimizing organizational processes and systems to maximize business performance. Mr. Nandikolla joined Musandam Power as Technical Manager in January 2020. Prior to this, he served as Facility Manager for the MIPP project, working with Wärtsilä.

<b>Name</b>	: <b>Ismail Al-Qassabi</b>
<b>Position</b>	: Act /Technical Manager
<b>Year of Joining</b>	: 2014
<b>Education</b>	: Bachelor of Science in Computer Aided Mechanical Engineering (BSc (CAME) and PMP certified
<b>Experience</b>	: Over 24 years of experience in engineering, operations, maintenance, and project management across the power, oil & gas, dry dock, and defense sectors in Oman. He started his career with the Royal Air Force of Oman (RAFO) in 2001, gaining extensive hands-on experience in mechanical and electrical maintenance, asset reliability, quality systems, and safety management. In 2011, he joined Oman Drydock Company (ODC) as Section Head – Project Management, managing large-scale maintenance and refurbishment projects. In 2014, he joined Oman Oil Company (OOC) as Project Engineer / Acting Site Manager for the Musandam Independent Power Project (MIPP) and later transitioned to Musandam Power Company after Commercial Operation Date (COD) in 2017, holding senior operational and leadership roles overseeing plant operations, maintenance, contract management, and regulatory compliance. In November 2025, he was appointed Technical Manager, leading all technical, operational, and maintenance functions, including strategic planning, risk management, ESG initiatives, major technical projects, contractor governance, and continuous operational performance improvement.



<b>Name</b>	: <b>Ms. Nusaiba Al Maskari</b>
<b>Position</b>	: Head of Internal Audit
<b>Year of Joining</b>	: 2020
<b>Education</b>	: Bachelor's degree in business administration (BBA) majoring in Finance, certified ISO22301 Internal Auditor, currently progressing towards CIA certification.
<b>Experience</b>	: Over 15 years of experience in the audit sector, including work with PricewaterhouseCoopers Oman and primarily in the power and water sectors with United Power, Sohar Power, Rusail Power, and SMN Power Company. She was also part of the Internal Audit team at ENGIE, a French multinational utility company operating in electricity generation and distribution, energy transition, natural gas, nuclear, renewable energy, and petroleum. Ms. Al Maskari has held roles as an external auditor, financial advisor, and tax consultant, culminating in her current position as Head of Internal Audit. Her experience has provided her with comprehensive knowledge of the complete business cycle related to the management of power and water generation businesses.

<b>Name</b>	: <b>Mrs. Nahrain Al Kharusi</b>
<b>Position</b>	: Corporate Support Manager
<b>Year of Joining</b>	: 2022
<b>Education</b>	: Certified Global Remuneration Professional (GRP) with WorldatWork, USA, Chartered Member (MCIPD), UK, and bachelor's degree in business, majoring in Electronic Business & Human Resources, Queensland University of Technology (QUT), Australia.
<b>Experience</b>	<p>: Over two decades of experience in the energy industry, with expertise in human resources, people operations, and strategic development. She began her career in the banking sector and later moved to the utility sector, serving as HR Manager at the Authority for Public Service Regulation (APSR) and subsequently as Change Management Manager. She played a key role in HR projects including reviewing and designing HR policies and procedures, performance management, strategic development, organizational structure design, and competency framework implementation.</p> <p>Mrs. Nahrain joined Musandam Power in 2022 as Corporate Support Manager, overseeing Human Resources, Administration, and Corporate Social Responsibility. In her leadership role, she develops strategic HR policies, ensures alignment with organizational objectives, optimizes processes, fosters collaboration and efficiency across departments, manages smooth operations and resource allocation in Administration, and leads CSR initiatives to strengthen community engagement, stakeholder relationships, and sustainable growth in support of the company's strategic goals.</p>







# CORPORATE SOCIAL RESPONSIBILITY REPORT



# CORPORATE SOCIAL RESPONSIBILITY REPORT



Musandam Power Company SAOG (“MPC”) recognizes the responsibility that accompanies its role as a key power generator and corporate citizen in the Sultanate of Oman, particularly in the Musandam Governorate. Through well-structured Corporate Social Responsibility (CSR) initiatives, the Company seeks to deliver sustainable social, environmental, and economic value to the communities in which it operates, with particular focus on the Musandam Governorate.

MPC’s CSR strategy is centered on supporting national development priorities and addressing local community needs across healthcare, education, environmental sustainability, social welfare, and public infrastructure. These initiatives reflect the Company’s commitment to ethical conduct, inclusive growth, and long-term community resilience.



## CSR Activities Implemented During 2025

### 1. Contribution to Oman Charitable Organization (OCO)

In full compliance with Financial Services Authority Decision No. 172/2021, MPC allocated 20% of its total CSR budget for 2025, amounting to **₹ 4,000**, to the Oman Charitable Organization (OCO). This contribution was directed toward supporting structured charitable programs aimed at assisting vulnerable and deserving segments of society.

By channeling funds through a nationally recognized charitable institution, MPC ensures transparency, accountability, and effective distribution of support. This initiative reinforces the Company’s commitment to social solidarity, regulatory compliance, and responsible corporate citizenship.



## 2. Support to Public Healthcare – Bukha Hospital

As part of its commitment to strengthening healthcare services in the Musandam Governorate, MPC contributed **﷌** 6,200 to Bukha Hospital for the procurement of essential medical equipment. The supported items included advanced dental treatment devices, cardiac resuscitation equipment, portable vital signs monitoring devices, emergency suction equipment, and temperature monitoring tools.



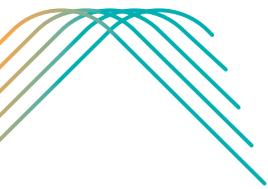
This contribution enhanced the hospital’s diagnostic and emergency response capabilities, improved treatment efficiency, and supported the delivery of high-quality medical care to the local population. The initiative directly contributes to improved community health outcomes and the long-term resilience of public healthcare infrastructure in the region.

## 3. Musandam Artificial Intelligence Forum – Education Sector

MPC contributed **﷌** 1,000 to sponsor the Second Musandam Forum for Artificial Intelligence in Education, organized under the Directorate of Education in the Governorate of Musandam. The forum aimed to enhance awareness of artificial intelligence, digital transformation, and emerging technologies among students and educators.



Through this initiative, MPC supports innovation in education, promotes knowledge sharing, and contributes to the development of future-ready skills aligned with Oman’s digital transformation agenda. The initiative also strengthens collaboration between the private sector and educational institutions.



#### 4. Enhancement of Wali Bukha Office Hall



MPC contributed **₹** 5,000 toward the enhancement of the Wali Bukha Office Hall, a key public facility used for community meetings, government services, and official events. The project aimed to improve the quality, functionality, and accessibility of the facility.

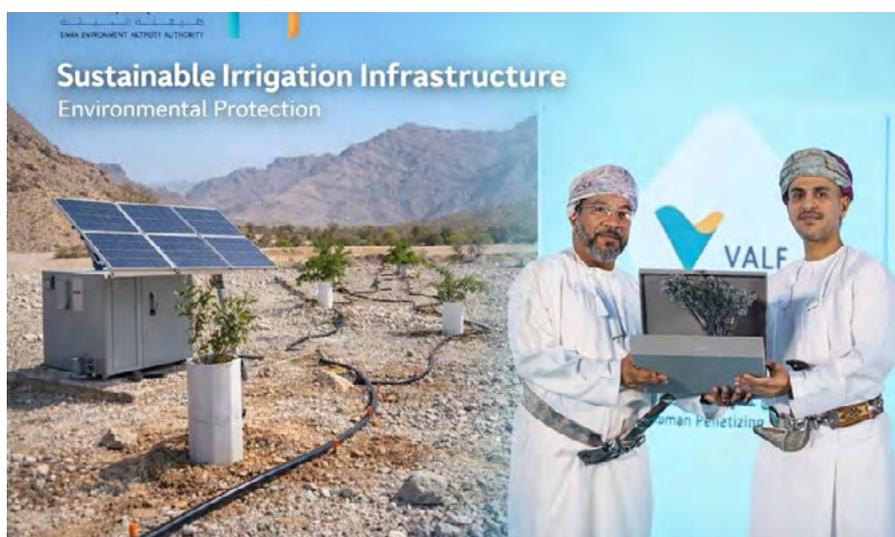
By supporting this upgrade, MPC contributes to improved public service delivery and enhanced community engagement. The

initiative reflects the Company's commitment to institutional development and sustainable public infrastructure.

#### 5. Sustainable Irrigation Infrastructure – Environmental Protection

In support of environmental conservation and sustainable development, MPC contributed **₹** 3,800 to a sustainable irrigation infrastructure project implemented under the Environmental Authority of Musandam. The project involved the installation of a solar-powered drip irrigation system to support a tree-planting initiative.

The initiative promotes efficient water usage, enhances vegetation cover, supports carbon sequestration, and improves air quality. It also enhances social impact by raising environmental awareness and encouraging community engagement in sustainable practices. From a governance perspective, the initiative reflects MPC's commitment to responsible corporate conduct and alignment with national environmental policies, ESG principles, and Oman Vision 2040.





### CSR Outlook – 2026

Looking ahead, Musandam Power Company SAOG aims to further enhance the impact of its Corporate Social Responsibility (CSR) initiatives by aligning future programs with the United Nations Sustainable Development Goals (SDGs), Environmental, Social, and Governance (ESG) principles, and the national priorities outlined under Oman Vision 2040. This integrated approach ensures that the Company's CSR activities contribute meaningfully to sustainable economic diversification, social well-being, environmental protection, and human capital development.

The Company will continue to embed responsible business practices within its operations while strengthening strategic partnerships with government entities, local communities, and other stakeholders in the Musandam Governorate. Through targeted, measurable, and high-impact initiatives, Musandam Power Company SAOG remains committed to supporting the Sultanate's long-term development objectives and delivering sustainable social, economic, and environmental value to the communities it serves.





# MANAGEMENT DISCUSSION AND ANALYSIS REPORT



# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management of Musandam Power Company SAOG (the “Company”) is pleased to present its report on the Company’s business structure, opportunities and challenges, operational and financial performance, risks and concerns, outlook, and other matters of importance to the shareholders.



## Overview

The Company is the first independent power plant in the Musandam Governorate and its core business activity is to develop, own, and operate the Musandam Independent Power Plant (the “Plant”). The Plant comprises 15 Wärtsilä 34DF dual fuel reciprocating engines, running primarily on natural gas but capable of switching to Fuel Oil, if necessary, with a contracted power capacity of 120.7 MW and is located on a coastal site within Musandam Governorate, approximately 500km from Muscat in Oman. It has been in full commercial operation since 17th June 2017.

The Company currently generates its revenues pursuant to a 15-year term PPA with NPWP, which is indirectly wholly owned by the Government. The power produced from the Plant is fully contracted to NPWP and used to meet the growing power demand of the Musandam Governorate during the term of the PPA and beyond. The Plant has the capability to supply the majority of the peak demand of 130 MW (Under NPWP Peak Demand) estimated by 2031 as per NPWP’s 7-year statement (2025-2031). Natural gas is the primary fuel with Fuel Oil as backup fuel. The Company has signed a long-term NGSA with the IGC\* to secure a supply of natural gas being the primary fuel over the contracted PPA period. The company has signed a call of contract with Al Maha Petroleum Products Marketing Company SAOG for the supply of Diesel as a contingency measure in the event of gas shortages or unavailability. The Plant’s output is connected to the Oman Electricity Transmission Company (OETC) grid through a 132 kv line built by OETC and serves the Musandam Power System. Wärtsilä Muscat SPC, a 100% subsidiary of Wärtsilä Corporation (“WMU”), a leading global corporation that manufactures and services power sources and other equipment in the energy and marine markets is the EPC Contractor and O&M contractor. Further, the Company has also signed a 15-year LTSA with WMU to ensure the successful long-term operating performance of the Plant.

*\* Effective from 1st January 2023, vide Ministry of Energy & Minerals Ministerial decision No [19/2023] (the MEM transfer decision) and Ministerial Decision No. 248/2022 of the Minister of the Finance (the MOF decision), the MOF has established a Wholly owned Oman Government Company named Integrated Gas Company SAOC (IGC) and set the mandate to transfer all the agreements related to the gas sale, purchase, supply, transportation, and related agreements from the Ministry of Energy & Minerals (the “MEM”) to the IGC per the MEM transfer decision.*



### Industry structure and development

In 2004, the 'Sector Law' came into force which provides the framework for the industry structure of electricity and related water in Oman. It led to the setting up of an independent regulatory agency, the Authority for Public Services Regulation (APSR), a single procurement company, Nama Power and Water Procurement Company SAOC (NPWP), and a holding company, Electricity Holding Company SAOC (EHC).

