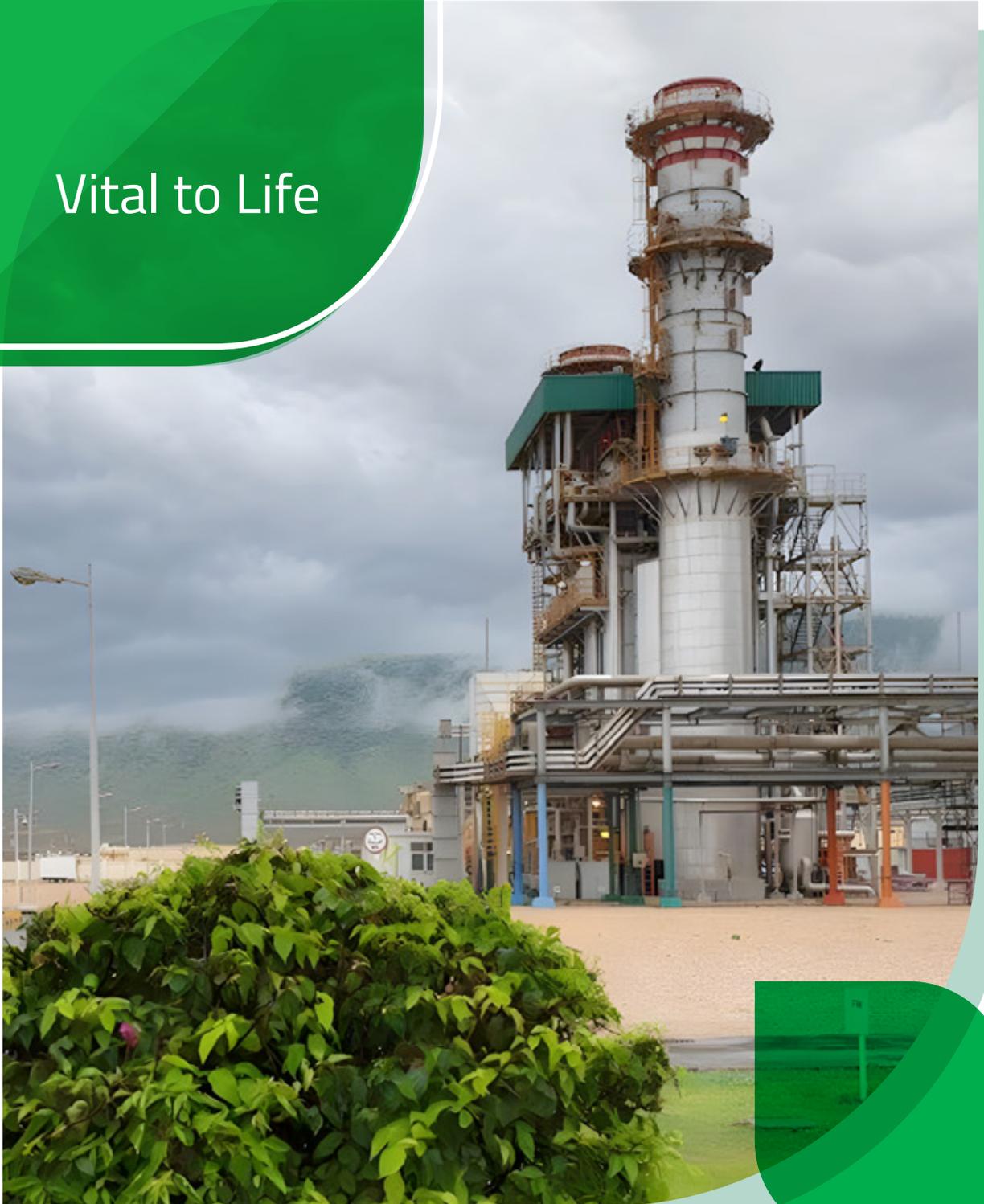


Vital to Life



Registered office:

P.O. Box 1466
Postal Code 211
Salalah
Sultanate of Oman

Principal place of business:

Salalah
Sultanate of Oman





His Majesty Sultan Haitham bin Tarik



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Board of Directors



Tan Cheng Guan
Chairman



Kalat Al Bulooshi
Deputy Chairman



Tariq Ali Salim Al Amri
Independent
Non-Executive Director



Koh Chiap Khiong
Non-Executive Director



Ahmed Ali Sulaiman Al Bulushi
Independent
Non-Executive Director



Hussein Abdul Redha Al Lawati
Independent
Non-Executive Director



Lim Kwang Ming
Non-Executive Director



Abdullah Mohammed Ali Al Ma'mari
Independent
Non-Executive Director



Imad Salim Nasser Al Salmi
Independent
Non-Executive Director

Executive Management



Humaid Salim Al Amri
Chief Executive Officer



Hamood Sulaiman Al Amri
Deputy Chief Executive Officer



Tariq Bashir
Chief Financial Officer and
Company Secretary



V.S. Mahesh
Acting Plant Manager



Salim Mohammed Al Mashikhi
Human Resource & Admin Manager

Chairman's Report



Dear Shareholders,

On behalf of the Board of Directors (the Board) of Sembcorp Salalah Power and Water Company ("SSPWC" or "the Company"), I am pleased to present the audited financial statements for the year ended December 31, 2025.

Financial Results

In 2025, operating profit was $\text{S\$}29.7$ million, compared to $\text{S\$}30.7$ million in the previous year. This variance was primarily attributable to lower power plant reliability and higher contractual service costs. Despite the lower operating profit, the Company delivered a net profit of $\text{S\$}23.3$ million for 2025, higher compared to $\text{S\$}22.5$ million in 2024. This reflects continued financial resilience in a dynamic operating environment.

The Company maintained a strong balance sheet, closing the year with net assets of $\text{S\$}188.9$ million, an increase from $\text{S\$}173$ million in 2024, underscoring its solid financial position and ability to meet future obligations. Shareholders can refer to the Management Discussion and Analysis section of the Annual Report for more information on the Company's financial performance.

Dividends

During 2025, the Company paid a cash dividend of 8 baizas per share. Subject to the availability of cash flows,

the Board of Directors has proposed a cash dividend of up to 16 baizas per share, to be paid on November 1, 2026.

The Company remains committed to a prudent and balanced dividend policy. Dividend decisions take into consideration debt service obligations, working capital and operational requirements, financial performance, free cash availability, covenants under the Financing Documents, as well as broader sector-level developments.

Operations

Electricity demand in the Dhofar region continued to grow, driven by industrial activity and expanding commercial needs. The power plant load factor increased to 54.34%, while the water plant load factor remained broadly at 83.89% during the year. As per the take-or-pay commercial structure with Nama Power and Water Procurement Company ("PWP"), these changes had limited impact on the Company's profitability.

SSPWC remains a key provider of power and water to the region, upholding a steady commitment to operational excellence. The Company's operations are supported by disciplined asset-management practices, structured maintenance programs, robust spares management, and ongoing staff development. In 2025, power and water plant reliability was 98.81% and 99.84% respectively, reflecting the Company's continued commitment to high operational standards. SSPWC remains focused on sustaining strong reliability levels across the power and water plant.

Going forward

The Company remains focused on long-term value creation for shareholders through disciplined financial management, operational excellence, and a continued emphasis on safety, efficiency and reliability. Following the award of a new 10-year Power and Water Purchase Agreement ("PWPA"), the Board has reinforced its focus on asset integrity, long-term maintenance planning and prudent capital investment to support reliable operations over the extended contract period. These priorities will guide the Company as it navigates emerging challenges and ensures the ongoing reliability and performance of the plant over its remaining economic life.

New Power and Water Purchase Agreement

In 2025, the Company achieved a significant milestone with the award of a new PWPA from PWP. The new PWPA will commence on April 5, 2027, following the expiry of the current 15-year agreement which began in 2012, and will remain effective for a period of 10 years until April 4, 2037. Under the new agreement, the contracted capacity of the Salalah Independent Water and Power Plant is 465MW power and 15 million imperial gallons (68,190 cubic metres) of water per day. This long-term contractual framework reinforces the Company's role as a strategic provider of essential utilities in the Dhofar region and provides long-term revenue certainty and operational continuity. The Board views the new PWPA as a strong endorsement of the plant's operational track record, reliability and the Company's long-standing partnership with PWP, while positioning SSPWC to deliver sustained value to shareholders over the next decade.

Health, Safety, Security and the Environment (HSSE)

The Company places the highest priority on the health and safety of its people and the protection of the environment. SSPWC maintains world-class HSSE standards and remains firmly committed to continuous improvement across all areas of its operations.

In 2025, the Company achieved a significant milestone of seven million safe man-hours, reflecting the strong safety culture embedded across the organisation. Regular safety drills, structured training programmes, and rigorous adherence to HSSE policies continued to strengthen operational readiness and ensure the wellbeing of both employees and contractors.

Caring for Communities

The Company remains committed to contributing positively to the communities in which it operates. In

2025, SSPWC contributed **₹60,000** towards corporate social responsibility initiatives. This included **₹12,000** to the Oman Charitable Organisation, while **₹48,000** was directed towards improving living accommodations within the local community, reinforcing the Company's commitment to social development and community welfare.

Corporate Governance

The Board continues to uphold the highest standards of corporate governance, recognising its importance to the Company's long-term sustainability. SSPWC remains fully compliant with the Code of Corporate Governance issued by the Oman Financial Services Authority. Further information can be found in the Corporate Governance section of the Annual Report.

Acknowledgements

On March 19, 2025, Mr Ahmed Al Moosawi completed his tenure as a Director of the Company. In addition, Mr Vipul Tuli and Ms Yap Siew Leng resigned from the Board on December 3, 2025. On behalf of the Board, I would like to express our sincere appreciation to these departing Directors for their valuable contributions to the Company.

At the Annual General Meeting held on March 19, 2025, Mr Imad Al Salmi was elected to the Board. Furthermore, Mr Koh Chiap Khiong and Mr Lim Kwang Ming were appointed to the Board, succeeding Mr Vipul Tuli and Ms Yap Siew Leng. On behalf of the Board, I am pleased to welcome the new Directors and look forward to the insight and leadership they will bring to the Company.

I would like to extend my sincere appreciation to my fellow directors, shareholders, PWP, regulators - the Authority for Public Services Regulation and the Financial Services Authority, as well as our partners - Dhofar Services Company, the Environment Authority, Integrated Gas Company, Oman Electricity Transmission Company, OQ Gas Company, and other governmental and non-governmental bodies, for their invaluable guidance and continued support of the Company. My heartfelt thanks also go to our employees and contractors for their steadfast dedication and commitment.

Lastly, I wish to express my profound gratitude to His Majesty Sultan Haitham Bin Tariq Al Said for his visionary leadership and unwavering support for the private sector. We remain committed to working closely with His Majesty's government and will continue to uphold our mission of providing high-quality, reliable power and water to the Dhofar region.

Tan Cheng Guan

Chairman of the Board

Operational Highlights

Health, Safety, Security and the Environment (HSSE)

Health, Safety and Security

In 2025, Sembcorp Salalah Power and Water Company SAOG (“SSPWC” or “the Company”) continued to strengthen its Health, Safety, Security and Environmental (HSSE) performance, reinforcing its commitment to a zero-harm workplace and full regulatory compliance.

The Company achieved a major safety milestone of seven million Lost Time Injury (LTI)-free man-hours, reflecting a strong and sustained safety culture. Total man-hours worked during the year amounted to 480,918, bringing cumulative man-hours since the start of commercial operations to 7.29 million as at December 31, 2025.

Safety performance remained strong with no fatalities, no LTIs, no occupational illnesses, and no environmental or regulatory non-compliance cases reported during the year.

The Company maintained full compliance with applicable HSSE standards and regulations. The ISO 9001, ISO 14001 and ISO 45001 surveillance audit conducted in December 2025 was completed successfully, with all minor non-conformities promptly closed. Both planned and unannounced inspections by the Environment Authority concluded with no findings.

Operational safety assurance was enhanced through Critical Control Verifications, routine worksite inspections, and management walkdowns.

Emergency preparedness remained a priority, with the successful conduct of a warehouse fire mock drill.

Capability building continued through comprehensive HSSE training and awareness programmes covering fire safety, confined space entry, lifting operations, electrical safety, chemical hazard awareness, and heat stress management.