NPWP is responsible for ensuring that there is sufficient electricity and water production capacity available at the lowest cost to meet growing demands in Oman. NPWP undertakes long-term generation planning and identifies new projects to be developed by private sector entities, to meet the future power generation and water desalination requirements of Oman.

Oman's electricity and water sector are partly government-owned and partly privatized. NPWP's portfolio of contracted power capacity comprises long-term contracts with several plants in operation.

The Company is closely following NPWP's "spot market" arrangements for the future procurement of power from independent power producers. Oman's electricity spot market has been fully operational since 1 January 2022, functioning alongside existing long-term power purchase agreements (PPAs). Through this market, NPWP procures electricity on a daily basis based on competitive offers from generation companies, with prices determined for each half-hour trading period.

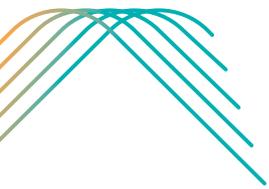
In parallel, the Authority for Public Services Regulation (APSR) remains actively engaged in refining the market framework, having approved amendments to the market rules in March 2024, with the updated rules becoming effective from 1st January 2025.

The Company has undertaken an assessment of the long-term potential for deploying renewable energy solutions, including solar photovoltaic (PV) and wind energy, in the Musandam region. Based on current technology, cost structures, and the unique geographical and climatic characteristics of Musandam, such options are not presently commercially viable at utility scale. Consistent with this assessment, Nama Power and Water Procurement Company (NPWP) has indicated that large-scale solar or other renewable energy projects are not expected to be developed in Musandam in the near to medium term (Source: NPWP Annual Report 2024).



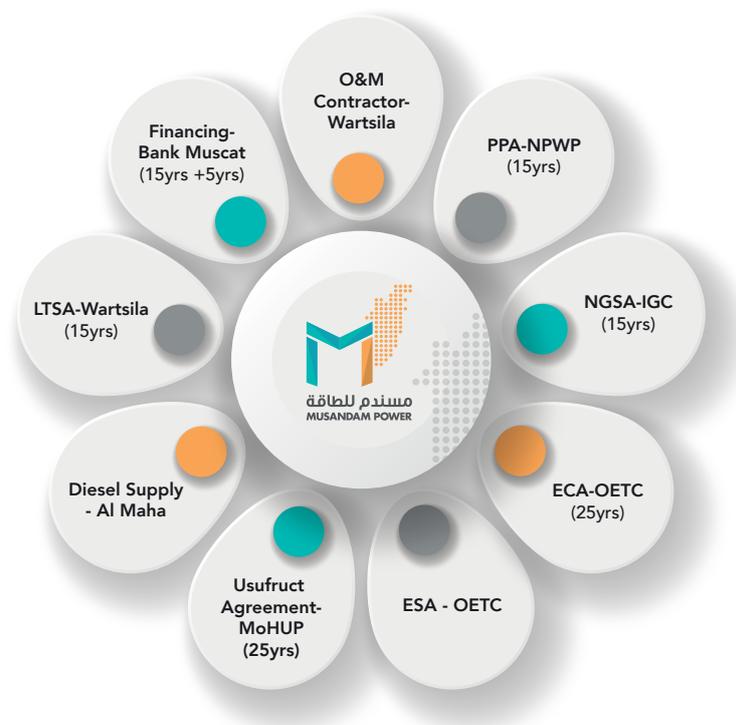
### Opportunities and Challenges

The Company has a well-established contractual framework ensuring stable and predictable cash flows like other IPPs in Oman with long-term power purchase agreements, ensuring cash flow protection against adverse events.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONTINUED)

### Contractual Framework



### Power Purchase Agreement (PPA)

The PPA was executed between the Company and Nama Power and Water Procurement Company SAOC ("NPWP") on 13th April 2015. The PPA details the terms agreed between the Company and NPWP pursuant to which Musandam Power Company shall undertake the Project.

Under the PPA, the Company is obliged to exclusively sell electrical energy output to NPWP and in return, receive from NPWP capacity charges, electrical energy charges, and fuel charges. Capacity charges are designed to cover fixed costs (including debt service and return on capital); electrical energy charges are designed to cover variable operating costs of generation (excluding fuel costs). The fuel charge is the amount payable to compensate the Company for the total fuel demand required to produce electrical energy to be delivered in accordance with the terms of the PPA.

Subject to certain adverse events, NPWP risk events, and termination provisions contained therein, the term of the PPA commenced on 26th July 2015 and the original expiry date as per the PPA was 17th December 2031, (the date which falls 15 years after the SCOD). Due to a delay in testing by OETC (formerly known as RAECO), the PPA expiry has been extended to 23rd January 2032.

### Natural Gas Sales Agreement (NGSA)

The NGSA was entered into between the Integrated Gas Company SAOC ("IGC") and the Company on 12th July 2015. It establishes the terms upon which the Company purchases natural gas as feedstock for the Plant from the IGC. The NGSA term is linked to the PPA term and therefore expires on 23rd

January 2032 (The same date as the PPA expiry date). In certain circumstances, the NGSA term will automatically be extended to reflect any extensions to the term of the PPA.

As per the NGSA terms, the Company will pay for the natural gas delivered at the gas delivery point, covering all associated transportation costs, taxes, duties, and relevant charges. The gas price will increase annually starting from 1st January 2016, compounded either by a three percent annual rate or the percentage change in the average US Consumer Price Index for the previous calendar year, whichever is greater.

### **Electrical Connection Agreement (ECA)**

The ECA was entered into between Oman Electricity Transmission Company SAOC (OETC) and the Company. The ECA sets out the terms and conditions upon and subject to which OETC and Musandam Power have agreed that Musandam Power shall connect to the Transmission System.

The ECA became effective from the date of its execution on 14 May 2015 and shall remain in force for an initial period of 25 years (the "Initial Term") and will continue in force beyond the expiry of the Initial Term unless and until either party terminates the ECA on twelve months prior written notice to the other, provided that no such notice shall take effect before the expiry of the Initial Term.

### **Usufruct Agreement**

The UAS was executed between the Ministry of Housing & Urban Planning ("MoHUP") and the Company on 9th February 2015. The UAS constitutes the usufruct agreement in relation to the Site. The UAS has a term of 25 years from the date of ratification of the UAS by the Government, subject to a further extension of 25 years at the option of the Company. The Company is under an obligation to only use the Site for the stated purpose as described in the UAS.

### **Operation and Maintenance Agreement (O&M Agreement)**

As per the Operations and Maintenance (O&M) Agreement, Wartsila Muscat SPC ("WMU") will continue to operate and maintain the Company's plant until June 2032. Under the O&M Agreement, the Company pays a fixed operating fee to the O&M contractor. The initial O&M Agreement, signed in July 2015, expired on 16th June 2022 and was subsequently extended for 3 + 1 + 1 years, taking effect immediately upon expiry of the initial agreement.

During 2025, MPC conducted a comprehensive competitive tendering process and technical and commercial evaluations for the O&M services. Based on this process, Wartsila was selected again as the most competitive and technically compliant bidder among the participants. Accordingly, the O&M contract has been extended for a further seven (7) years, effective from June 2025 until June 2032.

### **Long-Term Services Agreement ("LTSA")**

The LTSA was entered into by the Company and Wärtsilä Muscat SPC ("WMU") on the 25th of November 2014 and was amended on the 24th of June 2015. Under this agreement, WMU performing certain maintenance services including supply of spares and 'variation work' such as upgrades etc.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONTINUED)

The LTSA will terminate upon the earlier of the 15th anniversary of the COD or the reaching of 70,000 ERH (Engine Running Hours) on the applicable 'power unit' (each reciprocating engine unit and all ancillary components and generator equipment).

### **ESA (Electricity Supply Agreement)**

The Electrical Supply Agreement was entered into between OETC and the Company on 6th April 2015.

This agreement sets out the terms upon which OETC undertakes to supply electricity to the site for use by the Company. Under the terms of the ESA, the Company is required to pay for and install suitable metering equipment and pay the "Permitted Tariffs" for the electricity used as defined therein. The ESA also provides that OETC may disconnect the supply where, among other things, the Company fails to pay sums due, the installation or use of the electricity interferes with OETC's system, or the Company fails to comply with any condition of the ECA. Either party may terminate the agreement upon the provision of 30 days prior written notice. However, this agreement is only intended to act as a backup to complement the other power generation and emergency power generation facilities located on the Site.

### **Facilities Agreement**

The Company has entered into financing agreements with Bank Muscat SAOG, for an aggregate amount of approximately ~~Q~~ 84.25 million (US\$ 219.04 million) subject to the terms of the Facilities Agreement, dated 1st July 2015. The Term Facility has a tenor of 15 years which is extendable by a period of up to 5 years with a fixed coupon of 4.6% per annum for the first 7 years and 3 months from the effective date (the First IR Date).

During the year 2022, the period of 7 years and 3 months from the effective date (the first IR date) was completed. The interest rate was revised to 5.25% per annum (a rate equal to the lower of the 5-year fixed deposit rate of the Facility Agent as of the Specified Time on the First-Rate Fixing Date + 2% per annum or 6%) until the date falling 12 years and 3 months from the effective date. Thereafter the interest rate is to be the lower of Bank Muscat 5 years deposit rate + margin of 2% or 6% with a maximum cap of 6% until the Senior Final Maturity Date.

The Facilities Agreement does not impose any mandatory cash sweep mechanism with respect to the repayment of the Facilities.

### **Diesel Supply Contract with Al Maha Petroleum Products Marketing Company SAOG Agreement**

The company has signed a new call-of-contract with Al Maha Petroleum Products Marketing Company SAOG for the supply of Diesel as a contingency measure in the event of gas shortages or unavailability. The contract took effect in February 2025 and will expire in February 2028, with an option to extend for an additional two years.



## Discussion on operational performance

### Health and Safety

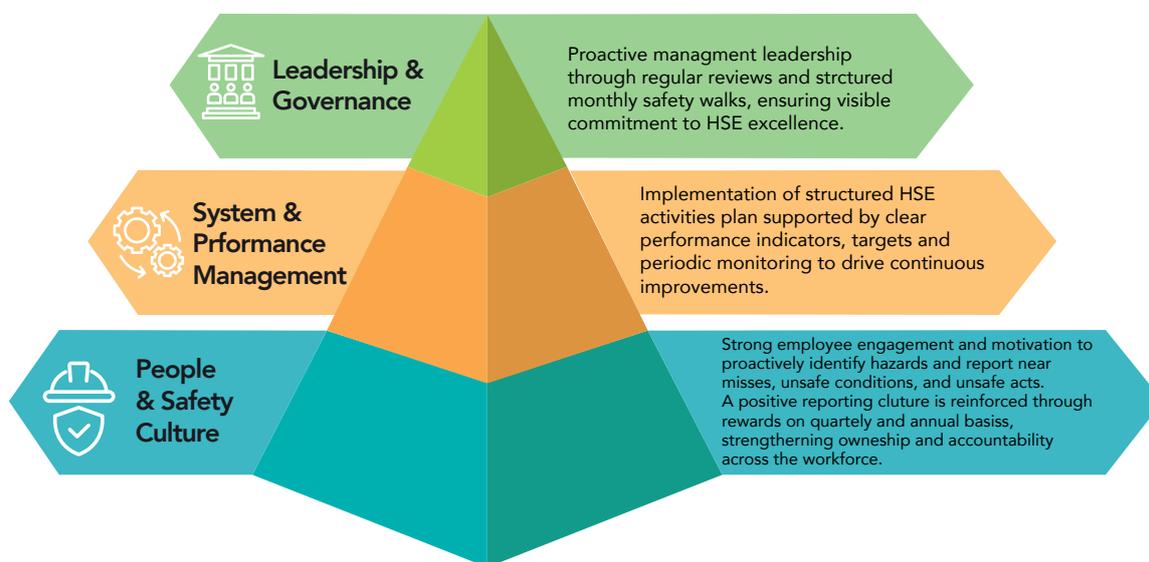
Health and Safety remains a core value of the Company and is embedded across all activities involving Wartsila O&M, contractors, and sub-contractors, in line with the objectives set by Top Management.

Based on Wartsila's monthly and year-end HSE reports, the overall HSE performance for calendar year 2025 was very strong and reflects the effectiveness of the Company's proactive safety culture and governance framework.

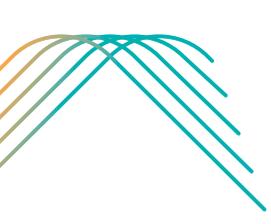
#### Overall HSE Performance in 2025:

- Zero Lost Time Injuries (LTI) recorded throughout the year.
- No fatalities (FAT), Restricted Work Cases (RWC), or Motor Vehicle Incidents (MVI) reported.
- No environmental incidents were reported during the year or since COD.