Overall, the Company’s HSSE performance in 2025 reflects disciplined risk management, robust assurance processes, and a well-embedded safety culture across operations.

Environment

SSPW Coperates with a strong commitment to environmental responsibility. The Sembcorp Salalah Independent Water and Power Plant (the “Plant”) uses combined-cycle gas turbine technology for power generation and reverse osmosis for desalinated water production, with natural gas as the primary fuel. In line with the Environmental Impact Assessment recommendations and remained fully compliant with local environmental laws and regulations in 2025. Environmental stewardship initiatives during the year included tree planting, biodiversity awareness campaigns, and renewal of climate-related licences, reinforcing the Company’s sustainability commitments.

Capacity

The Plant has a gross installed capacity of 518MW, comprising five gas turbines and two steam turbines, with 445MW contracted under a long-term Power Purchase Agreement. Water production is based on a seawater reverse osmosis process with a contracted capacity of 15 Million Imperial Gallons per Day (MiGD). Based on the 2025 performance test result, the Plant’s net output at the delivery point exceeded the contracted capacity.

Availability

Plant availability is assessed based on the duration it remains technically capable of generating power and water, in accordance with contractual specifications. Under the Power and Water Purchase Agreement (PWPA), the Company is permitted planned outages of up to 15% of contracted power capacity in winter, with no allowance in summer, and 5% of contracted water capacity throughout the year. In 2025, the Plant recorded annual availability of 89.69% for power and 95.87% for water.

Reliability

Plant reliability reflects the ability to deliver declared availability under the PWPA. In 2025 the Plant achieved annual reliability of 98.81% for power and 99.84% for water.

Plant Energy Efficiency (Heat Rate)

Plant energy efficiency is measured by the energy required to generate one unit of power. In 2025, the Plant’s heat rate performance exceeded the contracted levels under the PWPA, contributing to improved operational efficiency and profitability.

Maintenance

Together with the turbine maintenance contractor, the Company continued to proactively maintain the Plant to enhance performance, improve efficiency and preserve asset life. During the year, the planned maintenance programme was successfully executed across gas turbines, steam turbines, heat recovery steam generators, and desalination facilities. Major activities included steam turbine inspections, pump overhauls and membrane replacements, all of which were carried out during planned outages. These activities support high plant availability, reliability and operational efficiency, while protecting the long-term integrity of critical assets.



Description of the Company

Overview of Sembcorp Salalah Power and Water Company SAOG

SSPWC developed, owns and operates a key electricity generation and seawater desalination plant located between Taqah and Mirbat, approximately 50km from the regional capital of Salalah, serving a population of over 450,000 residents. The Plant has been in full commercial operation since May 25, 2012 and has a contracted power capacity of 445MW and contracted water capacity of 15MiGD. The Plant plays a major role in meeting the growing power and water demands of the region across short, medium and long-term periods.

The Company generates revenue from a 15-year term PWPA with Nama Power and Water Procurement Company (PWP), under which the Plant's contracted power and water capacity is sold exclusively to PWP on a long-term take-or-pay basis.

History and Background of Sembcorp Salalah

In November 2007, the Oman Government implemented various privatisation policies to boost private sector participation in the electricity and related water sectors. As part of this, PWP, together with its financial, legal and technical advisers, invited bids for the Salalah Independent Water and Power Plant project (the Project), covering development, ownership, financing, design, construction and operation of the Plant.

A consortium comprising Sembcorp Utilities and Oman Investment Corporation (OIC) submitted its bid for the Project on June 16, 2008. On December 8, 2008, PWP selected the Sembcorp Utilities and OIC consortium as the preferred bidder.

The first phase of the Project was completed in the third quarter of 2011, within 19 months of the PWPA signing. The Plant began dispatching about 61MW of power to the grid. The second phase was completed in the first quarter of 2012, with final acceptance tests finished in May 2012. The Project's total capital cost by the commercial operation date (COD) in May 2012 was **₹ 378 million**, covering construction, insurance and related costs such as financing. The following table outlines the chronology of the Project's implementation:

Date	Event
November 2007	Request for proposal issued by PWP
June 16, 2008	Bid submission by Sembcorp Utilities and OIC consortium
December 8, 2008	Sembcorp Utilities and OIC consortium declared as preferred bidder
November 23, 2009	Execution of PWPA and declaration of effective date
March 23, 2010	Financial close
July 16, 2011	Phase 1 power milestone achieved
January 2, 2012	Phase 2 power milestone achieved
March 12, 2012	Phase 2 water milestone achieved
April 5, 2012	Scheduled COD and start of the PWPA term
May 25, 2012	COD achieved
April 3, 2027	Expiry date of existing PWPA
October 12, 2025	Execution of new PWPA starting from April 4, 2027
April 3, 2037	Expiry date of new PWPA

The Engineering Procurement and Construction (EPC) contractor for the Project was Shandong Electric Power Construction Corporation III while the EPC supervision and commissioning of the desalination plant were subcontracted to Hyflux Ltd. The Plant uses combined-cycle gas turbine technology with dual fuel capability, using natural gas as the primary fuel and diesel as a backup. Reverse osmosis technology is employed to produce potable water from seawater desalination. The Plant uses General Electric's (GE) 6FA gas turbines and Hyflux's reverse osmosis technology.

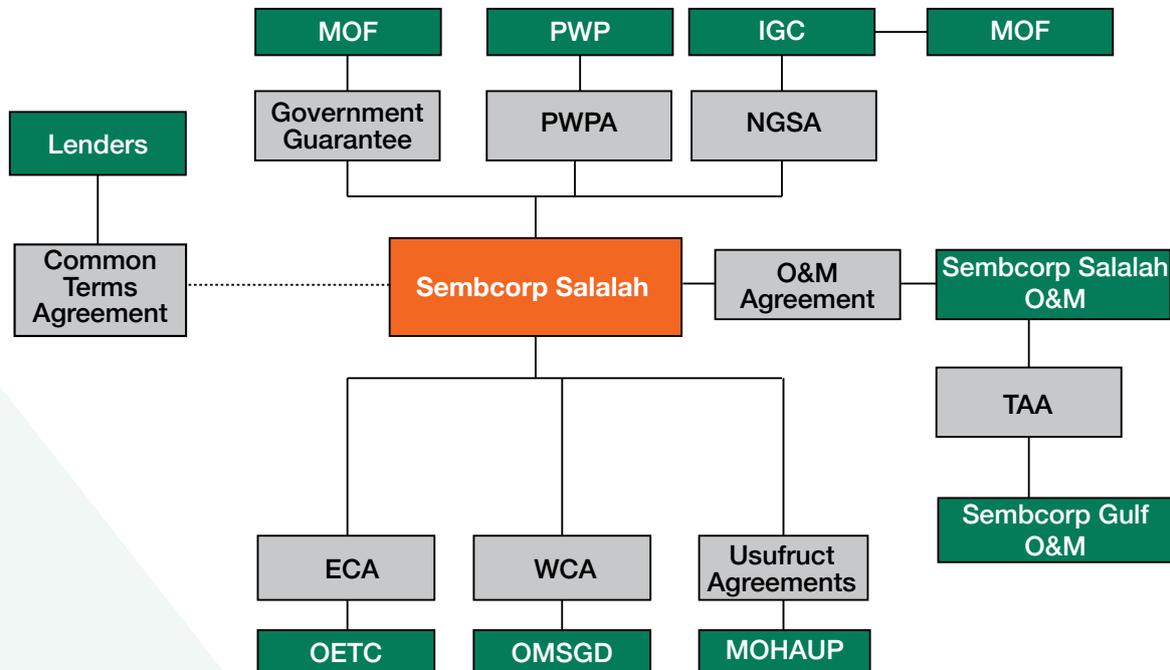
The Ministry of Finance (MOF) guarantees PWP's payment obligations to SSPWC. The guarantee remains in effect until the initial project financing is fully paid and PWP maintains an S&P's BBB- credit rating for 730 days. To date, this guarantee is in force and is valid till April 3, 2027. PWP pays a charge that includes a capacity charge for the Plant's

fixed costs and a return on capital, along with a variable charge for energy and other variable costs. As long as power and water are available for dispatch, capacity charges will be paid, subject to agreed maintenance outages.

Summary of Contractual Framework

The following table and diagram illustrate the key contracts and relevant counterparties associated with the Project:

Project Document	Parties	Effective Date	Term	Expiration Date
Project Founders Agreement	Electricity Holding Company, the Project Founders and their parent companies and BDCC Investment Company	November 23, 2009	15 years from scheduled Commercial Operation Date (COD)	April 3, 2027
PWPA	Sembcorp Salalah and PWP	November 23, 2009	15 years from scheduled COD	April 3, 2027
Natural Gas Sales Agreement (NGSA)	Sembcorp Salalah and Integrated Gas Company (IGC)	November 23, 2009	15 years from scheduled COD	April 3, 2027
Electricity Connection Agreement (ECA)	Sembcorp Salalah and Oman Electricity Transmission Company (OETC)	November 23, 2009	25 years from effective date	November 22, 2034
Water Connection Agreement (WCA)	Sembcorp Salalah and the Office of the Governor of Dhofar (OGD)	December 15, 2014	25 years from signing date of the WCA	December 15, 2039
Usufruct Agreement	Sembcorp Salalah and the Ministry of Housing and Urban Planning (MOHAUP)	November 23, 2009	25 years from effective date, subject to a further extension of 25 years at the option of Sembcorp Salalah	November 22, 2034, subject to extension
Usufruct Agreement relating to Temporary Areas	Sembcorp Salalah and MOHAUP	November 23, 2009	Four years from the effective date	November 22, 2013
Contractual Service Agreement (CSA)	Sembcorp Salalah and GE	December 15, 2009	20 years from date of CSA	December 14, 2029
Government Guarantee	Sembcorp Salalah and MOF	November 23, 2009	15 years from the scheduled COD	April 3, 2027
Operations and Maintenance (O&M) Agreement	Sembcorp Salalah and Sembcorp Salalah O&M Services Company LLC	February 8, 2010	15 years from scheduled COD	April 3, 2027
Technical Assistance Agreement (TAA)	Sembcorp Salalah O&M Services LLC and Sembcorp Gulf O&M Co. Ltd	February 8, 2010	15 years from scheduled COD	April 3, 2027
New PWPA	Sembcorp Salalah and PWP	October 12, 2025	10 years from scheduled COD	April 3, 2037
New NGSA	Sembcorp Salalah and PWP	December 23, 2025	10 years from scheduled COD	April 3, 2037



On April 17, 2023, the Ministry of Energy & Minerals (MEM) advised Sembcorp Salalah that, following two decisions by MEM and MOF, a wholly government-owned company, IGC, was established. By law, MEM transferred all agreements related to the sale, purchase, supply, and transportation of natural gas, along with related agreements, to IGC, effective from January 1, 2023.

New Power and Water Purchase Agreement

During the year, the Company was awarded a new PWPA by PWP, ensuring continuity of contracted offtake beyond the expiry of the existing 15-year PWPA on April 3, 2027. The new PWPA will commence on April 4, 2027 and remain effective for a period of 10 years until April 3, 2037, under which the Plant will supply 465MW of contracted power capacity and contracted water capacity of 15MiGD. The award reinforces the Company's long-standing strategic partnership with PWP, enhances long-term revenue visibility and cash flow stability, and supports the sustainable utilisation of existing assets, aligned with the Company's long-term growth strategy in Oman.

New Natural Gas Sales Agreement

The Company also entered into a new Natural Gas Sales Agreement (NGSA) to secure the long-term fuel supply. The new NGSA will commence on April 4, 2027, immediately

following the expiry of the existing gas supply arrangement, and will remain effective for 10 years until April 3, 2037, aligning with the term of the new PWPA. This agreement ensures a reliable supply of natural gas for the Plant's operations and underpins the Company's ability to meet its contracted power and water obligations throughout the extended PWPA period.

Competitive Strengths

SSPWC's competitive strengths include:

Strong Predictability of Stable Cash Flows

Under the PWPA, SSPWC is entitled to receive capacity charges from PWP for the Plant's contracted power and water capacities, which are periodically tested. These charges account for approximately 90% of SSPWC's total revenue (excluding fuel revenue, which is a pass-through). The capacity charges are payable by PWP regardless of the Plant's actual output, and whether SSPWC is instructed by the Local Dispatch Centre and the OGD to generate and deliver power and / or produce and deliver potable water. This means PWP, subject to limited exceptions, is obliged to pay capacity charges to SSPWC for 100% of the Plant's available power and water capacity.

SSPWC's capacity charges are calculated such that they

cover its debt service and other fixed costs, including fixed operating and maintenance costs, insurance costs and capital returns. Fuel revenues and charges are calculated based on natural gas consumption calculated by the Plant model for energy and water output delivered, and are effectively a virtual pass-through cost.

In addition, for the power and water made available, PWP pays SSPWC a variable output charge to cover operating costs. As a result, SSPWC enjoys strong predictability of stable cash flows unaffected by the amount of power and water required by PWP as it is paid on an availability basis.

Well-established Contractual Framework

The Project is one of 20 independent power and / or water production projects implemented by PWP on a “build, own and operate” basis, benefitting from a well-established contractual framework. PWP used a similar procurement, ownership template and contractual framework for other independent water and power plants in Oman prior to the Project.

The Government Guarantees Payment Obligations of PWP under the PWPA due to the Strategic Importance of the Industry and Project

The power and water sectors are of high strategic importance to both the Dhofar Governorate and Oman. The Project is expected to remain essential for the continued supply of electricity and water in the Dhofar Governorate in the long term. According to PWP, peak demand for electricity in the Salalah System is projected to grow from 801MW in 2024 to 1,469MW by 2031, at an average annual growth rate of 5%. Peak water demand in the Salalah, Taqah, and Mirbat areas is also expected to increase at an average rate of nearly 5% per annum¹.

As a result, the Oman Government, both directly and indirectly, participates in and supports the Project in the following ways:

- i) As off-taker under the PWPA, as 100% indirect owner of PWP.
- ii) As supplier, through IGC (100% ownership with MOF), responsible for procuring and delivering natural gas to the Project.

- iii) As transmission system operator, as owner of OETC and through Dhofar Integrated Services Company (DISC), which respectively owns and operates all power and water transmission facilities in the Dhofar Governorate.
- iv) As guarantor, pursuant to the government guarantee (with Oman currently holding a Baa3 credit rating by Moody's), which guarantees PWP's payment obligations under the PWPA.

In addition to the government guarantee, the Sector Law mandates that PWP remains wholly owned by the Government and MOF is obliged to ensure PWP has access to sufficient financing to support its operations.

Fully Operational Project with Minimal Operating Risk

SSPWC benefits from minimal operating risk, as its operator, Sembcorp Salalah O&M, is a joint venture indirectly owned by two Project Sponsors, Sembcorp Utilities and OIC. This alignment of interests ensures efficient plant operations.

Sembcorp Salalah O&M is managed locally through Sembcorp Utilities, a wholly-owned subsidiary under Sembcorp Industries. Sembcorp Industries is a leading energy and urban solutions provider with a balanced energy portfolio of 28.3GW, including 20.2GW of gross renewable energy capacity, across 11 countries. It also handles gross water and wastewater treatment capacity of around 8.1 million cubic metres per day across Singapore, China, the UK, and the Middle East. Sembcorp Industries has an established track record of running similar plants and holds a significant equity interest in the Project.

SSPWC also has a long-term maintenance contract with GE, the manufacturer of the Plant's gas turbine units. This partnership ensures regular scheduled maintenance, leveraging GE's expertise and fostering shared accountability for the Plant's maintenance upkeep.

Excess Capacity and Outage Allowance to Ensure an Extended Plant Lifespan

Power and water plants generally experience capacity degradation to produce electricity and desalinated water over time. However, management believes the Plant's actual capacity exceeds its contracted capacity, more than offsetting any estimated capacity degradation over the PWPA term.

¹ PWP's Seven-Year Statement (2025-2031)

The PWPA also accounts for scheduled outages, allowing SSPWC to conduct maintenance on the power plant for up to 15% of the time (excluding the peak months of April, May and June) and on the desalination plant for 5% of the time (throughout the year). This scheduled maintenance is expected to prolong the Plant's lifespan and delay the degradation of its electricity and desalinated water production capabilities.

Mitigation of Fuel Risks

Under the NGSA, IGC is responsible for procuring and delivering all natural gas required by the Plant. All gas delivered to the Plant must meet minimum quality standards. If natural gas becomes unavailable and provided SSPWC is not in breach of its operational obligations and the Plant operates using backup diesel, it remains entitled to receive capacity charges from PWP. In addition, IGC will compensate SSPWC for the incremental costs associated with diesel usage. Any increase in gas price charged by IGC is directly passed through under the PWPA. Consequently, the Plant has mitigated risks related to gas quality, supply and price.

In situations where natural gas is unavailable or its supply is disrupted, SSPWC is obligated under the PWPA to maintain a backup fuel supply sufficient for three days of full-load operation at the site. The Company consistently complies with this requirement.

Extensive Experience of the Project Founders

SSPWC benefits from the extensive power, water and energy experience of its Project Founders, including development, ownership and operation of large-scale gas turbine-based power and desalination projects. Sembcorp Utilities, an integrated energy player, provides solutions across the energy and utilities value chain. With a strong track record in providing energy solutions in developing and developed markets, Sembcorp is poised to capitalise on opportunities arising from the global energy transition. OIC is a private equity investment company with strong experience in investing in the region and has a diversified portfolio of investments in the oil and gas, petrochemical, construction and manufacturing sectors in Oman.

Experienced and Skilled Operational Personnel

SSPWC has a team of well-trained and experienced

personnel employed by Sembcorp Salalah O&M, bringing decades of management and operation expertise. They actively share best practices and exchange knowledge with personnel of the project sponsors globally through training and off-site sessions.

SSPWC's management is strongly supported by highly-trained plant staff, employed by Sembcorp Salalah O&M. The Company benefits from an O&M contract entered with Sembcorp Salalah O&M, a company formed by the Project Founders. Additionally, a TAA with Sembcorp Gulf O&M provides further operational support. A long-term maintenance contract with GE, the original equipment manufacturer of the Plant's gas turbines, ensures optimal performance and reliability.

Technology and Processes

Plant Description

The Plant is an independent power and water plant located between the towns of Taqah and Mirbat, approximately 50km from Salalah, an administrative town in the Dhofar Governorate.

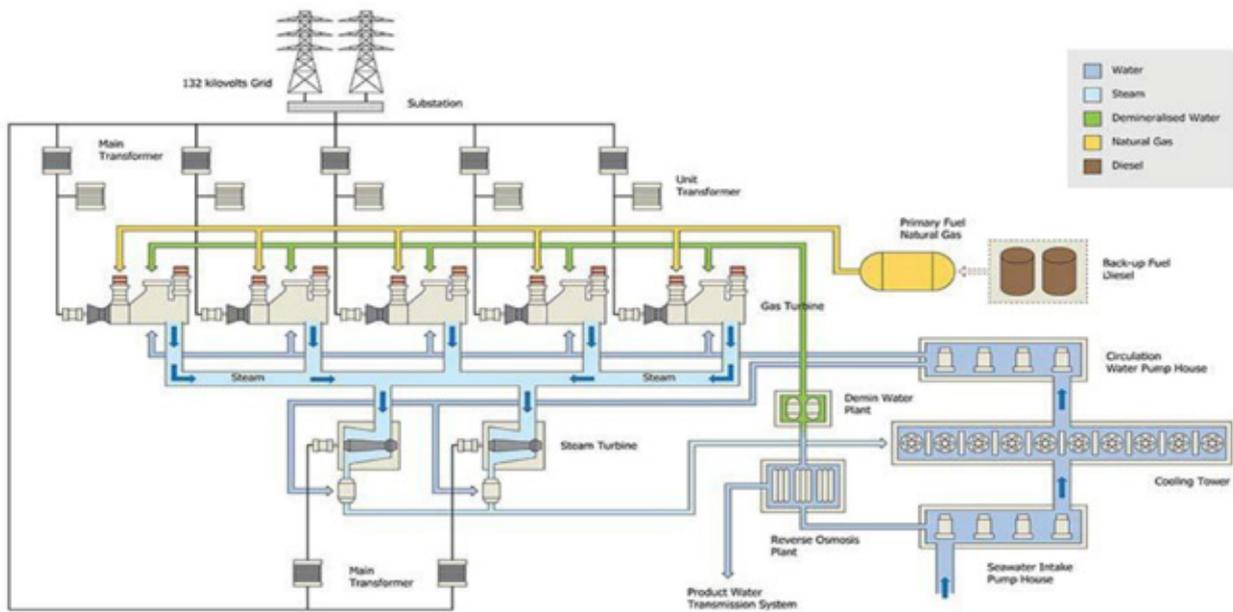
Before the Sembcorp Utilities and OIC consortium's bid for the Project, extensive optimisation studies were conducted by Sembcorp Utilities' modelling consultant, VTU Energy, to identify the most economically attractive and technically sound configuration to meet power and water output requirements and operational constraints required by PWP. After a detailed scenario analysis, the chosen configuration for the Plant includes:

- Five 6FA gas turbines;
- Two steam turbines; and
- Five heat recovery steam generators.

This combined-cycle configuration integrates the gas turbines with heat recovery steam generators and steam turbines to achieve optimal energy production efficiency.

The following diagram illustrates the configuration of the Plant:

The following pictures display the Plant's power facility and the seawater reverse osmosis desalination facility:



Power Facility



The Plant comprises five gas turbines and two steam turbines, with a gross installed capacity of 518MW and a contracted power capacity of 445MW.

Seawater Reverse Osmosis Desalination Facility



The Plant uses a reverse osmosis process, with a contracted water production capacity of 15MiGD. It began full commercial operations on May 25, 2012.

Gas Turbines

The five 6FA gas turbines at the Plant were supplied by GE, chosen for their proven reliability in commercial operations. Each turbine is equipped with the robust Dry Low NOx system, a leading pollution prevention system for 50Hz combined-cycle applications. This system achieves over 54% efficiency and a concentration of nitrous oxides of approximately 15 parts per million.

Designed for mid-size combined-cycle or cogeneration plants such as the Plant, the 6FA gas turbine offers flexible operation and maximum performance. It can be configured in a multi-shaft arrangement, combining one or two gas turbines with a single steam turbine. The 6FA gas turbine burns a variety of fossil fuels, allowing for fuel switching after start-up without compromising performance.

Revenue Overview

The PWPA outlines the terms for SSPWC to generate and supply power and desalinated water to PWP until 2027. Under this agreement, SSPWC is obligated to operate and maintain the Plant to ensure an agreed level of availability for both power and water capacities following the COD. The Company must also operate the Plant safely and within its design parameters.

Since the COD, the Plant has achieved a net electricity generating contracted capacity of 445MW and a desalinated water production capacity of 15MiGD. The energy and water output are sold to PWP. In return, SSPWC receives tariffs covering capacity charges, electrical energy charges, water output charges and fuel charges from PWP, described as follows:

- The power capacity charge is payable for each hour during which the Plant is available and is designed to cover fixed costs, including debt service, and return on capital.
- The electrical energy charge covers variable operating costs of generation, excluding fuel costs, and is payable according to the electrical energy delivered under the PWPA.

- The water output charge covers variable operating costs of desalination, excluding fuel costs, and is calculated based on the volume of water output delivered.
- The fuel charge is calculated based on the consumption of natural gas, calculated by the Plant model for the electrical energy and water output delivered, effectively serving as a virtual pass-through cost.

Payments are denominated in Rial Omani (﷮). The investment component of the capacity charge is linked to the RO-USD exchange rate. The fixed and variable operation and maintenance charges for power and water are linked to the RO-USD exchange rate, a prescribed US inflation rate related to turbines and generators, and the Omani inflation rate for a portion of the total charge. The PWPA defines the RO-USD exchange rate as the mid-rate of the RO-USD spot rate, as published by the Central Bank of Oman on the last Omani business day of the relevant billing period.