### Building Safety Excellence through Leadership, Systems and People



Plant operations and maintenance are managed by Wartsila, who hold internationally recognized certifications including ISO 9001, ISO 14001, and OHSAS 18001, reinforcing the commitment to safe, reliable, and environmentally responsible operations.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONTINUED)

### **Audits, Inspections & Drills**

During 2025, both internal and external audits were successfully conducted with no major findings identified, demonstrating the robustness of the Company's HSE management systems. The MPC Internal Audit carried out in February 2025 confirmed effective compliance with internal HSE requirements, supported by structured corrective actions. In addition, two external third-party audits were completed by Applus Velosi, further validating compliance with applicable HSE standards. An HSE inspection by NPWP was also conducted in December 2025, reinforcing regulatory oversight and alignment with national HSE expectations. Emergency preparedness was further strengthened through the execution of emergency mock drills, including for example rescue-from-height scenarios, which demonstrated effective coordination, response capability, and workforce readiness. Throughout the year, regular safety walks, safety committee meetings, and planned HSE training sessions were consistently conducted, contributing to the continuous improvement of site safety performance.

### **Proactive Safety Culture**

The Company maintains a strong proactive safety culture, whereby every near miss, unsafe act, and unsafe condition is formally reported, investigated, and communicated across the workforce. This systematic approach has significantly enhanced hazard awareness at all levels, strengthened the safety reporting culture, and contributed to the sustained reduction of high-severity incidents. Continuous engagement of employees and contractors in HSE initiatives has played a key role in reinforcing safe behaviors and maintaining the site's strong safety performance throughout the year.

### **Human Resources – training and career development**

Training programs at the plant are established by Wartsila. These are primarily aimed to ensure that all site employees perform their tasks most efficiently and safely. The Company and Wartsila are committed to empowering qualified Omani Nationals to acquire better-quality engineering and related skills and take up higher responsibilities in operating and maintaining the Plant. To this end, since inception, the strategy of the Company and Wartsila has been to train and develop qualified Omani staff to take up additional responsibilities in due course. The annual performance review of each employee includes an assessment of their career growth carried out. Wartsila has been successful in identifying candidates, especially young Omani graduates, with high potential to take them through a higher level of specialized training and peer guidance to develop the skills & competency to higher levels.

At the HQ level, the company sets an Individual Development Plan for every employee to empower qualified Omani Nationals to acquire better-quality related skills and take up higher responsibilities, helping them to fulfill their assigned tasks. An annual performance review of each employee includes an assessment of their career growth and is carried out. The Overall Omanisation for the company is 100%.

### **Net energy export and load factor**

Net energy export and plant load at MIPP increased during 2025, with the plant achieving a maximum load of 81 MW and a total energy export of approximately 395 GWh during the year.

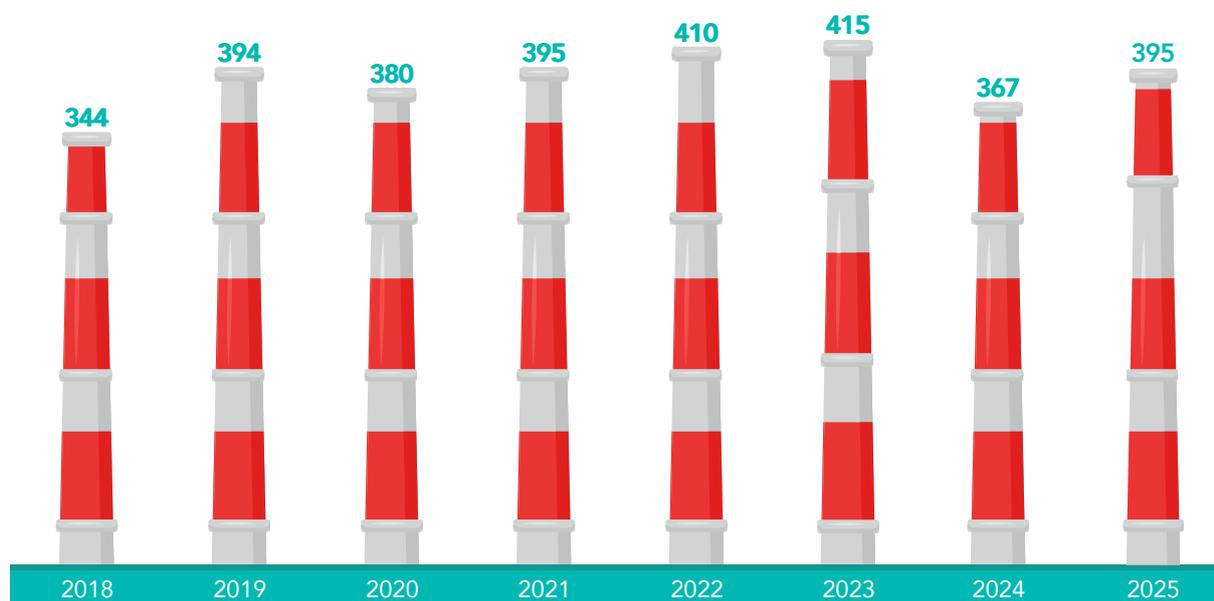
Despite the operation of one to two generating units at Khasab Power Station (KPS) in parallel with MIPP, the overall system demand continued to increase. As discussed with OETC, this rise in load was primarily driven by growth in customer demand, coupled with higher ambient temperatures during

certain summer months, which further contributed to increased electricity consumption.

Notably, the total Musandam system load reached approximately 99 MW on 23 June 2025 at 13:51 hours, with load sharing of 81 MW from MIPP and 18 MW from KPS at that time.

Throughout the year, the plant consistently fulfilled load demand from the Musandam power grid and maintained stable operations. The efficiency of the power plant is measured by the heat rate, defined as the amount of heat energy required to produce one unit of electrical power. Since commercial operation, the plant heat rate has remained well within the guaranteed operational limits.

### MIPP Plant Net Generation (GWh)



### Capacity

The capacity of a plant is defined as the total electrical power (MW), which can be delivered by the plant at reference site conditions. The tariff structure agreed within the PPA and the Operation and Maintenance Agreement with Wartsila focuses on a fundamental feature that the profitability of the Company is mainly derived from the Plant's reliability. The reliability of the plant is its ability to deliver the declared capacity, as per the PPA.

The Capacity revenue is closely associated with Plant availability and reliability, among other parameters like contracted capacity and indexation mechanism provided within the PPA.

Plant reliability consistently maintained well since the beginning of plant operations, achieving 99.9% reliability during the year 2025. This continuous achievement deserves kudos to the Plant operating staff.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONTINUED)

### **Maintenance**

Maintenance of the Plant was undertaken in accordance with the standard operations and maintenance processes recommended by the Original Equipment Manufacturers (OEM). All scheduled maintenance activities are up to date and completed on time.

### ***Diesel Fuel System Reliability Enhancements***

To address the diesel fuel system challenges experienced during 2023 and to further strengthen plant reliability, the Company has undertaken and planned the following key initiatives:

#### 1. Diesel Storage Tanks – Major Maintenance Completed

Physical cleaning, detailed inspection, and full repainting of both diesel storage tanks were successfully completed in July 2025 as part of comprehensive maintenance activities. These works have delivered the following key benefits:

- Significant extension of the useful life of the tanks, with remaining life assessed to be in excess of 40 years based on API 653 inspection outcomes.
- Reduced corrosion risk and improved structural integrity, enhancing long-term containment reliability and environmental protection.
- Mitigation of debris and metallic contamination risks, thereby protecting downstream equipment such as feeder pumps, filters, and associated piping.
- Improved operational stability and safety, reducing the likelihood of unplanned outages or fuel related disturbances to plant operation.

#### 2. Fuel Oil System Design Modifications, Planned for 2026

In addition, the Company has awarded the scope for fuel oil system design modifications to the plant OEM, Wartsila, with execution scheduled to commence in 2026. These modifications are expected to deliver the following benefits:

- Enhanced system robustness and reliability, addressing root causes identified during past operational events.
- Improved filtration, debris management, and system protection, reducing the risk of contamination entering critical equipment.
- Improved operating margins for fuel oil pumps and auxiliary equipment, supporting stable performance during diesel operation.
- Reduced likelihood of unplanned outages and operational disturbances, thereby strengthening overall plant and grid stability during periods of diesel usage.

These completed and planned initiatives together provide an additional layer of assurance regarding the reliability, safety, and long-term sustainability of the fuel oil system and are expected to be fully realized by 2026.

## Discussion on financial performance

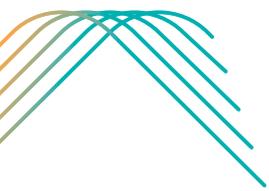
### Financial Highlights

Figures in  millions		2025	2024	% Change
Revenues	1	<b>19.431</b>	18.466	5.23%
Operating Costs		<b>12,916</b>	11,851	8.99%
Gross Profit		<b>6.515</b>	6.615	(1.51) %
Finance Costs (net)		<b>(2.739)</b>	(2.897)	(5.45) %
Net Profit	2	<b>2.361</b>	2.388	(1.13) %
Net Profit before Finance costs and Tax	3	<b>5.512</b>	5.769	(4.45) %
Total Assets	4	<b>68.307</b>	68.552	(0.36) %
Capital (Paid-up)	5	<b>7.039</b>	7.039	-
Shareholders' Fund (Net Assets)	6	<b>12.552</b>	12.134	3.44%
Term Loan and WCF	7	<b>48.744</b>	50.295	(3.08) %
Number of shares outstanding at year-end	8	<b>70.390</b>	70.390	-
Ordinary Dividends	9	<b>1.943</b>	1.943	-
<b>Key Financial Indicators:</b>				
Net Profit Margin	2/1	<b>12.15%</b>	12.93%	-
Return on Capital (Paid-up)	2/5	<b>33.54%</b>	33.93%	-
Return on Capital Employed	3/ (6+7)	<b>8.99%</b>	9.24%	-
Debt Equity ratio	7/6	<b>3.883</b>	4.145	-
Net assets per share (Baizas)	6/8	<b>0.178</b>	0.172	3.67%
Basic earnings per share (Baizas)	2/8	<b>0.034</b>	0.034	(1.35) %
Dividends per share (Baizas)		<b>27.6</b>	27.6	-

### Analysis of Profit & Loss

In 2025, the Company achieved a revenue growth of 5.23%, driven by periodic tariff adjustments in line with price indexation and an associated rise in energy demand.

This revenue expansion was accompanied by an increase in operating cost driven by a rise in operating and maintenance expenses. This cost escalation was a direct result of the increase in the running hours



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONTINUED)

throughout the year compared to the last year, leading to a reduction in gross profit margin by ₺ 0.100 million, equivalent to a 1.51% decrease from 2024.

Finance costs for the year 2025 totaled ₺ 2,739. This represents a decrease of approximately 5.5% from the 2024 figure of ₺ 2,897.

Consequently, profit before tax declined by ₺ 0.099 million (3.45%) compared to the previous year, primarily as a result of the increase in the operating costs and the general and administrative expenses.

The company recorded a net profit of ₺ 2.361 million in 2025, representing a slight decrease of 1.13% from the ₺ 2.388 million reported in 2024.

As of 31st December 2025, the company's share price increased to 330 Baizas per share, compared to 276 Baizas in 2024, reflecting strengthened investors' confidence in the Company's performance, fundamentals, and future outlook.

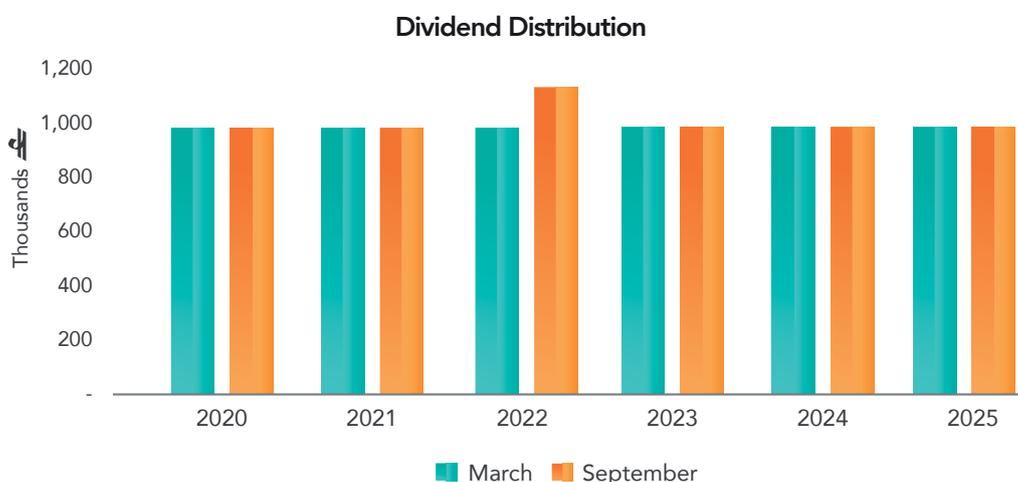
### **Analysis of Balance Sheet**

Non-current assets stood at ₺ 62.967 million as of 31 December 2025, compared to ₺ 64.199 million reported the previous year. The decrease is primarily due to depreciation charged during the year. The year-end balance of the non-current assets included Capital Work in Progress (CWIP) amounting to ₺ 0.536 million, relating to projects under construction such as a Cyber Security initiative and an upgraded fuel system. Trade receivables include NPWP's December 2025 invoice & IGC Fuel incremental claims up to December 2025. Cash and cash equivalents stood at ₺ 0.405 million as of 31st December 2025, as compared to ₺ 0.818 million last year.