Profile of the Major Shareholders

Sembcorp Oman First Investment Holding (SOFIH) and Sembcorp Oman IPO Holding (SOIHL) are wholly-owned subsidiaries of Sembcorp Utilities, which is a wholly-owned subsidiary of Sembcorp Industries

SOFIH and SOIHL are British Virgin Islands-incorporated companies that are wholly-owned subsidiaries of Sembcorp Utilities, a Singapore-based energy and water business serving industrial and municipal sectors. SOIHL sold its 20% shareholding in Sembcorp Salalah as part of the IPO in September 2013 and is no longer a shareholder of the Company.

Sembcorp Utilities provides a wide spectrum of third-party utilities and services including power, steam, natural gas, desalinated water, reclaimed water, industrial water, wastewater treatment, chemical waste incineration, chemical feedstock, onsite logistics and solid waste management. Sembcorp Utilities has several strategic relationships and long-term partnerships with multinational customers.

Sembcorp Utilities is a wholly-owned subsidiary of Sembcorp Industries, a Singapore-based leading renewables energy player and established industrial urban solutions provider with operations across 10 countries globally.

Incorporated in 1998, Sembcorp Industries is listed on the main board of the Singapore Exchange. It is a constituent stock of FTSE Russell Index, MSCI Singapore Index, Straits Times Index as well as sustainability indices including FTSE4Good Index and several MSCI ESG indices. Its largest single shareholder is Temasek Holdings, an investment company headquartered in Singapore. The market capitalisation of Sembcorp Industries was S\$10.7 billion² as at December 31, 2025. For more information on Sembcorp Industries, visit www.sembcorp.com.

Inma Power & Water Company (IPWC) (a wholly-owned subsidiary of OIC)

IPWC is an Oman-incorporated company and a wholly-owned subsidiary of OIC. OIC is a leading private equity investment company in Oman that combines an ambitious, entrepreneurial spirit with years of experience and a thorough knowledge of investing in the region. Since its establishment in 2005, OIC has been active in developing new projects, making private equity investments and

building successful businesses in partnership with local entrepreneurs and leading corporations from around the world. OIC invests in privately-held companies with strong growth potential which can deliver superior risk-adjusted returns.

OIC has a diversified portfolio of investments in the real estate and infrastructure, utilities, petrochemical, insurance, healthcare, construction and manufacturing sectors in Oman. Other than IPWC, OIC's investment portfolio includes Khazaen Economic City Project, Takaful Insurance, Octal Holding, Meras Services and Development, TMK Gulf International Pipe Industries, Aman Healthcare and Nafath Renewable Energy. For more information on OIC, visit www.oic.om.

Salalah System Water Demand

PWP projects that the water demand in the Salalah, Taqah and Mirbat areas is expected to grow at an average rate of about 5% per annum⁴ over the next seven years. This growth is primarily driven by GDP expansion, major infrastructure developments, and the expected increase in large-scale industrial and commercial users in priority sectors under the national economic diversification agenda.

² Source: Bloomberg



Industry Structure and Developments

Oman's power system comprises three regional systems, partially connected via interconnectors:

- The main interconnected system is the largest part of the system, covering Oman's northern area;
- The Salalah system covers Salalah and surrounding areas in the Governorate of Dhofar; and
- The rural areas electricity system, operated by Rural Area Electricity Company serves the rest of Oman.

Nama Power and Water Procurement Company

PWP is the single buyer of power and water for all Independent Power Plant (IPP) / Independent Water & Power Plant projects within Oman and is the sole customer of SSPWC.

The Salalah System

The Salalah system covers the city of Salalah and surrounding areas in the Dhofar Governorate, serving approximately 149,372 electricity customers.¹ The Salalah system comprises the generation, transmission and distribution capabilities of:

- SSPWC, contracted for 445MW electricity generation capacity (contracted capacity will be increased to 465MW from 4 April 2027);
- Power station located in Raysut, operated by Dhofar Generation Company (previously owned by DISC) comprising eight open-cycle gas turbine units with a total net capacity of 273MW;
- Combined-cycle power plant, owned by ACWA Power and Mitsui, located in Raysut, composing four gas turbines and two steam turbines, with a contracted capacity of 445MW, commissioned in January 2018;
- Dhofar I Wind IPP with an installed capacity of 50MW;
- Transmission activities owned by OETC; and
- Distribution and supply activities owned by DISC.

In addition, the government plans to implement the 400kV North-South interconnection, linking Oman northern and central regions including Duqm and Wusta. By the fourth

quarter of 2026, this interconnection is expected to extend to the Dhofar Power System (DPS), enabling the integration of the Main Interconnected System and DPS into a single unified national grid.

The Salalah system also has contingency reserves via the interconnection with the 132kV link between Thumrait and Harweel, owned by Petroleum Development of Oman and completed in 2012.

The Salalah system also comprises the following water producers and distribution network:

- SSPWC, contracted for 15MiGD desalinated water capacity.
- Salalah III Independent Water Plant (IWP), contracted for 25MiGD desalinated water capacity.
- Potable water supply and distribution network, owned by DISC.
- A network used by DISC for ground water sources to meet the water demand which are not connected.

Salalah III IWP with a contracted capacity of 25MiGD was commissioned in 2021.

Salalah System Electricity Demand

PWP projects that peak electricity demand in the Salalah system is projected to grow at an average annual rate of 9%, increasing from 801MW in 2024 to 1,469MW by 2031.³

Salalah System Water Demand

PWP projects that the water demand in the Salalah, Taqah and Mirbat areas is expected to grow at an average rate of about 5% per annum⁴ over the next seven years. This growth is primarily driven by GDP expansion, major infrastructure developments, and the expected increase in large-scale industrial and commercial users in priority sectors under the national economic diversification agenda.

³ PWP's Seven Year Statement (2025-2031)

Sustainability review

Our sustainability highlights

SSPWC plays a pivotal role in enabling access to energy and water in Oman. The company has invested in projects to achieve better energy efficiency, including reducing heat

rate and auxiliary power in the Plant and reducing waste. These initiatives have improved energy efficiency and contributed to lower operating costs for the company.² SSPWC Power and Water Company

Environmental



Total GHG emissions increased slightly in 2025 compared to 2024 primarily due to the major maintenance of the steam turbine.

Water consumption and water reclaimed both decreased in 2025 compared to the prior year mainly driven by lower overall water demand during the reporting period.

Social



Governance



In 2025, Our team participated in a beach cleanup, and tree planting drive. These efforts demonstrate our dedication to making a positive impact on the environment.

SSPWC has remained committed to supporting social and community welfare initiatives in close collaboration with government entities and non-governmental organisations. In 2025, the company contributed RO 12,000 to the Oman Charitable Organisation in accordance with Ministerial Decision 205/2021. In addition, SSPWC invested RO 48,000 to improve housing conditions for the local community, working jointly with local authorities to ensure the support effectively addressed community needs

Our environmental priorities

Climate Change

Reducing GHG emissions from our existing power and desalination plant helps minimise our contribution to global warming and climate change. We do so by enhancing the efficiency of our plant. The Company's power and desalination plant utilises combined cycle gas turbine technology for power generation and reverse osmosis technology to produce desalinated water. Natural gas is the Plant's primary fuel. Various design considerations that have been implemented to reduce GHG emissions and mitigate exposure to climate-related physical risks include the following:4. Our sustainability highlights

Utilising exhaust heat to reduce gas consumption: To enhance efficiency of the Plant, it is crucial that the power generation per unit of natural gas used is maximised. The technology employed at the Plant utilises high-grade heat from the gas turbine exhausts to generate high pressure steam, which powers a steam turbine. As a result of this process, an additional 46% of power can be generated without any additional usage of gas.

Natural Hazards: The company has implemented a comprehensive set of measures to mitigate flood risks. These include the installation of external stormwater control systems and the construction of a 720 metre drainage channel to manage water flow. Additionally, physical barriers such as a North Gate bund, a wall at the Dhofar Services Company metering skid fence area, and backfilling at the south cliff area have been established to divert stormwater from critical zones and prevent erosion. Structural upgrades

have also been undertaken to protect power or control cables and ensure staff safety during emergencies. These upgrades include the reinforcement and replacement of metal roofs and side panels on equipment enclosures, plant equipment foundations and trench slabs and the installation of drain sump pumps with an integrated collection pit at the Seawater Intake pump house.

Low Emissions and Effluent Discharge: The company's gas turbines are equipped with a Dry Low NOx system, which is a leading pollution prevention system. It ensures that international environmental standards are adhered to by achieving a concentration of nitrous oxides of approximately 15 parts per million (15ppm NOx). Chemicals are used in various parts of the generation and production processes. Effluents resulting from chemical usage are collected and treated so that all discharges from the Plant comply with the regulatory limits.

Resource and Environmental Management

We are committed to ensuring all aspects of the business are conducted with the utmost respect to the environment through responsible practices and procedures. We are committed to protecting the environment through our environment management programme and to complying with applicable environmental regulations.

The company is accredited with the ISO 14001:2015 (Environmental Management System) certification. The certification ensures that the company has a framework in place for effective environmental management.

In addition, we seek to enhance energy efficiency and reduce water withdrawal through ongoing monitoring and operational optimisation initiatives.

Our social priorities

SSPWC recognises the right to life, health and safe working conditions, and is committed to reducing health and safety risks in our operations. We believe that most incidents are preventable. It is our responsibility to ensure that our employees are equipped with the right skills and tools to work safely. We also require our contractors to comply with our health and safety requirements to prevent and manage health and safety risks.

SSPWC manages HSSE with a systematic and structured approach through our HSSE management system which forms an integral part of our business activities. Our HSSE management system enables us to:

- Comply with legal requirements;
- Identify and mitigate significant HSSE impacts;
- Manage occupational safety hazards and risks;
- Adopt technological applications to improve health and safety performance;
- Meet financial, operational and business requirements;
- Conduct training to develop employees competency in managing work-related hazards and risks.

Local Workforce Development

Our human resource strategy supports the Ministry of Manpower's Omanisation Plan. This is executed through the recruitment of fresh graduate engineers from the local colleges and taking them through a structured training programme including on-the-job exposure and apprenticeship. We collaborate with Technical Institutions to promote curriculum that builds skillsets of the local youths. We also support regional social development activities that encourage and create awareness on social issues.

Community Engagement

SSPWC aims to contribute positively to and build a mutually beneficial relationship with the local community, while enabling growth in the Dhofar Governorate. The company makes contributions in key areas such as local recruitment, training and development, environmental management and mitigation, as well as social and community welfare. While making community investment and donations, the company adheres to Ministerial Decision 205/2021 (Deducting a Percentage from the Budget of the Establishment or Company Allocated to Social Responsibility Programs for the Benefit of the Oman Charity Organisation) and also closely engages with the local community through the local government body.

In 2025, the Company made cash contributions totaling RO 60,000 to support community initiatives. Of this amount, RO 12,000 was donated to the Oman Charitable Organisation, while RO 48,000 was allocated toward improving local living

accommodations. These contributions underscore the Company's continued commitment to social development and enhancing community well-being.

Our governance priorities

The company has established an Integrated Assurance Framework (IAF) which includes quarterly reporting to audit committee. Principal risks of the company are identified and accountability is established with the relevant risk owner and coordinator. The risk description, drivers and consequences are determined by risk owners. Key risk indicators and risk appetite are set to facilitate ongoing monitoring of risk status.

In addition, a compliance programme is designed to ensure compliance with our anti-bribery and corruption "ABC" policy and includes counterparty due diligence. Our zero-tolerance stance towards bribery and corruption is regularly communicated to employees through email circulars and e-learning programme to increase awareness.





Management Discussion and Analysis

In 2025, SSPWC recorded a profit after tax (PAT) of **₹**23.29 million, up from **₹**22.47 million in the previous year. The increase was mainly due to lower net finance costs. Operating profit, however, declined to **₹**29.75 million from **₹**30.73 million in 2024, primarily due to lower plant reliability and higher maintenance expenditure incurred during the year.

Business Overview

The Company's core business is providing electricity and water in the Dhofar region. Contracted capacity is 445MW for the power plant and 15MiGD for the water plant. The Company receives revenue based on plant availability, ensuring a stable business model. In 2025, the Company contributed around 50% of the region's power and desalinated water demands.

Performance Overview

The Company's operating and financial performance for the financial year 2025 is detailed below.