The Shareholder's Funds (Net Assets) stood at ₺ 12.552 million as of 31st December 2025 as compared to ₺ 12.134 million as of 31st December 2024 mainly due to higher profitability. Term Loans (including non-current and current balances) have been reduced to ₺ 45.744 million as a result of scheduled loan repayments in accordance with the terms agreed within the Facilities Agreement. The Company maintains adequate provisions for asset retirement obligation to enable it to fulfill its associated contractual obligation at the end of the Plant's useful life.

### **Dividend Distribution**

The Company's dividend policy of distributing available cash is conditional upon fulfillment of covenants agreed within the Facilities agreement, which include making adequate provisions for forecasted loan repayments and operating expenses. Consistent with the Company's policy and in accordance with Financial Services Authority regulations, the Company declared and distributed a dividend totaling ₺ 1.942 million during 2025. This comprised dividends of ₺ 0.971 million each in March 2025 and September 2025, equivalent to 13.8 Baizas per share on each occasion, based on a par value of 100 Baizas per share.



## Risks and Concerns

### Loss of Availability due to Machinery Breakdown

The principal risk to the Company is the plant being unavailable due to a mechanical breakdown. To mitigate this risk, the Company ensures and monitors that Wärtsilä operates and maintains the Plant in line with the Company's policies, principles, directives, and best practices in the industry and as per maintenance schedule prescribed by the OEMs. In addition, comprehensive insurance policies are maintained to further transfer and mitigate the financial impact of such risks.

### Loss of Availability due to Accidental Damage

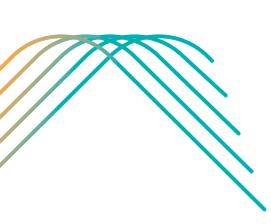
Following industry best practices, the Company ensures that adequate insurance policies are in place to protect the business against any property damage and loss of income arising from accidental damage.

### NPWP Payments

During the year, NPWP settled in full all invoices within the agreed credit period.

### Availability of Gas

The company is optimistic about the challenges related to natural gas availability, a significant contrast from the issues faced up until 2022. Collaborative efforts with the government, which have proven effective, contributed to a more stable situation. Significantly, in November 2022, MEM through OQ arranged Dolphin Gas to counteract the gas shortage from MGP. This strategic initiative not only addressed the immediate challenge but also resulted in a notable reduction in diesel dependency. During the year 2025, the plant predominantly operated with 97% on gas fuel, with 3% utilizing diesel. The company expects this positive trend to persist in 2026, despite occasional reliance on diesel prompted by gas supply shortage.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONTINUED)

### Spot Market

NPWP has developed a wholesale electricity Spot Market through which power generators will be able to sell electricity, with NPWP as the sole purchaser. The geographical scope of the Spot Market is the Main Interconnected System (northern area of Oman). Musandam Power Grid has not been included in the Spot Market. Thus, the Company does not see any impact of the Spot Market on the Company's revenues.



### Outlook

All reasonable and prudent measures will be taken by the management of the Company to ensure high standards of health, safety, environmental compliance, reliability, and availability are maintained over 2026.

The Company conducts no other business in the Sultanate of Oman or outside and has no subsidiaries.



### Internal control

The management is fully aware of the importance of a strong internal control system. The internal auditor's scope of work includes analysis of the business risks and review of the internal controls under the supervision of the Audit and Risk Committee of the Board. The management continues to evaluate all business processes along with related policies and procedures and also implements the recommendations of the internal auditor to further augment the overall internal controls environment of the Company.

The internal auditor executes all the functions as prescribed under the Code of Corporate Governance professionally and submits regular reports to the Audit and Risk Committee as per the approved annual internal audit plan.



### Conclusion

The management acknowledges and appreciates the commitment and diligence of all the employees of the Company while assuring them of their career advancement and continued welfare.







# FINANCIAL STATEMENTS

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MUSANDAM POWER COMPANY SAOG**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Musandam Power Company SAOG (“the Company”), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the financial statements’ section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
MUSANDAM POWER COMPANY SAOG (continued)**

**Key audit matters (continued)**

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p>As at 31 December 2025 the Company holds non-financial assets comprising the property, plant and equipment and right of use assets amounting to RO 62.967 million. These non-financial assets and the related lease liabilities are considered as one cash generating unit (CGU) and are tested for impairment because of the existence of impairment indicators. For ascertaining the impairment, the management compares carrying values with the recoverable amount that is determined based on the higher of 'value in use' or 'fair value less costs of disposal'.</p> <p>We have considered the impairment testing of the non-financial assets of the Company as a key audit matter since significant complexity of judgement is involved in the making of the assumptions required to estimate the recoverable amount. The management has determined the recoverable amount of the CGU, as a higher of the value in use or fair value less costs of disposal. The value in use, has been derived from discounted forecast cash flow model that uses several key assumptions, including estimates of future fixed and variable income, operating costs and the weighted-average cost of capital (discount rate). Note 5 to these Financial Statements describes the various factors that have been considered in performing the impairment testing of Property, Plant and Equipment as on 31 December 2025.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• Evaluating the design and implementation of key internal controls around the impairment assessment;</li> <li>• Involving our own valuation specialist to assist in evaluating the appropriateness of the discount rate applied;</li> <li>• Evaluating the appropriateness of the assumptions applied to key inputs such as estimate of future fixed and variable income, operating costs which included comparing these inputs with our own assessments based on our knowledge of the client and the industry plus an alignment to the OPWPs 7 years statement (2023-2029);</li> <li>• Testing the mathematical accuracy of the discounted cash flow model;</li> <li>• Performing our own sensitivity analysis, which included assessing effect of reasonably possible reductions in forecast cash flows to evaluate the impact on the currently estimated headroom for the nonfinancial assets; and</li> <li>• Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements.</li> </ul>

**Other information included in the Company's 2025 Annual Report**

Management is responsible for the other information. The other information comprises the information included in the Company's Annual report 2025, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MUSANDAM POWER COMPANY SAOG (continued)**

### **Other information included in the Company's 2025 Annual Report (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, the relevant disclosure requirements of the Financial Services Authority and the Commercial Companies Law of the Sultanate of Oman, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MUSANDAM POWER COMPANY SAOG (continued)

### Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

In our opinion, the financial statements of the Company as at and for the year ended 31 December 2025 comply, in all material respects, with the relevant disclosure requirements of the Commercial Companies Law of the Sultanate of Oman, and disclosure requirements for Public Joint Stock Companies issued by the Financial Services Authority.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Karl Jackson.

### CROWE MAK GHAZALI LLC



**Karl Jackson**  
Engagement Partner

Muscat, Sultanate of Oman  
08 February 2026



## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Notes	31 December 2025 £ '000	31 December 2024 £ '000
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	5	<u>62,967</u>	64,199
<b>Current assets:</b>			
Inventories	6	<b>3,528</b>	2,064
Trade and other receivables	7	<b>1,407</b>	1,308
Cash and bank balances	8	<u>405</u>	818
		<b>5,340</b>	4,190
<b>Total assets</b>		<b><u>68,307</u></b>	<b><u>68,389</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity:</b>			
Share capital	9	<b>7,039</b>	7,039
Legal reserve	10	<b>2,183</b>	1,947
Retained earnings		<u>3,330</u>	3,148
<b>Total equity</b>		<b><u>12,552</u></b>	<b><u>12,134</u></b>
<b>Non-current liabilities:</b>			
Senior facility loan	11(a)	<b>42,011</b>	45,674
Provision for asset retirement obligation	13	<b>211</b>	201
Lease liability	14	<b>90</b>	94
Deferred tax liability	20(c)	<b>4,903</b>	4,491
Employees' end of service benefits		-	12
		<u>47,215</u>	50,472
<b>Current liabilities:</b>			
Senior facility loan	11(a)	<b>3,733</b>	3,621
Short term loan facility	11(b)	<b>3,000</b>	1,000
Lease liability	14	<b>4</b>	3
Trade and other payables	12	<u>1,803</u>	1,159
		<b>8,540</b>	5,783
<b>Total liabilities</b>		<b><u>55,755</u></b>	<b><u>56,255</u></b>
<b>Total equity and liabilities</b>		<b><u>68,307</u></b>	<b><u>68,389</u></b>
<b>Net assets per share</b>	24	<b><u>0.178</u></b>	<b><u>0.172</u></b>

These financial statements were approved by the Board of Directors on 8th February 2026 and were signed on its behalf by:



**Chairman**



**Director**

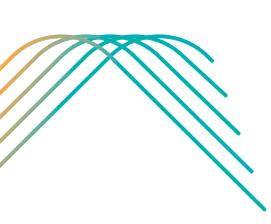
The accompanying notes on pages 64 to 100 form part of these financial statements.

**STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2025**



		<b>Year ended 31 December 2025</b>	Year ended 31 December 2024
	Notes	<b>ﷲ '000</b>	<b>ﷲ '000</b>
Revenue	15	<b>19,431</b>	18,466
Operating costs	16	<b>(12,916)</b>	(11,851)
<b>Gross profit</b>		<b>6,515</b>	6,615
General and administrative expenses	17	<b>(1,003)</b>	(846)
Finance costs	18	<b>(2,739)</b>	(2,897)
<b>Profit before tax</b>		<b>2,773</b>	2,872
Tax expense	20(a)	<b>(412)</b>	(484)
<b>Profit and total comprehensive income for the year</b>		<b>2,361</b>	2,388
<b>Basic and diluted earnings per share for the year</b>	23	<b>0.034</b>	0.034

The accompanying notes on pages 64 to 100 form part of these financial statements.



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

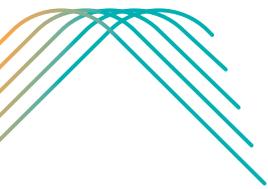
	Share capital	Legal reserve	Retained earnings	Total
	<u>₹</u> '000	<u>₹</u> '000	<u>₹</u> '000	<u>₹</u> '000
At 1 January 2024	7,039	1,709	2,941	11,689
Profit and total comprehensive income for the year	-	-	2,388	2,388
Transfer to legal reserve (note 10)	-	238	(238)	-
Dividends paid (note 27)	-	-	(1,943)	(1,943)
At 31 December 2024	<u>7,039</u>	<u>1,947</u>	<u>3,148</u>	<u>12,134</u>
<b>At 1 January 2025</b>	<b>7,039</b>	<b>1,947</b>	<b>3,148</b>	<b>12,134</b>
Profit and total comprehensive income for the year	-	-	<b>2,361</b>	<b>2,361</b>
Transfer to legal reserve (note 10)	-	<b>236</b>	<b>(236)</b>	-
Dividends paid (note 27)	-	-	<b>(1,943)</b>	<b>(1,943)</b>
<b>At 31 December 2025</b>	<b><u>7,039</u></b>	<b><u>2,183</u></b>	<b><u>3,330</u></b>	<b><u>12,552</u></b>

The accompanying notes on pages 64 to 100 form part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Year ended 31 December 2025 S'000	Year ended 31 December 2024 S'000
<b>Cash flows from operating activities:</b>			
Profit before tax		2,773	2,872
<b>Adjustments for:</b>			
Finance costs	18	2,732	2,890
Provision for slow moving inventories	6	15	15
Provision for employees' end of service benefits		2	2
Finance cost on lease liability		7	7
Depreciation of property, plant and equipment	5	2,007	2,009
<b>Operating cash flows before working capital changes</b>		<b>7,536</b>	<b>7,795</b>
(Increase) / decrease in inventories		(1,479)	1,125
Increase in trade and other receivables		(99)	(8)
Increase in trade and other payables		603	227
<b>Net cash generated from operating activities</b>		<b>6,561</b>	<b>9,139</b>
<b>Cash flows from investing activities:</b>			
Additions to property, plant and equipment	5	(775)	(106)
<b>Net cash used in investing activities</b>		<b>(775)</b>	<b>(106)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from short term loan facility	11(b)	6,000	4,000
Repayment of short-term loan facility		(4,000)	(4,500)
Repayment of senior facility loan		(3,621)	(3,458)
Repayment of lease liability		(10)	(10)
Dividends paid	27	(1,943)	(1,943)
Finance costs paid		(2,625)	(2,812)
<b>Net cash used in financing activities</b>		<b>(6,199)</b>	<b>(8,723)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(413)</b>	<b>310</b>
Cash and cash equivalents at the beginning of the year		818	508
<b>Cash and cash equivalents at the end of the year</b>	8	<b>405</b>	<b>818</b>

The accompanying notes on pages 64 to 100 form part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 1. Nature of operations

Musandam Power Company SAOG ("the Company") is primarily engaged in the design, construction, ownership, financing, operation, and maintenance of a dual fuel power plant ("the Plant") with natural gas as the primary fuel and diesel oil as the alternative fuel with a capacity of 120 Mega Watt (MW) located in Wilayat Bukha in the Musandam Governorate, the Sultanate of Oman ("the Project"). The Company is selling the electrical energy generated to Oman Power and Water Procurement Company SAOC ("OPWP"). The Company commenced its commercial operations on 17 June 2017.