Operating Performance

In 2025, the Company maintained high levels of operational reliability across its power and water plants. However, performance was slightly lower than the previous year due to higher forced outages. Plant load factors remained generally stable compared to 2024. Under the take-or-pay commercial arrangement with PWP, the plant load factor does not have a significant impact on the profitability of the Company. Key operating parameters for 2025 are shown below:

	Unit	2025	2024	Variance
Water Reliability	(%)	99.84	100.00	-0.16%
Power Reliability	(%)	98.81	99.82	-1.01%
Quantity of Water Sold	(Thousand m ³)	20,879	21,781	-4.14%
Quantity of Power Sold	(MWh)	2,118,263	2,109,814	0.40%
Plant Load Factor (Power)	(%)	54.34	53.97	0.69%
Plant Load Factor (Water)	(%)	83.89	87.27	-3.87%

Financial Performance

Key financial performance indicators are shown below:

	2025	2024
	₹ million	₹ million
Revenue	83.94	82.52
Earnings before interest, tax, depreciation and amortisation ⁵	40.97	41.94
Profit before interest and tax	29.75	30.73
Profit after tax	23.29	22.47

Profit after Tax

Profit after tax increased to **₹**23.29 million in 2025 from **₹**22.47 million in 2024.

A brief analysis and characteristics of the major components of the profit or loss is presented below:

⁵ Earnings before interest, tax, depreciation and amortisation exclude major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

Revenue

Power contributed 46% (excluding fuel charge), water 20% and fuel charge 34% to the total revenue. The overall increase in revenue was driven by higher fuel charge revenue resulting from higher fuel prices and higher heat rate, net off with lower capacity charge revenue. Fuel charge revenue is a pass through and is calculated based on consumption of natural gas as computed by the plant's contractual Fuel Demand Model. Actual heat rate is better than the contracted Fuel Demand Model. Capacity charge revenue declined due to reduced power plant reliability and the absence of the extra operating day that contributed to revenue in the leap year 2024.

Cost of Sales

Cost of sales primarily comprises depreciation of property, plant and equipment, fuel costs, and Long-Term Service

Agreement (LTSA) costs. Compared to the same period in 2024, cost of sales increased by ~~€~~1.7 million, mainly driven by higher fuel costs, and elevated LTSA costs. Fuel charge, being a pass-through component, rose in line with revenue. Maintenance costs increased due to higher levels of both planned and corrective maintenance, while LTSA costs rose as a result of the impact of inflation-linked indices.

Net Finance Cost

Net finance cost decreased by ~~€~~1.86 million in 2025 compared to 2024 due to the scheduled repayment of part of the term loan in line with the financing documents.

Income tax expenses

Income tax expenses increased in 2025, corresponding with the rise in profit for the year compared to the previous year.

Financial Position

		as at December 31, 2025	as at December 31, 2024
Total assets	€ million	251.39	261.51
Total liabilities	€ million	62.51	88.17
Shareholders' equity	€ million	188.88	173.34
Gearing ratio		12:88	23:77
Net assets per share	€ /share	0.198	0.182

Dividend

The Board will seek shareholders' authorisation at the annual general meeting to pay a cash dividend of up to 16 baizas per share, based on cash flow availability, on November 1, 2026.

In 2025, the Company paid a total dividend of 8 baizas per share.

New Power and Water Purchase Agreement

As disclosed on MSX in October 2025, the Company signed a new Power and Water Purchase Agreement

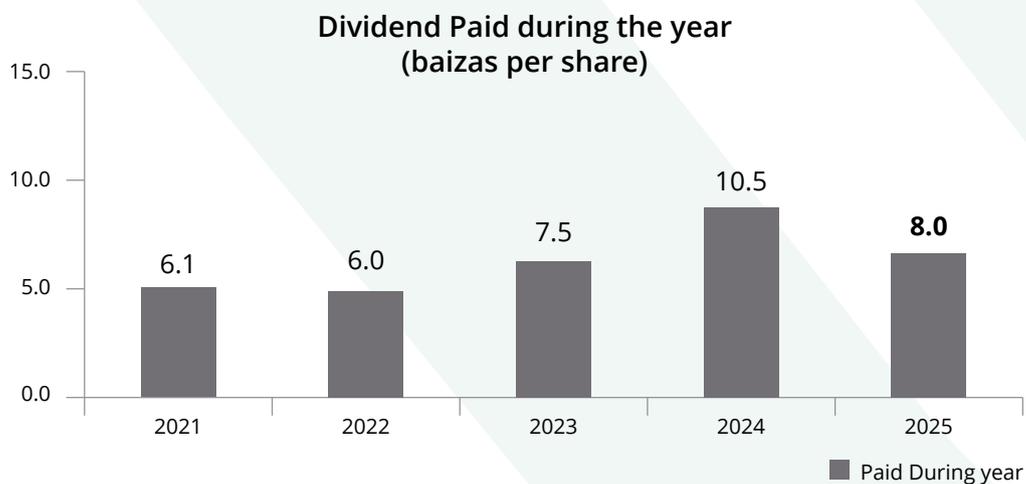
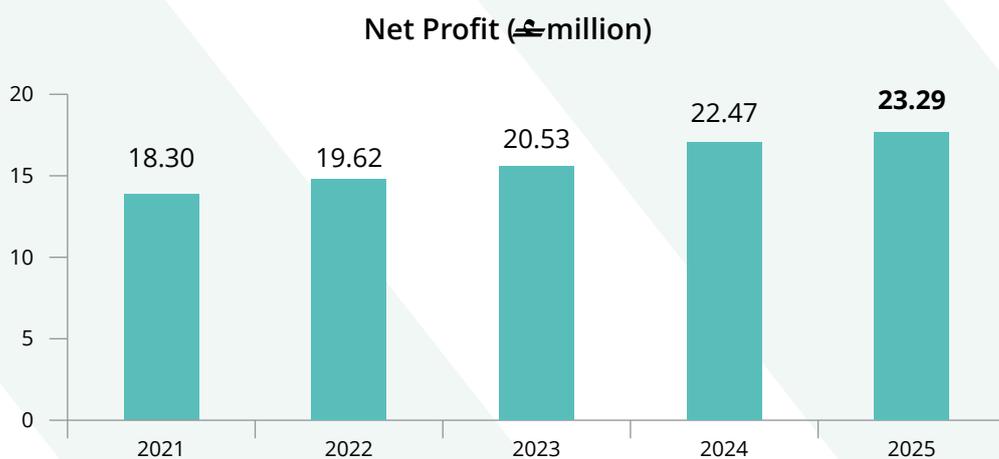
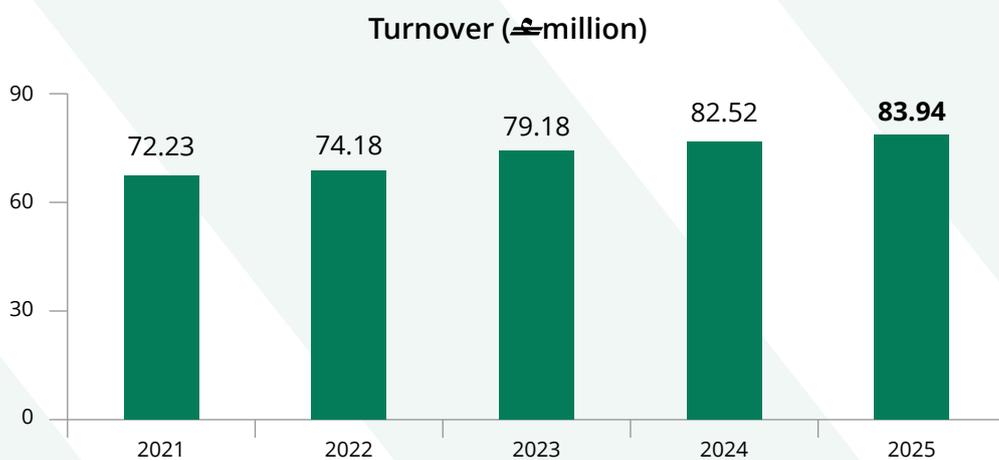
("new PWPA") with PWP. The new PWPA will commence on 4 April 2027, immediately upon expiry of the existing 15year agreement, and will remain effective for a 10year term ending in April 2037. Under this new arrangement, the Salalah Independent Water and Power Plant will continue to supply 465 MW of power and 15 MiGD of desalinated water per day to the offtaker.

The total fixed capacity-based lease receipts expected to be received under the new PWPA are disclosed in note 29 to the financial statements. This revised fixed capacity-based lease receipts in new PWPA is driven by several underlying factors mentioned below:

- The Company's project financing will be fully repaid by September 2026, resulting in the elimination of debt service linked components embedded in the original PWPA tariff. The existing PWPA was priced during a period of elevated global credit costs; with financing fully settled, the tariff under the new PWPA corresponds to a structurally lower capitalcharge requirement.
- The plant has already recovered its initial capital investment over the course of the existing PWPA. As a result, the Company does not require significant reinvestment to fulfil its contracted power and water obligations over the new term, enabling an efficient operating structure.
- With the financing obligations fully discharged, the Company will operate with a materially reduced cost base. This enables the business to continue delivering reliable, contracted output while enhancing free cash flow generation over the duration of the new PWPA. The improved cash flow outlook strengthens the Company's financial flexibility and underpins its capacity to continue providing sustainable returns to shareholders.

Historical Five-year Performance

Five-year Financials	2025	2024	2023	2022	2021
Key performance indicators (₪ million)					
Revenue	83.94	82.52	79.18	74.18	72.23
Earnings before interest, tax, depreciation and amortisation	40.97	41.94	41.39	42.73	43.24
Profit before interest and tax	29.75	30.73	30.13	31.49	32.06
Profit before tax	27.38	26.45	24.16	23.09	21.54
Net profit	23.29	22.47	20.53	19.62	18.30
Financial position at year end (₪ million)					
Non-current assets	217.21	227.95	238.72	249.49	260.11
Net current assets	(2.47)	(2.75)	0.19	(1.17)	(2.93)
Non-current liabilities	(25.86)	(51.86)	(77.86)	(100.54)	(130.07)
Net assets	188.88	173.34	161.05	147.78	127.11
Hedging reserve	(0.02)	0.10	0.25	0.34	(6.42)
Shareholders' equity	188.88	173.34	161.05	147.78	127.12
Per share					
Earnings (baizas per share)	24.4	23.5	21.5	20.6	19.2
Dividend paid (baizas per share)	8.0	10.5	7.5	6.0	6.1









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with confidence**

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C.R. No. 1224013
PR No. HMH/15/2015; HMA/9/2015

AGREED-UPON PROCEDURES REPORT ON CORPORATE GOVERNANCE REPORT TO THE SHAREHOLDERS OF SEMBCORP SALALAH POWER AND WATER COMPANY SAOG

Scope and purpose

We have performed the procedures agreed with you pursuant to the Financial Services Authority's (FSA) circular no. E/4/2015, dated 22 July 2015, with respect to the Board of Directors' Corporate Governance Report (the "Report") of Sembcorp Salalah Power And Water Company SAOG (the "Company") as at and for the year ended 31 December 2025 and its application of the corporate governance practices in accordance with amendments to FSA's Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 (collectively the "Code").

Restricted use

This agreed-upon procedures report ("AUP Report") is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the accompanying corporate governance report of the Company to be included in its annual report for the year ended 31 December 2025 and does not extend to any financial statements of Sembcorp Salalah Power And Water Company SAOG, taken as a whole.

Responsibilities of the Board of Directors

The Board of Directors have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement and are responsible for identifying and ensuring that the contents of the Report comply with the Code on which the agreed-upon procedures are performed. The sufficiency of these procedures is solely the responsibility of the Company and its Board of Directors.

Responsibilities of the Practitioner

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness, or the sufficiency of the agreed-upon procedures described below either for the purpose for which this AUP Report has been requested or for any other purpose.

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.

Our independence and quality control

In performing the Agreed-Upon Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and the independence requirements in accordance with the relevant regulations in the Sultanate of Oman. We are the independent auditor of the Company and therefore we also complied with the independence requirements of the IESBA Code that apply in the context of the financial statement audit.



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with confidence**

**AGREED-UPON PROCEDURES REPORT ON CORPORATE GOVERNANCE REPORT
TO THE SHAREHOLDERS OF SEMBCORP SALALAH POWER AND WATER COMPANY SAOG (continued)**

Our independence and quality control (continued)

EY applies International Standard on Quality Management 1, which requires us 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.