### 2. General information

The Company was registered and incorporated as a closed joint stock company in the Sultanate of Oman on 18 November 2014. The Shareholders at the Company's Extraordinary General Meeting held on 28 May 2019 approved the conversion of the Company from a Closed Joint Stock Company ("SAOC") to a Public Joint Stock Company ("SAOG") by offering its shares for public subscription. The Company was listed on the Muscat Stock Exchange ("MSX") on 5 December 2019 and became a listed public company.

The registered office of the Company is PO Box 228, PC 134, Muscat, Sultanate of Oman.

#### Significant agreements:

The Company has entered into the following significant agreements:

- An Engineering, Procurement, and Construction ("EPC") contract with Wartsila Muscat LLC (the "EPC contractor") to carry out and complete all design, engineering, procurement, and construction of the power plant and implement the Project.
- A Long-Term Services Agreement ("LTSA") with the EPC contractor was executed on the 25th of November 2014 and was amended on the 24th of June 2015. The LTSA will terminate upon the earlier of the 15th anniversary of the COD or the reaching of 70,000 ERH (Engine Running Hours)
- A Power Purchase Agreement ("PPA") with OPWP to sell the electricity generated from the Plant having validity from 13th April 2015 to 23rd January 2032.
- A Natural Gas Sales Agreement ("NGSA") with Integrated Gas Company SAOC ("IGC") to purchase natural gas for the Plant having validity from 12th July 2015 to 23rd January 2032.
- An operation and maintenance agreement with the EPC contractor to operate and maintain the Plant. The agreement will expire on 16 June 2032.
- A diesel purchase agreement with Al Maha Petroleum Products Marketing Company SAOG. The contract will expire on 10th February 2028 + 2 years.
- An electrical connection agreement with Oman Electricity Transmission Company SAOC ("OETC") for the evacuation of the electricity generated from the Plant.
- Usufruct Agreement with the Ministry of Housing and Urban Planning ("MOH") for the project site, temporary areas, and OETC substation area. The usufruct agreement has a term of 25 years from 9th February 2015, subject to a further extension of 25 years at the option of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)



### 2. General information (continued)

- A senior facility loan agreement with Bank Muscat SAOG as the lead banker to fund the costs of the Project. The final maturity date of the loan under the TSF Facilities is stated as 17 December 2031.

\*\*Effective from 1 January 2023, vide Ministry of Energy & Minerals Ministerial decision No 19/2023 (the MEM transfer decision) and Ministerial Decision No. 248/2022 of the Minister of the Finance (the MOF decision), the MOF has established a Wholly owned Oman Government Company named Integrated Gas Company SAOC and set the mandate to transfer all the agreements related to the gas sale, purchase, supply, transportation, and related agreements from the Ministry of Energy & Minerals (the "MEM") to IGC per the MEM transfer decision.

### 3. Basis of preparation and adoption of new and amended IFRS Accounting Standards

#### Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, the disclosure requirements of the Financial Services Authority and the applicable provisions of the Commercial Companies Law of the Sultanate of Oman. These financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value, if any, through the statement of comprehensive income.

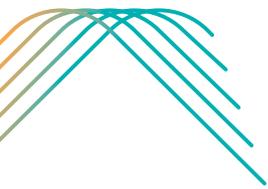
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to these financial statements are disclosed in Note 4.21

#### Functional and presentation currency

The financial statements are presented in Rial Omani (﷮) which is also the functional currency of the Company, and all values are rounded to the nearest thousands (﷮ '000) except where otherwise stated.

The following new Standards, amendments to Standards and Interpretations have become effective for the first time for the reporting periods beginning on or after 1 January 2025

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2024. However, the following new Standards, amendments to Standards and Interpretations have become effective for the first time for the reporting periods beginning on or after 01 January 2025.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 3. Basis of preparation and adoption of new and amended IFRS Accounting Standards (continued)

- Lack of exchangeability (Amendments to IAS 21)

These amendments introduce a consistent framework for assessing when a currency is exchangeable into another currency. Where exchangeability is lacking, the amendments specify how an entity determines the exchange rate to be used and introduce additional disclosure requirements to enable users of the financial statements to understand the effects of any lack of exchangeability. Consequential amendments were also made to IFRS 1 First-time Adoption of International Financial Reporting Standards.

The application of these amendments did not have a material impact on the Company's financial position, financial performance or cash flows.

Standards, amendments and interpretations to existing IFRS Accounting Standards that have been issued but are not yet effective

At the time of authorization of these financial statements, the following IFRS Accounting Standards, amendments to Standards, and Interpretations have been issued but not yet effective. In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the Company discloses information relevant to assessing the possible future effects of applying these requirements once effective.

Standards, amendments and interpretations to existing IFRS Accounting Standards that have been issued but are not yet effective (continued)

The Company will adopt these standards, amendments and interpretations in future reporting years as indicated below:

#### Effective date

Annual Improvements to IFRS Accounting Standards - Volume 11 (Clarifications and corrections in several standards, including IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)	January 01, 2026
Amendments to IFRS 9 and IFRS 7 for: Classification and Measurement of Financial Instruments	January 01, 2026
Amendments to IFRS 9 and IFRS 7 for: Contracts referencing Nature-dependant Electricity Generation	January 01, 2026
IFRS 18: Presentation and Disclosures in Financial Statements (new standard) and consequential amendments of other related standards	January 01, 2027
IFRS 19: Subsidiaries without Public Accountability: Disclosures (new standard)	January 01, 2027

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 3. Basis of preparation and adoption of new and amended IFRS Accounting Standards (continued)

The management of the Company believes that the adoption of the above new standards, particularly IFRS 18, and the amendments to existing standards may have impact on the presentation of the amounts and disclosures in the financial statements of the future periods when such standards or amendments shall be adopted. The Company will continue to evaluate the impact before first-time application.

In line with evolving IFRS disclosure expectations, particularly those relating to emerging uncertainty-related disclosures encouraged by the IASB Illustrative Examples (issued November 2025), the Company/Group continues to enhance reporting of financial statement uncertainties, including climate-related risks, where material.

### 4. Material accounting policy information

The principal accounting policies applied in the preparation of the financial statements are set out below. These accounting policies have been consistently applied by the Company to all periods presented, unless otherwise stated.

#### 4.1 Going concern assumption

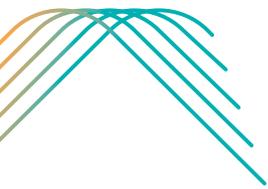
Management has, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Company's financial statements.

#### 4.2 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items in the statement of financial position at year-end exchange rates are recognised in the statement of profit or loss and other comprehensive income within the 'other income' or 'other expense'.

#### 4.2 Foreign currency transactions and balances (continued)

In the Company's financial statements, all items and transactions of the Company with a presented currency other than the Rial Omani (the Company's presentation currency) were translated into the presentation currency. Assets and liabilities have been translated into the Rial Omani at the closing rate at the reporting date. Income and expenses have been translated into the Company's presentation currency at the average rates over the reporting period. Non-monetary items are not retranslated at the year's end. They are measured at historic cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 4. Material accounting policy information (continued)

#### 4.3 Property, plant, and equipment

Property, plant, and equipment are initially recognised at acquisition cost, including any cost directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Property, plant, and equipment are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the major classes of depreciable assets as follows:

Plant and machinery	40 years
Building and civil works	40 years
Furniture and fixtures	3 years
Computer and office equipment	3 years
Motor vehicles	3 years

The principal useful lives applied by the Company are disclosed in Note 5.

Capital spares are recognised in the carrying amount of the affected item of property, plant, and equipment when it is put in use. The carrying amount of the replaced item is derecognised. When it is not practical to determine the carrying amount of the replaced part, the cost of the capital spares may be used as an indication of what the cost of the replaced part was at the time it was acquired.

Expenditure incurred to replace a component of an item of property, plant, and equipment that is capitalised if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant, and equipment. All other expenditure is recognised in the statement of profit or loss and other comprehensive income as the expense is incurred. When each major inspection is performed, its cost is recognised in the carrying amount of the property, plant, and equipment as a replacement if the recognition criteria are satisfied and the carrying amounts of the replaced components are written off to the statement of profit or loss and other comprehensive income.

An item of property, plant, and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the derecognition of the asset, calculated as.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)



### 4. Material accounting policy information (continued)

#### 4.3 Property, plant, and equipment (continued)

the difference between the net disposal proceeds and the carrying amount of the asset, is included in the statement of profit or loss and other comprehensive income in the period the asset is derecognised

The assets' residual values, useful lives, and methods are reviewed, and adjusted prospectively, if appropriate, at each financial year-end.

#### 4.4 Capital work-in-progress

Capital work-in-progress is stated at cost, less impairment, if any. When commissioned, capital work-in-progress is transferred to the appropriate property, plant and equipment category and depreciated in accordance with the Company's policy.

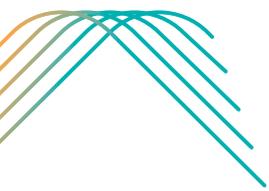
#### 4.5 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows as cash-generating units.

For impairment assessment purposes, the Company considers the power plant and related assets as a single CGU. The recoverable amount of this CGU is determined based on value-in-use calculations derived from expected cash flows under the PPA and management's long-term operating forecasts



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 4. Material accounting policy information (continued)

#### 4.6 Leases

##### **The Company as a lessee**

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

##### **Lease liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease or, if that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate; and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a separate line item in the statement of financial position. Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 4. Material accounting policy information (continued)

#### 4.6 Leases (continued)

##### Lease liability (continued)

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used.
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

##### Right-of-use asset

The right-of-use asset comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use asset is depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use asset is presented as a separate line item in the property, plant and equipment. The Company applies IAS 36 "Impairment of assets" to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the note 4.5.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Operating expenses" in the statement of profit or loss and other comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement- The Company has not used this practical expedient.

##### The Company as lessor

The Company has entered into a Power Purchase Agreement ("PPA") with Oman Power and Water Procurement Company SAOC ("OPWP") on take or pay arrangement for the sale of electricity generated by the Company to OPWP. PPA do not take the legal form of a lease but convey the rights to OPWP to use the Company's power generation plant in return for payments as defined in the contract. Contracts meeting these criteria are identified as either operating leases or finance leases.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 4. Material accounting policy information (continued)

#### 4.6 Leases (continued)

##### Right-of-use asset (continued)

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (for capacity revenue refer revenue accounting policy). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

#### 4.7 Financial instruments

To determine the classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IFRS 9 measurement categories of financial assets are:

- Financial assets carried at amortised cost;
- Financial assets carried at fair value through other comprehensive income (FVOCI); and
- Financial assets carried at fair value through profit or loss (FVTPL).

The Company's financial assets include trade and other receivables and cash and bank balances. These financial assets are measured at amortised cost.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit or loss and other comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss, the Company does not have any liabilities measured at fair value through profit or loss. Financial liabilities are measured subsequently at amortised cost using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 4. Material accounting policy information (continued)

#### 4.7 Financial instruments (continued)

##### I. Recognition and measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Accounts receivables are measured at the transaction price determined under IFRS 15.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Company does not trade in any financial liabilities and does not classify or measure any financial liabilities as at fair value through profit or loss. Consequently, all financial liabilities are classified and subsequently measured at amortized cost.

##### II. Derecognition of financial assets and liabilities

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit or loss and other comprehensive income.

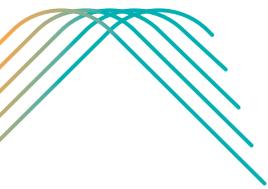
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss and other comprehensive income.

The Company's financial assets primarily comprise trade receivables and cash and bank balances, all of which are measured at amortised cost. Financial liabilities comprise loans and borrowings and trade and other payables, which are also measured at amortised cost.

##### Impairment of financial assets

The Company recognises allowances for expected credit losses (ECLs) on financial instruments, including financial assets measured at amortised cost and accounts and other receivables. Credit losses are measured as the present value of all cash shortfalls.

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Loss allowances for accounts receivables are always measured at an amount equal to lifetime ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. In assessing expected credit losses, the Company considers the credit quality of counterparties, including the fact that its major customers are government-related entities.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 4. Material accounting policy information (continued)

#### 4.7 Financial instruments (continued)

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

##### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. A receivable is considered as in default, if the receivable is past due more than 90 days.

Impairment provisions for other receivables are also recognised based on a forward looking expected credit loss model.

##### Write-off

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statement of profit or loss and other comprehensive income.

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if:

- there is a currently enforceable legal right to offset the recognised amounts; and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### 4.8 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plans main features to those affected by it. Provisions are not recognised for future operating losses.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)



### 4. Material accounting policy information (continued)

#### 4.8 Provisions, contingent liabilities and contingent assets (continued)

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Probable inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are disclosed as contingent assets.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

#### 4.9 Post employment benefits and short-term employee benefits

The provision for employees' end of service benefits is based upon the liability accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law, 2023 and the Social Security Law, 1991.

##### **Government of Oman Social Insurance Scheme (the "Scheme")**

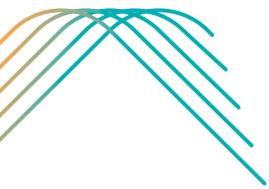
The Company contributes to the Scheme for all Omani employees. The Scheme, which is a defined contributions retirement plan, is administered by the Government of Oman. The Company and Omani employees are required to make monthly contributions to the Scheme at prescribed rates of gross salaries.

##### **Non-Omani employee terminal benefits**

The provision for end of service benefits for non-Omani employees is made in accordance with the requirements of the Oman Labour Law of 2023, as amended. Employees are entitled to end of service benefits calculated at the rate of 30 days basic salary for each year of continuous service. This is an unfunded defined benefits retirement plan. Accrued non-Omani staff terminal benefits are payable on termination of employment.

#### 4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank. Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash, which are subject to an insignificant risk of changes in value and have maturity of three months or less at the date of acquisition.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 4. Material accounting policy information (continued)

#### 4.11 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Taxation is provided for in accordance with Omani fiscal regulations.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and the deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax assets and liabilities on a net basis, or their tax assets and liabilities will be realised simultaneously.

Income tax relating to items recognised directly in equity is recognised in the statement of changes in equity and not in the statement of profit or loss and other comprehensive income.

#### 4.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)



### 4. Material accounting policy information (continued)

#### 4.13 Interest bearing loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### 4.14 Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The tariff structure under the PPA is comprised of power capacity (includes investment charge and fixed operation and maintenance charge), electrical energy and fuel charges components.

##### *Capacity revenue*

The PPA with OPWP is considered as a lease within the context of IFRS 16 and has been classified as an operating lease under IFRS 16. Under the PPA, the Company is entitled to the capacity charges for each hour during which the plant is available for power generation. Power capacity investment charge is treated as lease revenue under IFRS 16 and is recognised on a straight-line basis over the lease term. Fixed operation and maintenance charge is recognised based on the capacity made available in accordance with contractual terms stipulated in the PPA.

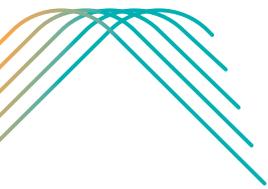
##### *Other revenue from contracts with customers*

Revenue is measured based on the terms specified in the contract with a customer. The Company recognizes electrical energy and fuel charges revenue when it transfers the control of a product or service to a customer i.e., when electricity is delivered, and the customer has accepted the deliveries and the control has been transferred to the customer. Energy charge and fuel charge is determined based on the fuel and variable cost of power.

No revenue is recognised if it is not probable that the Company will collect the consideration to which the Company will be entitled in exchange for the goods or services that will be transferred to customers. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customers' ability and intention to pay that amount of consideration when it is due.

The Company has a long-term agreement with OPWP which determines performance obligation, transaction price and allocates the transaction price to each of the separate performance obligations. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The Company does not adjust any of the transaction prices for time value of money as the period between the transfer of the promised goods or services to the customer and payment by the customer does not exceed one year and the sales are made with agreed credit terms which is in line with the industry practice.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 4. Material accounting policy information (continued)

#### 4.15 Asset retirement obligation

The provision for asset retirement obligation is recognised when there is a present obligation as a result of asset constructed on land under usufruct contracts with Ministry of Housing and Urban Planning, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of provision can be measured reliably. The estimated future obligations include the costs of removing the facilities and restoring the affected areas. A corresponding asset is recognised as a part of plant and machinery in property, plant and equipment and depreciated accordingly.

The provision for asset retirement obligation is a best estimate of the present value of expected costs required to settle the obligation, at the reporting date based on the current requirements of the Usufruct agreement, using estimated cash flows. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the asset retirement obligation. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss and other comprehensive income as a finance cost.

#### 4.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. As of reporting date, inventories consist of spares, diesel, and lube oil.

#### 4.17 Directors' sitting fees and remuneration

The Board of Directors sitting fees and remuneration are calculated as per the guidelines prescribed by the FSA and these are approved by the Shareholders in the ordinary annual general meeting of the Company.

#### 4.18 Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Shareholders.

#### 4.19 Earnings and net assets per share

The Company presents earnings per share ("EPS") and net assets per share for its ordinary shares. Basic EPS is calculated by dividing the net profit or loss attributable to ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Net assets per share is calculated by dividing the net assets attributable to ordinary Shareholders of the Company by the number of ordinary shares outstanding at the end of the reporting period. Net assets for the purpose are defined as total equity.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)



### 4. Material accounting policy information (continued)

#### 4.20 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer ("CEO") who manages the Company on a day-to-day basis, as per the directives given by the Board of Directors that makes strategic decisions.

#### 4.21 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses.

##### *Significant management judgements*

The following are the judgements made by management in applying the accounting policies of the Company that have the most significant effect on these financial statements.

##### *Lease classification*

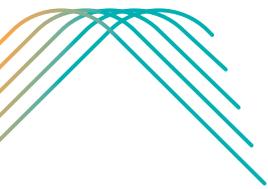
The Company has entered into PPA with OPWP to generate electricity and make available the power capacity from its Plant.

Management believes that IFRIC 12 "Service Concession Arrangements" is not applicable to the arrangement as the residual interest is borne by the Company and not OPWP. The estimated useful life of the power plant of 40 years takes into account the Company's right to extend the land lease under a Usufruct Agreement for an additional term of 25 years. Furthermore, the residual value of the assets will have substantial value at the conclusion of the PPA and the Company will be able to continue to generate revenue through supply of power taking into account the government's future plans to deregulate the power sector in Oman.

Management considers the requirements of IFRS 16 "Leases", which sets out guidelines to determine when an arrangement might contain a lease. The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement convey a right to use the asset.

Once a determination is reached that an arrangement contains a lease, the lease arrangement is classified as either financing or operating according to the principles in IFRS 16. A lease that conveys the majority of the risks and rewards of operation is a finance lease. A lease other than a finance lease is an operating lease.

Based on management's evaluation, the PPA with OPWP is considered as a lease within the context of IFRS 16 and has been classified as an operating lease since significant risks and rewards associated with the ownership of the plant lies with the Company and not with OPWP.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 4. Material accounting policy information (continued)

#### 4.21 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

##### *Significant management judgements (continued)*

##### *Lease classification (continued)*

The primary basis for this conclusion is that the PPA is for a term of 15 years while the economic life of the power plant is estimated to be 40 years. The present value of minimum lease payments under the PPA does not substantially recover the fair value of the plant at the inception of the lease.

##### *Fuel incremental costs*

The Company and MEM have entered into NGSA, which includes a clause for reimbursement of the incremental fuel oil costs (this represents an amount by which the cost of fuel oil is more than the cost of Natural Gas). Due to the shortage of the natural gas supply, the Company has incurred additional fuel oil costs to maintain the operations of the Plant (since the commercial operation date).

The Company has recognised reimbursement of incremental fuel oil cost as allowed under NGSA and based on the correspondence with MEM and OPWP in respect of this matter. The Company has received the confirmation from OPWP that the parameters used by the Company in the calculation of the incremental fuel oil costs does not materially differ from their basis.

##### *Estimation uncertainty*

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

##### *Useful lives and residual values of property, plant and equipment*

Depreciation is charged so as to write-off the cost of assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating life, the maintenance programs, and normal wear and tear using its best estimates. Management reviews its estimate of the useful lives and residual values of depreciable assets at each reporting date based on the expected utility of the assets. The carrying amounts are analysed in note 5 and 4.3 in the material accounting policy information.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)



### 4. Material accounting policy information (continued)

#### 4.21 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

##### *Estimation uncertainty (continued)*

##### *Income tax*

Uncertainties exist with respect to interpretation of the tax regulations and the amount of timing of future taxable income. Differences arising between the actual result and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimate, for possible consequences of the finalisation of the tax assessment of the Company. The amount of such provision is based on various factors, such as experience of previous assessment and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

##### *Estimating the incremental borrowing rate - leases*

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

##### *Provision for decommissioning costs*

Management uses the best estimate of the present value of the expenditure required to settle the decommissioning obligation at the reporting date based on the current requirements. Future decommissioning costs are reviewed annually and any changes in the estimate are reflected in the present value of the decommissioning provision at each reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 5. Property, plant and equipment

	Plant and machinery ₹ '000	Buildings and civil works ₹ '000	Furniture and fixtures ₹ '000	Computer and office equipment ₹ '000	Motor vehicles ₹ '000	Right-of- use asset ₹ '000	Capital work-in- progress ₹ '000	Total ₹ '000
Cost:								
At 1 January 2024	58,498	20,716	32	78	44	113	24	79,505
Additions	-	23	1	22	-	-	60	106
At 31 December 2024	58,498	20,739	33	100	44	113	84	79,611
<b>At 1 January 2025</b>	<b>58,498</b>	<b>20,739</b>	<b>33</b>	<b>100</b>	<b>44</b>	<b>113</b>	<b>84</b>	<b>79,611</b>
<b>Additions</b>	<b>320</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>452</b>	<b>775</b>
<b>At 31 December 2025</b>	<b>58,818</b>	<b>20,739</b>	<b>33</b>	<b>103</b>	<b>44</b>	<b>113</b>	<b>536</b>	<b>80,386</b>
Depreciation:								
At 1 January 2024	9,697	3,559	32	45	44	26	-	13,403
Charge for the year	1,464	518	-	22	-	5	-	2,009
At 31 December 2024	11,161	4,077	32	67	44	31	-	15,412
<b>At 1 January 2025</b>	<b>11,161</b>	<b>4,077</b>	<b>32</b>	<b>67</b>	<b>44</b>	<b>31</b>	<b>-</b>	<b>15,412</b>
Charge for the year	<b>1,464</b>	<b>518</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>2,007</b>
<b>At 31 December 2025</b>	<b>12,625</b>	<b>4,595</b>	<b>32</b>	<b>87</b>	<b>44</b>	<b>36</b>	<b>-</b>	<b>17,419</b>
<b>Net book value:</b>								
<b>At 31 December 2025</b>	<b>45,873</b>	<b>16,464</b>	<b>1</b>	<b>16</b>	<b>-</b>	<b>77</b>	<b>536</b>	<b>62,967</b>
At 31 December 2024	47,337	16,662	1	33	-	82	84	64,199

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 5. Property, plant and equipment (continued)

- a) The CWIP balance represents costs for the Cyber Security, Fuel Oil System Upgrade, Mountain Civil Work, and Warehouse projects, which saw progress during the year. As project components are finalised, their costs will be capitalised to “Plant and Machinery” or “Buildings and Civil Works.” These costs are capitalised as they relate to assets under construction that are expected to generate future economic benefits.
- b) The Company’s immovable assets are mortgaged against senior facility loan (note 11).
- c) Right-of-use asset represents the land leased from Ministry of Housing and Urban Planning (note 14) on which the Company’s power plant is constructed.
- d) The depreciation charged for the year is allocated as follows:  
The depreciation charged for the year is allocated as follows:

	<b>Year ended 31 December 2025</b>	Year ended 31 December 2024
	<b>ﷲ '000</b>	<b>ﷲ '000</b>
Operating costs (note 16)	<b>1,982</b>	1,982
General and administrative expenses (note 17)	<b>25</b>	27
	<b>2,007</b>	2,009

- e) Impairment:

In 2025, the Company conducted impairment testing for the plant using the discounted cash flow method. This approach involved estimating the present value of net cash flows expected from the plant, factoring in guaranteed revenue from the existing Power Purchase Agreement (PPA) valid until 2032. Given the Company’s highly leveraged position, the expected net cash flows were discounted using a risk-adjusted discount rate. While Management acknowledges that the Sultanate is shifting towards renewable energy sources, they firmly believe that progress in the Musandam Governorate will be slower compared to other areas, due to its remote location, challenging terrain, and the absence of competing energy providers. The value-in-use calculation is primarily supported by contracted capacity and energy revenues under the PPA, which provide predictable cash flows up to 2032. This view aligns with the most recent 7-year statement (2023-2029) released by the OPWP.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 6. Inventories

	<b>31 December 2025</b>	31 December 2024
	<b>₹ '000</b>	<b>₹ '000</b>
Stores and spares	<b>1,601</b>	1,460
Fuel and lube oil	<b>1,994</b>	656
	<b>3,595</b>	2,116
Less: Provision for slow moving inventories	<b>(67)</b>	(52)
	<b>3,528</b>	2,064

Movement in the provision for slow moving inventories is as follows:

	<b>31 December 2025</b>	31 December 2024
	<b>₹ '000</b>	<b>₹ '000</b>
At 1 January	<b>52</b>	37
Charge during the year	<b>15</b>	15
At 31 December	<b>67</b>	52

#### 7. Trade and other receivables

	<b>31 December 2025</b>	31 December 2024
	<b>₹ '000</b>	<b>₹ '000</b>
Trade receivables (a)	<b>1,010</b>	932
Other receivables (b)	<b>268</b>	242
Prepaid expenses	<b>129</b>	134
	<b>1,407</b>	1,308

The Company has only one customer, OPWP – a Government-owned entity, and the balance relates to the invoiced amounts that are largely current at the reporting date. Details of ageing and credit risk are disclosed in Note 22. Given no history of default, no allowance for expected credit losses has been recognised.