Description of procedures performed

We have performed the procedures described below, which were agreed upon with you on the compliance of the Report with the Code for the year ended 31 December 2025.

Our procedures and findings included:

No.	Procedures	Findings
(a)	We obtained the Corporate Governance Report issued by the Board of Directors and checked that the Report of the Company includes at minimum all items suggested by FSA to be covered by the report as detailed in the Annexure 3 of the Code.	No exceptions noted.
(b)	We obtained from the Company details regarding areas of non-compliance with the Code identified by the Company's Board of Directors for the year ended 31 December 2025 and compared these with those included in the Report in the section "Details of Non-compliance related to Code of Corporate Governance by the Company". Additionally, we obtained written representations from the Board of 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.	No exceptions noted.



15 February 2026
Muscat

Corporate Governance Report

This Corporate Governance Report for the year ended December 31, 2025, sets out the company's corporate governance processes and activities with reference to the rules set out in 14 principles of the Code of Corporate Governance (the Code) issued vide Circular No. E/4/2015 dated July 22, 2015 which came into force on July 21, 2016.

Company's Philosophy

The Company adheres to the Code issued by the Financial Services Authority ("FSA") (formerly known as Capital Market Authority) and takes all steps necessary to fulfil the objective of good corporate governance. The following is the Company policy with reference to the corporate governance principles:

Corporate Governance and Code of Business Conduct

Sembcorp Salalah firmly believes that good corporate governance is key to delivering long-term shareholder value. The Company is committed to adhering to high standards of management, its Code of Business Conduct, and having robust systems of internal controls and accountability.

The Company has established detailed functional policies and procedures (through its operation and maintenance company), Financial Authority Limits, clear roles and responsibilities for the Board and Management, Enterprise Risk Management Framework and a Code of Business Conduct, which establishes internal controls throughout the organisation and helps management to take decisions with regards to the Company's affairs. The Board also sets financial and non-financial targets every year and evaluates the Company's performance progressively.

The Company is committed to ensuring that all shareholders have easy access to clear, reliable and meaningful information in order to make informed investment decisions and also encourages shareholders to attend the general meetings. For this purpose, the Company has established an Investor Relations Policy to uphold high standards of corporate transparency and communication with shareholders and to provide a disciplined and a professional approach to the flow of information from the Company at all times.

The Company's Code of Business Conduct expresses high standard of behaviour and integrity that the Company requires from its directors and employees.

Board of Directors

Formation, Roles and Responsibilities and Authority and Competencies

The membership of the Company's Board of Directors (the Board) ensures that at least one third of the Board is independent and all the directors are non-executives whilst it also brings the level of practical and professional expertise required by the Company.

The Board comprises nine directors, all of which are non-executives and five of them are independent. The board members include professionals with strong experience relevant to the Company's business. Given that all of the directors are non-executive and the majority of them are independent, the objectivity of board decision making and issues deliberated is assured. The Board has also reviewed and approved clear job descriptions of the Board and the Chairman, which is in line with the new Code encompassing the roles and responsibilities that are expected of them.

Sub-Committees

The Board established following sub-committees in line with the New Code, detailed terms of reference of which has been established:

1. Nomination and Remuneration Committee
2. Audit Committee
3. PWPA restructuring Committee (ad hoc committee)

Brief roles and responsibilities of the above are included in this report.

Chairman

The Chairman is non-executive and brings with him vast experience in strategy, business and project development for the utility business industry. He has sufficient experience and knowledge and leadership skills to lead the Board and the Company to ensure that the Board performs its role, responsibilities, functions and powers in directing the Company towards achieving its objectives.

Independent directors

Directors are considered independent if they meet the criteria as mentioned in the Code. Independent directors give their statement annually indicating whether or not a change in circumstances has occurred which might impair their independence. Currently, the Company has five independent directors.

Company Secretary

The Board ensures that the Company Secretary has sufficient experience and knowledge to assist the board to discharge their roles and responsibilities effectively and efficiently.

Executive Management

Executive Management manages the operations of the Company in accordance with the established policies and procedures of the Company to achieve the established objective of the Company. Executive Management performs their duties in accordance with financial authority limits as approved by the Board. It is the responsibility of the Management to provide all the necessary information including key risks and challenges to the Board to perform their duties effectively and efficiently.

Related party transactions

The Company enters into related party transactions only if these are in its best interests. The Company believes in high level of transparency and clarity in identification and reporting of related party transactions. Related party transactions are highlighted to the Audit Committee and the Board for their review before final approval by the shareholders in the Annual General Meeting.

External auditors

The shareholders appoint an internationally renowned audit firm in accordance with company's Financing Agreements and local regulations as recommended by the Board. The Board makes sure that external auditors are independent so that the auditors give their professional opinion on the financial statements presented to the shareholders.

Corporate Social Responsibility

Sembcorp Salalah recognises the importance of being a good corporate citizen in the conduct of its business activities as well as in fulfilling its corporate and social responsibilities. The Company follows a consistent approach for its charitable contributions and community investments.

The Board of Directors and Its Committees

The Board members were elected on March 19, 2025, during the Annual General Meeting (AGM). In accordance with the Code, all elected Board members are non-executives. The table below outlines the Board members and their attendance at both the AGM and Board meetings for the year 2025.

Board of Directors		Category	Board meetings					AGM
			13-Feb.	19-Mar.	28-Apr.	29-Jul.	27-Oct.	19-Mar.
Tan Cheng Guan	Chairman	Non-Executive	✓	✓	✓	✓	✓	✓
Kalat Al Bulooshi	Deputy Chairman	Non-Executive	✓	✓	✓	✓	✓	✓
Tariq Al Amri	Director	Non-Executive and Independent	✓	✓	✓	✓	✓	✓
Vipul Tuli (Note 1)	Director	Non-Executive	✓	✓	✓	✓	✓	✓
Yap Siew Leng (Note 1)	Director	Non-Executive	✓	✓	✓	✓	✓	✓
Ahmed Al Bulushi	Director	Non-Executive and Independent	✓	✓	✓	✓	✓	✓
Hussein Al Lawati	Director	Non-Executive and Independent	✓	✓	✓	✓	✓	✓
Ahmed Al Moosawi (Note 2)	Director	Non-Executive and Independent	✓	-	-	-	-	-
Abdullah Mohammed Al Ma'amari	Director	Non-Executive and Independent	✓	✓	✓	✓	✓	✓
Imad Al Salmi (note 3)	Director	Non-Executive and Independent	-	✓	✓	✓	✓	✓

Legends: ✓ = Present, - = Apologies, NA = Not applicable

Note 1: Mr. Vipul Tuli and Ms. Yap Siew Leng resigned from the Board on 3 December 2025. They were succeeded by Mr. Koh Chiap Khiong and Mr. Lim Kwang Ming, who joined the Board as NonIndependent NonExecutive Directors.

Note 2: Mr. Ahmed Al Moosawi completed his term in March 2025 and did not stand for reelection.

Note 3: Mr. Imad Al Salmi was elected as a new Independent Non-Executive Director at the AGM held on 19 March 2025.

The following are the names of directors who hold directorships in Public Joint Stock Companies in Oman other than Sembcorp Salalah.

Name of directors	Number of directorships
Hussein Al Lawati	1
Ahmed Al Bulushi	1
Imad Al Salmi	1
Abdullah Mohammed Al Ma'amari	2

The Board formed the Nomination and Remuneration Committee, and Audit Committee in accordance with the requirement of the Code. On 19 March 2025, the elected board appointed the members of the Committee.

Committee	Chairman	Members
Audit Committee	Tariq Al Amri	Ahmed Al Bulushi, Yap Siew Leng, Imad Al Salmi and Abdullah Mohammed Al Mamari
Nomination and Remuneration Committee	Kalat Al Bulooshi	Vipul Tuli and Hussein Al Lawati

Ms. Yap Siew Leng resigned from the Audit Committee on 3 December 2025. She was succeeded by Mr. Lim Kwang Ming. Mr. Vipul Tuli resigned from the Nomination and Remuneration Committee on 3 December 2025. He was succeeded by Mr. Koh Chiap Khiong.

The Board formed temporary committee on 01 June 2022, the elected board appointed the following members of the Committee. The Committee ceased to operate in October 2025 after successfully achieving its objective.

Committee	Chairman	Members
Temporary Committee	Tan Cheng Guan	Kalat Al Bulooshi, Vipul Tuli, and Abdullah Mohammed Al Mamari

Audit Committee Meetings

The following is a list of audit committee members and their attendance in audit committee meetings for the year 2025:

Audit Committee Members	Category	Audit Committee meetings				
		13-Feb.	19-Mar.	28-Apr.	29-Jul.	27-Oct.
Tariq Al Amri	Chairman Non-Executive and Independent	✓	✓	✓	✓	✓
Ahmed Al Bulushi	Director Non-Executive and Independent	✓	✓	✓	✓	✓
Abdullah Mohammed Al Mamari	Director Non-Executive and Independent	✓	✓	✓	✓	✓
Ahmed Al Moosawi	Director Non-Executive and Independent	✓	-	-	-	-
Imad Al Salmi	Director Non-Executive and Independent	-	✓	✓	✓	✓
Yap Siew Leng	Director Non-Executive	✓	✓	✓	✓	✓

Legends: ✓ = Present, - = Apologies, NA = Not applicable

Nomination and Remuneration Committee Meetings

The following is a list of Nomination and Remuneration Committee members and their attendance in Nomination and Remuneration Committee meetings for the year 2025:

Nomination and Remuneration Committee Members		Category	Nomination and Remuneration Committee Meetings	
			11-Feb.	28-July
Kalat Al Bulooshi	Chairman	Non-Executive	✓	✓
Vipul Tuli	Director	Non-Executive	✓	✓
Hussein Al Lawati	Director	Non-Executive and Independent	✓	✓

Legends: ✓ = Present, - = Apologies, NA = Not applicable

Temporary Committee

Committee Members		Category	PWPA Restructuring Committee Meetings	
			18 Feb 2025	14 July 2025
Tan Cheng Guan	Chairman	Non-Executive	✓	✓
Kalat Al Bulooshi	Director	Non-Executive	✓	✓
Vipul Tuli	Director	Non-Executive	✓	✓
Abdullah Mohammed Al Mamari	Director	Non-Executive and Independent	✓	✓

Legends: ✓ = Present, - = Apologies, NA = Not applicable

Terms of Reference of the Board Committees

Audit Committee

The Audit Committee (AC) comprises of non-executive directors of which the majority are independent as highlighted above.

Authority and Duties of the AC

The AC assists the Board in fulfilling its fiduciary responsibilities relating to the internal controls, audit, accounting and reporting practices of the Company. Its main responsibilities are to review the Company's policies and control procedures with the external auditors, internal auditors and management and act in the interest of the shareholders in respect of interested person transactions as well as any matters or issues that affect the financial performance of the Company. The AC reviews the quarterly, half-yearly and full-year results announcements and accompanying press releases as well as the financial statements of the Company for adequacy and accuracy of

information disclosed prior to submission to the Board for approval.

The AC has explicit authority to investigate any matter within its terms of reference and enjoys full access to and co-operation from management to enable it to discharge its function properly.

Where relevant, the AC is guided by Tenth Principal – Audit Committee and Internal Controls - detailed in the FSA's Code of Corporate Governance.

Internal auditors

The Company has established an in house internal audit function. An internal auditor objectively reviews an organisation's business processes and internal controls, evaluates the efficacy of risk management procedures that are currently in place and ensures that the organization is complying with laws and regulations. The AC meets the internal auditors at least once every quarter without the

presence of management. The internal auditor submits its report to the audit committee on a quarterly basis.

External Auditors

Each year, the AC reviews the independence of the Company's external auditors and makes recommendations to the Board on the re-appointment of the Company's external auditors.

The AC reviews and approves the external audit plan to ensure the adequacy of audit scope. It also reviews the external auditors' management letter (if any) and monitors the timely implementation of the required corrective or improvement measures. The AC meets the external auditors at least once every quarter without the presence of management. The AC has reviewed the nature and extent of non-audit services provided by the external auditors to the Company and is satisfied that the independence of the external auditors has not been impaired by their provision of non-audit services. Details of non-audit fees payable to the external auditors are found later in this report.

Whistle-Blowing Policy

The AC also oversees the Company's whistle-blowing policy implemented by the Company to strengthen corporate governance and ethical business practices. Employees are provided with accessible channels to the Company's Internal Auditor and the Sembcorp Group's Internal Audit department to report suspected fraud, corruption, dishonest practices or other misdemeanors. The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will, to the extent possible, be protected from reprisal.

Nomination and Remuneration Committee (NRC)

The NRC is charged with the following responsibilities:

- of ensuring that Sembcorp Salalah's Board is reviewed to ensure strong and sound leadership for the continued success of the Company. It ensures that the Board has a balance of skills, attributes, background, knowledge and experience in business, finance and related industries, as well as management skills critical to the Company; and
- for developing, reviewing and recommending to the

Board the framework of remuneration for the Board and key management personnel. It assists the Board to ensure that competitive remuneration policies and practices are in place. The NRC also reviews and recommends to the Board the specific remuneration packages for each director as well as for key management personnel. The NRC's recommendations are submitted to the Board for endorsement.

The NRC reviews and makes recommendations to the Board on the independence of the directors, new appointments, re-appointments and re-elections to the Board and Board Committees to ensure the Board maintains an appropriate size. The NRC is also responsible for reviewing the succession plans for the Board Chairman, developing a process for performance evaluation of the Board and Board Committees, and reviewing training and professional development programmes for the Board.

Appointment & Re-Appointment of Directors

When the need for a new director is identified, the NRC will prepare a shortlist of candidates with the appropriate profile and qualities for nomination. The Board reviews the recommendation of the NRC and appoints the new director. In accordance with the Company's Articles of Association, the new director will hold office until the next AGM, and if eligible, the director can stand for re-appointment.

The Company's Articles of Association require all directors to apply for re-election at the AGM after three years.

The NRC reviews succession planning for key management personnel in the Company. Potential internal and external candidates for succession are reviewed for different time horizons according to immediate, medium-term and long-term needs.

Human Resource Matters

The NRC has access to expert professional advice on human resource matters whenever there is a need for such external consultations. In engaging external consultants, the Company ensures that the relationship, if any, between the Company and its external consultants will not affect the independence and objectivity of the external consultants.

Temporary (ad hoc) committee

On 1 June 2022, the board established ad hoc committee for the purpose of reviewing, restructuring and extension of Power and Water Purchase Agreement (PWPA); and evaluation of any possible refinancing. The Committee also analyses the utility sector market dynamics, evaluates post PWPA pricing. The Committee was also authorized to approve the budget for the restructuring and extension of PWPA and possible refinancing and re-leveraging of the term loan, if any. The Committee ceased to operate in October 2025 after successfully achieving its objective.

Remuneration Matters

The remuneration structure of the Board is approved by the Shareholders in the Annual General Meeting:

Directors' Remuneration Structure

In light of the FSA rules and in accordance with the approval of sitting fee and remuneration in Annual General Meeting 2025, the Company paid following sitting fees and remuneration to directors during the year.

	Amount 
Remuneration for the year 2024 (approved in AGM 2025)	104,455
Sitting fees for the year 2025	<u>32,250</u>
	<u>136,705</u>

The Nomination and Remuneration Committee and Board of Directors recommended Shareholders pay  104,456 as bonus for the board members for the year 2025. Directors Remuneration is linked to the performance of the Company.

Executive Management Remuneration

The Company employs the CEO and Deputy CEO. All other executive posts are provided by Sembcorp Salalah O&M Services Co.

The aggregate remuneration paid to the Company's key management personnel amounted to  332,991. The remuneration paid is commensurate with the qualification, role, responsibility and performance of the executive team. The breakdown of the remuneration is as follows:

	2025 Amount 
Short-term employee benefits	324,425
Social security and gratuity	<u>8,566</u>
	<u>332,991</u>

In addition to the above, an amount of  419,259 (2024:  361,913) was paid to Sembcorp Salalah O&M Services Company LLC in accordance with O&M agreement for key managerial positions. Short term employee benefits include salaries, benefits, allowances and bonuses. Bonuses are linked to the performance of the Company and achievement of goals established by the Nomination and Remuneration Committee.

Employment contracts of executive management meet the requirements of Omani labor law and there is a standard notice period as per Company's policy in case of resignation by the employee.

Details of Non-Compliance related to Code of Corporate Governance by the Company

There have been no instances of non-compliance on any matter relating to the FSA's code of corporate governance for MSX listed companies, FSA regulations or the MSX listing agreements. There were no penalties or strictures imposed on the Company by the FSA, MSX or any other statutory authority on any matter related to capital markets during the past three years.

Means of Communication with Shareholders and Investors

The Company recognises:

the importance of providing shareholders, investors and analysts with easy access to clear, reliable and meaningful information on its business and operations in order to make informed investment decisions;

that accurate, coherent and balanced communications help to establish its reputation; and

the disclosure rules required by the FSA according to Part VII of the FSA Executive Regulations issued in 2009.

As noted above, the Company has an Investor Relations Policy in which the objectives are to uphold high standards of corporate transparency and disclosure and promote clear and open communication with shareholders, investors and analysts by always providing a disciplined and a professional approach to the flow of information from the Company.

The Company communicates with its shareholders and investors through the MSX website and its own website, www.sembcorpsalalah.com.om. Quarterly financial, annual report and operating data and all material information are

posted on both websites in a timely fashion as required by the FSA.

The company's executive management is also available to meet shareholders and analysts as and when requested.

Market Price Data

The Company was listed on the Muscat Stock Exchange (MSX) on October 8, 2013. Below table shows monthly trade turnover and volume with high and low price for the year 2025.

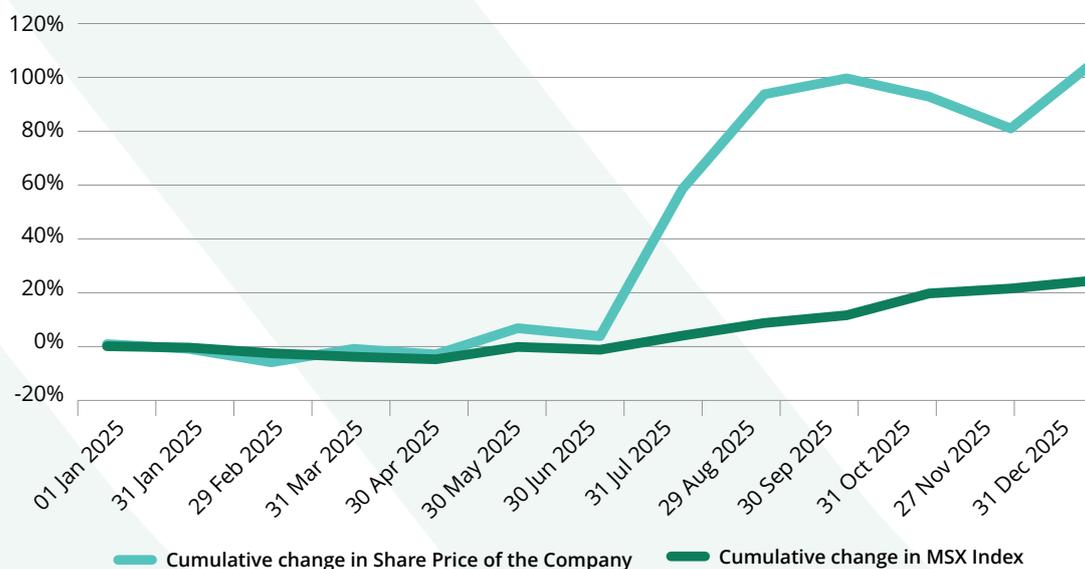
Period	Trade ¹		Share price	
	Volume (number of shares)	Value OMR	High	Low
			OMR/share	OMR/share
January	2,496,315	249,299	0.102	0.097
February	3,639,636	357,517	0.101	0.090
March	1,893,561	173,415	0.100	0.086
April	842,391	78,089	0.096	0.089
May	6,246,483	640,531	0.108	0.095
June	2,067,264	211,219	0.107	0.096
July	13,215,430	1,654,779	0.160	0.103
August	8,032,951	1,390,218	0.198	0.150
September	12,892,706	2,424,475	0.210	0.180
October	15,882,584	3,046,326	0.205	0.185
November	12,153,583	2,240,236	0.198	0.177
December	16,413,588	3,249,448	0.207	0.180

¹ Muscat Stock Exchange Website

The table below shows a comparison of the Company's performance against the MSX in 2025.²

Date	Sembcorp Salalah share price ₹/share	Cumulative change from 1 January 2025	MSX Index	Cumulative change from 1 January 2025
1-Jan-25	0.1000	-	4,577.41	-
29-Jan-25	0.098	-2.00%	4,543.21	-0.75%
27-Feb-25	0.093	-7.00%	4,435.86	-3.09%
27-Mar-25	0.098	-2.00%	4,367.03	-4.60%
30-Apr-25	0.096	-4.00%	4,316.25	-5.71%
29-May-25	0.106	6.00%	4,561.04	-0.36%
30-Jun-25	0.103	3.00%	4,500.87	-1.67%
31-Jul-25	0.159	59.00%	4,780.98	4.45%
31-Aug-25	0.195	95.00%	5,029.89	9.89%
30-Sep-25	0.201	101.00%	5,181.62	13.20%
30-Oct-25	0.194	94.00%	5,610.34	22.57%
30-Nov-25	0.182	82.00%	5,705.72	24.65%
31-Dec-25	0.207	107.00%	5,866.80	28.17%

Cumulative Change in Share Price Vs. Cumulative Change in MSM Index



² Muscat Stock Exchange website

Distribution of Shareholding as at 31 December 2025

The table below shows the shareholder distribution at the end of December 2025.

Percentage holding	Number of shareholders	Volume of shares	Percentage of total shares
Less than 5%	1,541	356,700,887	37.37%
5% to 10%	1	90,610,772	9.49%
Above 10%	2	507,260,291	53.14%
Total	1,544	954,571,950	100.00%

Professional Profile of Statutory Auditors

EY is a global leader in assurance, tax, strategy & transactions, and consulting services. EY is committed to doing its part in building a better working world. The insights and quality services which EY delivers help build trust and confidence in the capital markets and in economies the world over.

The MENA practice of EY has been operating in the region

Break down of fee for the year 2025 is as follows:

	2025 Amount AED
Audit for the year 2025	23,500
Interim quarterly reviews	3,000
	<u>26,500</u>

Out of pocket expenses and fee for translation services are paid on actual basis.