Other receivables include ₹ 8 thousand (2024: ₹ 13 thousand) receivables from Integrated Gas Company SAOC for incremental fuel oil costs due to shortage of the supply (note 19). These receivables are settled through periodic reconciliations with the counterparty and are considered fully recoverable. Management has assessed the expected credit loss on other receivables and considers it immaterial due to the nature of the counterparty and historical settlement experience.

Note 22 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 8. Cash and bank balances

	<b>31 December 2025</b>	31 December 2024
	<b>ﷲ '000</b>	<b>ﷲ '000</b>
Cash at bank	<b>403</b>	816
Cash in hand	<b>2</b>	2
	<b>405</b>	818

There are no restrictions on bank balances at the time of approval of the financial statements.

### 9. Share capital

	<b>31 December 2025</b>	31 December 2024
	<b>ﷲ '000</b>	<b>ﷲ '000</b>
Authorised share capital represents 200,000,000 shares of ﷲ 0.1 each (2024: 200,000,000 shares of ﷲ 0.1 each)	<b>20,000</b>	20,000
Issued and fully paid-up share capital represents 70,390,000 shares of ﷲ 0.1 each (2024: 70,390,000 shares of ﷲ 0.1 each)	<b>7,039</b>	7,039

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

#### Shareholders details

The Shareholders of the Company, who own 10% or more of the Company's share and number of shares held by them during the year 2025 and 2024 are as follows:

	<b>31 December</b>	
	<b>Number of shares held ('000)</b>	Percentage of shareholding
Oman Oil Facilities Development Company LLC	<b>29,564</b>	42%
LX International Corp.	<b>12,670</b>	18%

Oman Oil Facilities Development Company LLC is the largest shareholder but does not have control as defined under IFRS and is 100% owned by OQ SAOC.

### 10. Legal reserve

In accordance with the Commercial Companies Law of Sultanate of Oman, 2019, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one-third of the Company's paid-up share capital. During the year, ﷲ 236 thousand (2024: ﷲ 238 thousand) is transferred to the legal reserve. The reserve is not available for distribution.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 11. Borrowings

##### a) Senior facility loan

	<b>31 December 2025</b>	31 December 2024
	<b>ﷲ '000</b>	<b>ﷲ '000</b>
As at 31 December	<b>45,744</b>	49,295
Less: Current portion	<b><u>(3,733)</u></b>	<u>(3,621)</u>
Non-current portion	<b><u>42,011</u></b>	<u>45,674</u>

The senior facility loan is denominated in Rials Omani and carries interest rate of 5.25% per annum (2024: 5.25% per annum). The loan is to be repaid in half yearly instalments commencing on 30 June 2017, with the last instalment scheduled on 17 December 2031. The loan is subject to applicable financial covenants and DSRA requirements.

The loan is secured by:

- Legal mortgage over the Company's immovable assets (note 5).
- Pledge over shares of some of the Shareholders.
- Pledge over the project accounts.
- Assignment/charge over all of the Company's rights, titles and interest in and to the project documents, the insurances and reinsurance's, the consents and any other material agreements to which the Company is a party and other material property, asset and revenue of the Company.

##### b) Short term loan facility

During the year, the Company has obtained a short-term loan facility of **ﷲ** 6 million (2024: **ﷲ** 4 million) from a commercial bank. The facility carried an interest rate of 4.25 % per annum (2024: 4.25 % per annum). The outstanding balance at the end of the year is **ﷲ** 3 million (2024: **ﷲ** 1 million).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 11. Borrowings (continued)

c) Reconciliation of financing cash flows

A reconciliation between opening and closing balances in the statement of financial position for liabilities that result in financing cash flows is presented below:

Borrowings	As at 1 January	Proceeds / (repayments) during the year	Non-cash changes	As at 31 December
	RO'000	RO'000	RO'000	RO'000
31 December 2025				
Short term loan facility	1,000	2,000	-	3,000
Senior facility loan	49,295	(3,621)	70	45,744
	<u>50,295</u>	<u>(1,621)</u>	<u>70</u>	<u>48,744</u>
31 December 2024				
Short term loan facility	1,500	(500)	-	1,000
Senior facility loan	52,690	(3,458)	63	49,295
	<u>54,190</u>	<u>(3,958)</u>	<u>63</u>	<u>50,295</u>

### 12. Trade and other payables

	31 December 2025	31 December 2024
	ﷲ '000	ﷲ '000
Trade payables	393	160
Accrued expenses and provisions	1,410	999
	<u>1,803</u>	<u>1,159</u>

Trade payables include ﷲ 8 thousand (2024: ﷲ 62 thousand) payable to Integrated Gas Company SAOC for supply of gas (note 19).

### 13. Provision for asset retirement obligation

Under the Usufruct Agreement with the Ministry of Housing and Urban Planning, the Company has an obligation to remove the plant and restore the land to its original condition. During the previous years, the Company appointed an independent external firm with relevant expertise to reassess the estimated provision for asset retirement obligation. Based on the expert's report, the provision is maintained. The movement in the provision for asset retirement obligation is as follows:

	31 December 2025	31 December 2024
	ﷲ '000	ﷲ '000
As at 1 January	201	192
Unwinding of discount	10	9
As at 31 December	<u>211</u>	<u>201</u>



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 14. Lease liability

	<b>31 December 2025</b>	31 December 2024
	<b>£ '000</b>	£ '000
Gross lease liability related to right-of-use asset	<b>155</b>	165
Future finance charges on finance leases	<b>(61)</b>	(68)
Present value of lease liability	<b>94</b>	97
The maturity of lease liability is as follows:		
Not later than 1 year	<b>4</b>	3
Later than 1 year	<b>90</b>	94
	<b>94</b>	97

#### 15. Revenue

	<b>Year ended 31 December 2025</b>	Year ended 31 December 2024
	<b>£ '000</b>	£ '000
Capacity charges	<b>11,013</b>	11,015
Energy charges	<b>2,771</b>	2,397
Fuel charges	<b>5,647</b>	5,054
	<b>19,431</b>	18,466

#### 16. Operating costs

	<b>Year ended 31 December 2025</b>	Year ended 31 December 2024
	<b>£ '000</b>	£ '000
Fuel cost	<b>5,948</b>	5,125
Operating and maintenance expenses	<b>4,360</b>	4,063
Depreciation expense (note 5)	<b>1,982</b>	1,982
Connection fees	<b>212</b>	212
Insurance costs	<b>283</b>	282
Other expenses	<b>131</b>	187
	<b>12,916</b>	11,851

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 17. General and administrative expenses

	Year ended 31 December 2025	Year ended 31 December 2024
	﷌ '000	﷌ '000
Staff costs	622	574
Office expenses	222	206
Directors' remuneration and sitting fees (note 19)	63	(26)
Professional charges	56	54
Depreciation expense (note 5)	25	27
Other expenses	15	11
	<u>1,003</u>	<u>846</u>

### 18. Finance costs

	Year ended 31 December 2025	Year ended 31 December 2024
	﷌ '000	﷌ '000
Interest on senior facility loan	2,626	2,813
Interest on short term loan facility	74	61
Other finance charges	39	23
	<u>2,739</u>	<u>2,897</u>

### 19. Related party transactions and balances

Related parties comprise the Shareholders, directors, key management personnel and business entities which have the ability to control or exercise significant influence in financial and operating decisions. Terms of these transactions are approved by the Company's Board.

Government of Sultanate of Oman ("the Government") indirectly owns 42 % (2024: 42%) of the Company's shares. The Company has applied the exemptions in IAS 24 'Related Party Disclosures' related to transactions with the Government and other entities controlled, jointly controlled, or significantly influenced by the Government. In this respect, the Company has disclosed certain information, to meet the disclosure requirements of IAS 24, in this note.

Balances with related parties included in the statement of financial position are as follows:



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 19. Related party transactions and balances (continued)

a) Due from/to government and other state-controlled entity

	<b>31 December 2025</b>	31 December 2024
	<b><u>₹</u> '000</b>	<b><u>₹</u> '000</b>
Trade receivable due from state-controlled entity (note 7)	<b>1,010</b>	932
Other receivable due from government (note 7)	<b>8</b>	13
Due to government (note 12)	<b><u>(8)</u></b>	<b><u>(62)</u></b>

Balances with government-related entities are unsecured and are settled in accordance with normal credit terms. No allowance for expected credit losses has been recognised in respect of amounts due from OPWP.

b) Transactions

Transactions with related parties included in the financial statements are as follows:

#### i) Transactions with government and state-controlled entities

	<b>31 December 2025</b>	31 December 2024
	<b><u>₹</u> '000</b>	<b><u>₹</u> '000</b>
Purchase of gas from Integrated Gas Company SAOC	<b>5,205</b>	4,669
Fuel incremental cost charge to Integrated Gas Company SAOC	<b>277</b>	1,714
Revenue from Oman Power and Water Procurement Company SAOC	<b>19,431</b>	18,466
Connection charges to Rural Areas Electricity Company SAOC	<b>212</b>	212
OQ SAOC	<b>4</b>	-

#### ii) Directors' remuneration and sitting fees

During the year ended 31st December 2025, the net directors' remuneration and sitting fees amounted to ₹ 63 thousand (2024: ₹ (26) thousand). However, the total directors' remuneration and sitting fees amounted to ₹ 90 thousand. Since accrued expenses relating to board remuneration for the year 2024, amounting to ₹ 27 thousand were not approved by the shareholders during the March 2025 AGM, they were reversed during the year ended 31st December 2025.

Management has assessed the impact of this adjustment and concluded that it is not material to the prior year's financial statements. Accordingly, no restatement of comparative figures has been made. The reversal has been disclosed in the current period to ensure transparency in financial reporting.

#### iii) Key management remuneration

During the year ended 31st December 2025, the key management remuneration amounted to ₹ 325 thousand (2024: ₹ 293 thousand).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 20. Taxation

The tax rate applicable to the Company is 15% (2024: 15%). For the purpose of determining the taxable result for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

No provision for the current tax been made in these financial statements in view of cumulative taxable losses incurred by the Company as at 31 December 2025.

The deferred tax on all temporary differences has been calculated and dealt with in the statement of profit or loss and other comprehensive income.

#### a) The taxation charge for the year is comprised of:

	Year ended 31 December 2025 س.د '000	Year ended 31 December 2024 س.د '000
Deferred tax expense	<u>412</u>	<u>484</u>

#### b) Tax reconciliation

The following is a reconciliation of income taxes calculated on accounting profits at the applicable tax rate with the income tax expense for the year. The reconciliation of the accounting profit with the taxation charge in the financial statements is as follows:

	Year ended 31 December 2025 س.د '000	Year ended 31 December 2024 س.د '000
Profit before tax	2,773	2,872
Taxation @ 15%	416	431
Add: Tax effect of:		
Change in recognised temporary differences	-	(149)
Tax loss carried forward for set off against future taxable net profits	-	202
Tax effect for non-deductible expenses	1	-
Effects of adjustments made in the prior year assessments	<u>(5)</u>	<u>-</u>
Tax expense	412	484



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 20. Taxation (continued)

##### c) Deferred tax liability

	As at 1 January S '000	Recognised during the year S '000	As at 31 December S '000
2025			
<b>Taxable temporary differences</b>			
Effect of accelerated tax depreciation	(4,850)	(213)	(5,063)
Right-of-use asset	(17)	5	(12)
<b>Deductible temporary differences</b>			
Provision for asset retirement	31	1	32
Provision for obsolete inventories	7	2	9
Lease liability	14	-	14
Tax losses	324	(207)	117
	<u>(4,491)</u>	<u>(412)</u>	<u>(4,903)</u>
2024			
<b>Taxable temporary differences</b>			
Effect of accelerated tax depreciation			
Right-of-use asset	(4,569)	(281)	(4,850)
	(13)	(4)	(17)
<b>Deductible temporary differences</b>			
Provision for assets retirement	29	2	31
Provision for obsolete inventories	5	2	7
Lease liability	15	(1)	14
Tax losses	526	(202)	324
	<u>(4,007)</u>	<u>(484)</u>	<u>(4,491)</u>

##### d) Tax assessment status

As of 31 December 2025, the Company's tax assessments for the period from 2014 to 2022 have been completed by the Omani taxation authorities. For the remaining years, the Management of the Company believe that additional taxes, if any in respect of open tax years, would not be significant to the Company's financial position as at 31 December 2025.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 21. Commitments

#### Operation and maintenance commitment

As per the O&M agreement, Wartsila Muscat LLC will operate and maintain the Company's plant until 16 June 2032. Under the O&M agreement, the Company shall pay the fixed operating fee. The initial agreement signed on July 2015, was expired on 16 June 2025. The initial agreement is renewed until 16 June 2032, and it is effective immediately after the expiry of the initial agreement.

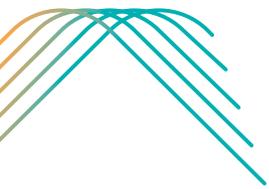
All fees are subject to the agreed indexation as per the O&M agreement. The minimum future payments under the O&M agreement (excluding indexation) are as follows:

	<b>31 December 2025</b>	31 December 2024
	<b>ﷲ '000</b>	<b>ﷲ '000</b>
Due within one year	<b>1,132</b>	513
Due after one year but within five years	<b>5,662</b>	-
Due after five years	<b>804</b>	-
	<b><u>7,598</u></b>	<u>513</u>

As per the LTSA Agreement, Wartsila Muscat LLC will operate and maintain the Company's plant until 16 June 2032. Under the LTSA agreement, the Company shall pay the fixed operating fee.

All fees are subject to 3% indexation. The minimum future payments under the LTSA (excluding indexation) are as follows:

	<b>31 December 2025</b>	31 December 2024
	<b>ﷲ '000</b>	<b>ﷲ '000</b>
Due within one year	<b>438</b>	438
Due after one year but within five years	<b>1,753</b>	1,753
Due after five years	<b>658</b>	1,096
	<b><u>2,849</u></b>	<u>3,287</u>
Capital commitments	<b><u>1,136</u></b>	<u>-</u>



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 22. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, foreign currency risk and interest rate risk), liquidity risk and credit risk. However, the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies, and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has entrusted the Management with the responsibility of developing and monitoring the Company's risk management policies and procedures and its compliance with them.

##### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### **Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company does not have exposure to equity or commodity price risk on financial instruments. Fuel price fluctuations are substantially recovered through contractual arrangements under the PPA

As the Company has no significant exposure to investments, it does not have the risk of fluctuation in prices. The management consider that sensitivity analysis is not necessary due to the Company's limited exposure to price risk.

##### **Foreign currency risk**

Foreign exchange risk arises when transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company is exposed to foreign exchange risk arising from currency exposures primarily with respect to the US Dollar. The Rial Omani is pegged to the US Dollar. Since most of the Company's foreign currency transactions are in US Dollars or other currencies linked to the US Dollar, management believes that exchange rate fluctuations would have an insignificant impact on the Company's pre-tax profit.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)



### 22. Financial risk management (continued)

#### Interest rate risk

The Company is not exposed to interest rate risk on its borrowings as they carry fixed interest rate. At the reporting date, the interest rate risk profile of the Company's interest-bearing financial instruments was:

	<b>31 December 2025</b>	31 December 2024
	<b>ﷲ '000</b>	<b>ﷲ '000</b>
Borrowings (senior and short-term loan facilities)	<b><u>48,744</u></b>	<u>50,295</u>

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect statement of profit or loss and other comprehensive income. The Company's exposure to variability in cash flows arising from interest rate movements is limited, as its borrowings carry fixed interest rates.

#### Credit risk

Credit risk refers to the risk that a debtor will default on its contractual obligations resulting in financial loss to the Company. The Company maintains a credit policy that states dealing with only creditworthy parties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. The Company monitors regularly, the credit rating of its debtors and the volume of transactions with those debtors during the year. Ongoing credit evaluation is performed on the financial condition of debtors. However, credit risk exposures are insignificant. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk without taking into account the value of any collateral obtained.

The credit risk of the Company is primarily attributable to the bank balances and trade and other receivables. The Company's bank accounts are placed with reputed financial institutions.

The Company has a significant concentration of credit risk with Oman Power and Water Procurement Company SAOC ("OPWP"). Under the terms of the PPA as disclosed in note 2, the Company's sales are billed wholly to OPWP (indirectly wholly owned by the Government). Therefore, the Company's credit risk on receivables from OPWP is limited. Although the Company has a concentration of credit risk with OPWP, this risk is mitigated by OPWP's government ownership, the regulated nature of the PPA, and the absence of any historical defaults



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 22. Financial risk management (continued)

##### Credit risk (continued)

The tables below detail the overdue status of the Company's financial assets:

	Carrying amount ₹ '000	Not due ₹ '000	Past due		Total ₹ '000
			Up to 90 days ₹ '000	Over 90 days ₹ '000	
Gross carrying amount:					
31 December 2025					
Trade and other receivables	<b>1,018</b>	<b>1,018</b>	-	-	<b>1,018</b>
Cash at bank	<b>403</b>	<b>403</b>	-	-	<b>403</b>
	<b><u>1,421</u></b>	<b><u>1,421</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,421</u></b>
31 December 2024					
Trade and other receivables	945	945	-	-	945
Cash at bank	816	816	-	-	816
	<u>1,761</u>	<u>1,761</u>	<u>-</u>	<u>-</u>	<u>1,761</u>

The Company limits its credit risk with regard to bank balance deposits by only dealing with reputable bank and financial institution with strong credit ratings. The Company's bank accounts are placed with a reputed financial institution having appropriate credit rating.

##### Liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Further, the Company maintains sufficient bank balances.

The table below summarises the maturities of the Company's undiscounted financial liabilities at the reporting date. Further, the Company maintains sufficient bank balances and having adequate working capital facilities.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 22. Financial risk management (continued)

##### Liquidity risk (continued)

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	₹ '000	₹ '000	₹ '000	₹ '000	₹ '000
31 December 2025					
Trade and other payables	1,803	-	-	-	1,803
Senior facility loan	-	6,100	51,026	-	57,126
Short term loan facility	3,000	-	-	-	3,000
Lease liability	-	10	41	104	155
	<u>4,803</u>	<u>6,110</u>	<u>51,067</u>	<u>104</u>	<u>62,084</u>
31 December 2024					
Trade and other payables	1,159	-	-	-	1,159
Senior facility loan	-	6,178	24,104	33,022	63,304
Short term loan facility	1,000	-	-	-	1,000
Lease liability	-	10	41	114	165
	<u>2,159</u>	<u>6,188</u>	<u>24,145</u>	<u>33,136</u>	<u>65,628</u>

##### Categories of financial instruments

	31 December 2025	31 December 2024
	₹ '000	₹ '000
Financial assets (at amortised cost)		
Cash and bank balances	405	818
Trade and other receivables	1,278	1,174
	<u>1,683</u>	<u>1,992</u>
Financial liabilities (at amortised cost)		
Senior facility loan	45,744	49,295
Short term loan facility	3,000	1,000
Lease liability	94	97
Trade and other payables	1,803	1,159
	<u>50,641</u>	<u>51,551</u>



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 22. Financial risk management (continued)

##### Fair value of financial instruments

The fair values of financial instruments are not materially different from their carrying values.

##### Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to provide an adequate return to Shareholders.

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The capital structure of the Company comprises share capital, reserves and retained earnings. Debt comprises of loan facilities from bank, and lease liability. The Company is not subject to external imposed capital requirements except those under the Commercial Companies Law of the Sultanate of Oman.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, or sell assets to reduce debt. During the year, there is no change in the capital management policy of the Company.

##### Capital Risk Management

Consistent with best practices, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt. The gearing ratio at the end of the reporting period was as follows:

	<b>31 December 2025</b>	31 December 2024
	<b><u>₹</u> '000</b>	<b><u>₹</u> '000</b>
Debt (senior and short-term loan facilities)	<b>48,744</b>	50,295
Cash and bank balances	<b>(405)</b>	(818)
Net debt	<b>48,339</b>	49,477
Equity	<b>12,552</b>	12,134
Net debt to equity ratio	<b>385%</b>	408%

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 23. Basic and diluted earnings per share

	<b>31 December 2025</b>	31 December 2024
Net profit attributable to ordinary Shareholders of the Company for basic and diluted earnings per share (ﷲ '000)	<u>2,361</u>	<u>2,388</u>
Weighted average number of shares (in '000s)	<u>70,390</u>	<u>70,390</u>
Earnings per share (ﷲ) – basic and diluted	<u>0.034</u>	<u>0.034</u>

There is no difference between basic and diluted earnings per share because the Company has not issued any instruments which would have an impact on earnings per share when exercised.

### 24. Net assets per share

Net assets per share is calculated by dividing the net assets attributable to the ordinary shareholders of the Company at the reporting date by number of ordinary shares outstanding at the end of the year.

	<b>31 December 2025</b>	31 December 2024
Net assets ﷲ in '000)	<u>12,552</u>	<u>12,134</u>
Number of shares outstanding at year end ('000s)	<u>70,390</u>	<u>70,390</u>
Net assets per share (ﷲ)	<u>0.178</u>	<u>0.172</u>

### 25. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic decisions maker, which is the CEO. The Company's operating activities are disclosed in note 1 to the financial statements. The strategic business unit offers similar services and is managed as one segment. For the strategic business unit, the CEO reviews internal management reports on a monthly basis. Performance is measured based on the profit before income tax, as included in the internal management reports. The CEO considers the business of the Company as one operating segment and monitors accordingly. The requirements of IFRS 8: Operating Segments - paragraphs 31 to 34 relating to entity wide disclosures have been covered under statements of financial position, profit or loss and other comprehensive income and also in notes to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 26. Operating lease arrangement where the Company acts as a lessor

As disclosed in note 1 and 4 of these financial statements, the arrangement between the Company and OPWP under the PPA is covered under IFRS 16 Leases and such arrangement in substance represents an operating lease under IFRS 16 Leases. The following is the total of future minimum lease receipts expected to be received under the PPA:

	<b>31 December 2025</b>	31 December 2024
	<b>₹ '000</b>	<b>₹ '000</b>
Due within one year	<b>11,290</b>	11,290
Due after one year but within five years	<b>46,201</b>	46,201
Due after five years	<b>13,566</b>	24,856
	<b><u>71,057</u></b>	<u>82,347</u>

#### 27. Dividends

On 12 February 2024, the Board of Directors approved a final cash dividend of Baizas 13.8 per share, amounting to ₹ 0.971 million, which was paid on 14 March 2024. The dividend was approved by the shareholders in an Annual General Meeting held on 06 March 2024.

On 05 September 2024, the Board of Directors approved an interim cash dividend of Baizas 13.8 per share, amounting to ₹ 0.971 million, which was paid on 09 September 2024. The dividend was approved by the shareholders in an Annual General Meeting held on 06 March 2024.

On 09 February 2025, the Board of Directors approved a final cash dividend of Baizas 13.8 per share, amounting to ₹ 0.971 million, which was paid on 19 March 2025. The dividend was approved by the shareholders in an Annual General Meeting held on 06 March 2025.

On 09 September 2025, the Board of Directors approved an interim cash dividend of Baizas 13.8 per share, amounting to ₹ 0.971 million, which was paid on 11 September 2025. The dividend was approved by the shareholders in an Annual General Meeting held on 06 March 2025.

On 8 February 2026, the Board of Directors proposed a final cash dividend for the year 2025 of Baizas 13.8 per share amounting to ₹ 0.971 million. The proposal shall be presented to the Annual General Meeting on 08 March 2026 for approval.

#### 28. Comparative figures

Comparative figures for the previous year have been reclassified/re-arranged wherever necessary to conform with the presentation in the current year's financial statements.

#### 29. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorised to issue on 08 February 2026.