Acknowledgement of the Board of Directors

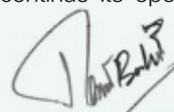
The Directors confirm their responsibility for the preparation of the financial statements in line with International Financial Reporting Standards to fairly reflect the financial position of the Company and its performance during the relevant financial period. The Board confirms that it has reviewed the efficiency and adequacy of the internal control systems of the Company and is pleased to inform the shareholders



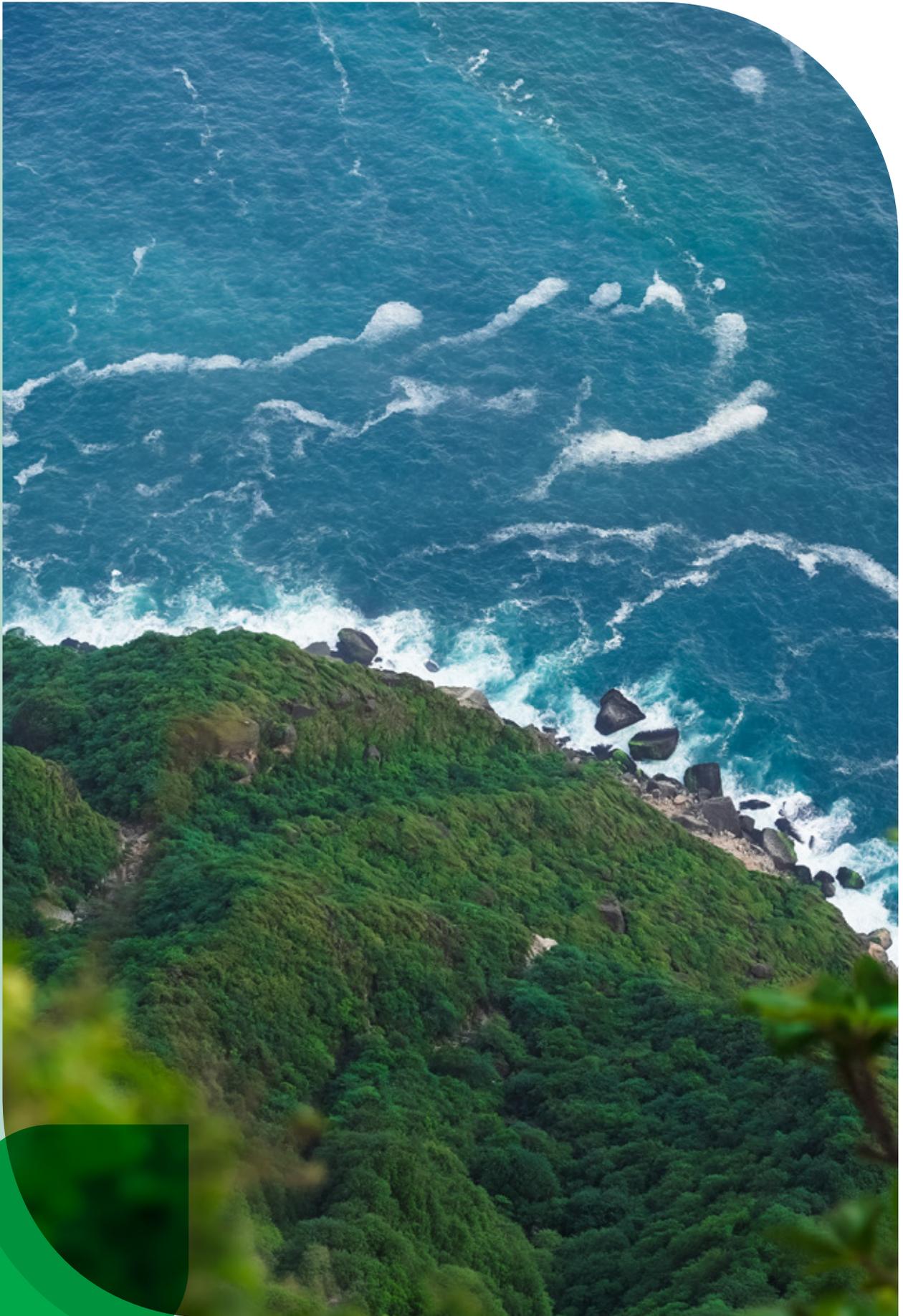
Director

that adequate and appropriate internal controls are in place, which are in compliance with the relevant rules and regulations.

The Board of Directors confirms that there are no material matters that would affect the continuity of the Company, and its ability to continue its operations during the next financial year.



Chief Financial Officer



Profiles of the Board of Directors and Executive Management

Board of Directors

Tan Cheng Guan

Chairman

Cheng Guan is the executive vice president of the group CEO and the non-executive Chairman of Sembcorp China, providing strategic guidance for the business. He also chairs Sembcorp's Climate Change Working Committee, overseeing the company's progress on climate-related metrics and targets, and driving initiatives such as risk mitigation, identifying opportunities, and reducing greenhouse gas emissions.

Cheng Guan pioneered the early development of Sembcorp's utilities business on Jurong Island in Singapore, and was instrumental in leading the Group's entry into the renewables business. He has played a key role in expanding the company's footprint in China, India, the UK, the Middle East, Myanmar and Bangladesh. Throughout his tenure, he has held various senior appointments, including head of business development and commercial, as well as head of Group Centre of Excellence.

With extensive experience in engineering, strategy, business and project development within the utilities and energy sectors, Cheng Guan has worked in Shanghai, London, Kuala Lumpur and Sarawak.

He holds an honours degree in civil engineering from the University of Liverpool and completed the Advanced Management Program at Harvard Business School.

Kalat Al-Bulooshi,

Deputy Chairman

Eng. Kalat is the chief executive officer of Oman Investment Corporation SAOC, a private equity investment company and chairman of Khazaen Economic City.

He is an Omani leader in the private equity investment. He has created opportunities, successfully founded investments in Oman, thereby bringing foreign investments to Oman to be more than USD4 billion, creating sustainable development, employment opportunities.

He is the founder and led the development of several projects in Oman such as Khazaen Economic City (PPP), Silal Central FV Market (PPP), Sembcorp Salalah Power and Water Co (PPP), GIPI pipe mill, Takaful Oman, Aman Health Care, Saada Hospital, Osara Logistics Parks.

His experience includes project management roles in Petroleum Development of Oman, Sohar Industrial Port and Sohar Aluminum.

Eng. Kalat Al Bulooshi served in a number of national committees such as the PPP, participated on the Oman 2040 vision development and led the private sector development work stream as part of the 10th five-year plan by the Government.

Eng. Kalat Al Bulooshi holds an Engineering Honors Degree from UK and has completed the Wharton Advanced Management Programme, and is a Wharton & HBS Alumni.

Tariq Al Amri

Independent Non-executive Director

Tariq is Chairman of the Audit Committee. He is also the chief executive officer of Oman Environmental Services Holding Company, aiming to transform Oman's solid waste management sector.

Prior to joining Oman Environmental Services, Tariq held several key positions in Oman LNG, Oman Telecommunications Company and Royal Office Pension Fund.

He has experience in the telecoms, oil and gas sectors and successfully negotiated a number of major commercial agreements while at Oman Telecommunications, in addition to his contribution towards Omantel's IPO in 2005. At Oman LNG, he was involved in the economic and financial feasibility studies of a project which has evolved into Qalhat LNG.

Tariq holds an electrical engineering degree from Temple University, and a Master of Business Administration from University of Dayton.

Koh Chiap Khiong,

Non-executive Director

Koh leads all businesses within Sembcorp's Gas and Related Services. He concurrently heads the energy transition portfolio in Singapore which includes solar, energy imports, and low-carbon solutions. He also oversees the Group's subsidiaries, Sembcorp Specialised Construction and Singapore Mint.

From 2010 to 2018, Mr Koh served as Sembcorp's Group Chief Financial Officer, where he was instrumental in driving

the company's growth and expanding its investments overseas. He has extensive experience in managing infrastructure-related businesses and a strong financial background, with deep expertise in the energy and water sectors.

Koh holds a first class Honours in Accountancy from National University of Singapore and completed the Advanced Management Programme at Harvard Business School.

Lim Kwang Ming

Non-executive Director

Kwang Ming is Chief Financial and Investment Officer of Gas and Related Services at Sembcorp Industries, overseeing the financial stewardship of the business while helping to shape its long-term growth and investment strategy.

Previously, he was Head of Group Investment Management at Sembcorp Industries, and earlier an investment banker, bringing deep experience in strategic capital deployment and transformational transactions across asset-intensive industries.

Kwang Ming holds a master's degree in chemical engineering from Imperial College London.

Ahmed Al Bulushi,

Independent Non-executive Director

Ahmed is a member of the audit committee. He is also a CEO Asyad Drydock & Infrastructure Services at Asyad Group overseeing various projects.

Before joining Asyad, Ahmed held several key positions including as chief executive officer of Mwasalat and director of internal audit at Royal Court Affairs, where he was responsible for risk management and corporate governance.

Ahmed has a degree in information technology (IT) and a Master of IT Management from Bond University, Australia.

Hussein Abdul Redha Al Lawati,

Independent Non-executive Director

Hussein has over 25 years of experience in global financial markets. He is currently the director of investments at Diwan of Royal Court Pension Fund, managing asset allocation strategy for multi-asset class investments in global markets. Before joining the Pension Fund, he was executive director at Horizons Capital Markets. He has worked with leading

investment firms including Kuwait and Vision Investment Services, Oman and National Investment Company. His experiences include overseeing investments in public & private equity, fixed income, alternative investments and funds.

He is the Vice Chairman of Shumookh Investment Services SAOC and a board member of Sembcorp Salalah Power & Water Company.

Hussein is a Chartered Financial Analyst (CFA) from the CFA Institute, USA, and holds a Master of Science in Finance from the University of Strathclyde.

Imad Al Salmi,

Independent Non-executive Director

Imad has extensive years of experience in Alternative Investments, where he oversees a diversified multi-asset private equity portfolio. His expertise spans various sectors, allowing him to identify high-potential investments and contribute to strategic decision-making. Throughout his career, he has been actively involved in evaluating investment opportunities, managing risk, and optimising portfolio performance to achieve sustainable growth. In addition to his leadership role, he serves as a board member for Al Omaniya Financial Services SAOG and a couple of unlisted companies.

Imad holds a bachelor's degree in economics from Sultan Qaboos University and is a Chartered Alternative Investment Analyst.

Abdullah Mohammed Ali Al Ma'mari,

Independent Non-executive Director

Abdullah Al Maamari previously served as Deputy Director at the Ministry of Defense Pension Fund, where he managed the foreign investment portfolio. He has valuable experience in evaluating and analyzing investments across local and international financial markets. Additionally, he has extensive experience in managing a diverse range of investment assets and in strategic asset allocation. Currently, Abdullah is a Board Member of Al Maha Petroleum Products Marketing Co. SAOG and Oman Cement Company SAOG. He has previously served on the boards of various listed and private companies, as well as investment funds.

Abdullah holds a Bachelor's degree in Finance from Sultan Qaboos University and an MBA with a specialization in Finance from Franklin University, Ohio, USA.

Furthermore, Abdullah has completed specialized programs in leadership, financial management, and investment at international institutes of worldwide repute.

Executive Management

Humaid Salim Al Amri, Chief Executive Officer

Humaid is CEO of SSPWC.

He has 23 years of technical and management experience in the power and infrastructure industry. He previously worked as general manager at Kayan Al Omaniya Construction Company SAOG, and held various roles at Petroleum Development Oman, including as head of the power system O&M department for seven years. His diverse experience provides him with wide exposure to internal and external businesses, earning him numerous recognitions and certifications.

Humaid holds a Master of Science in power distribution engineering from University of Manchester.

Hamood Sulaiman Al Amri, Deputy Chief Executive Officer

Hamood joined SSPWC in September 2025 and is an experienced Chief Operating Officer with 30 years in power generation and water desalination. He has led major projects across the Middle East, Africa, and Southeast Asia, overseeing large-scale plants, performance assurance, and cost-effective operations.

Hamood has a strong background in leadership, project management, compliance, and building high-performing teams. His career includes senior roles at power and water sector companies in Oman.

Hamood holds a Bachelor of Computer and Mechanical Engineering from Glasgow Caledonian University, and a Master of Business Administration from Bedfordshire University.

Tariq Bashir, Chief Financial Officer and Company Secretary

Tariq joined SSPWC in September 2011 and currently serves as Chief Financial Officer and Company Secretary. He has over 20 years of professional experience in finance, audit, and commercial roles, with extensive exposure to the power and water utility sector in Oman. His experience includes financial strategy, corporate governance, enterprise risk management, IFRS reporting, budgeting, and regulatory compliance.

Prior to joining SSPWC, Tariq worked with KPMG Oman as a Supervisory Senior, where he was involved in audits of major power, energy, and infrastructure companies.

Tariq holds a Bachelor of Commerce from University of the Punjab and is a fellow member of the Association of Chartered Certified Accountants.

V.S. Mahesh, Acting Plant Manager

Mahesh has been employed at SSPWC since 2011. He is a highly experienced Senior Operations Manager with over 33 years of hands-on expertise in the operation and maintenance of power generation and desalination plants, including Combined Cycle, Open Cycle, and RO facilities.

Mahesh plays a key role in plant operations, emergency response, commissioning activities, enterprise risk management and stakeholder coordination with entities such as Oman Electricity Transmission Company, PWP, and Oman Gas.

His career includes significant experience with Dhofar Power Company, DEWA (Dubai), Qatar's Ministry of Electricity and Water, and power plants in India, covering capacities up to 818MW power and large-scale desalination facilities.

Mahesh holds a Diploma in Mechanical Engineering and a Boiler Operation Certificate.

Salim Mohammed Al Mashikhi, Human Resource & Admin Manager

Salim brings more than 20 years of combined experience in Human Resources, Administration, and Information Technology. In his role as Senior HR & Admin Manager at SSPWC, he leads the development of HR strategies, organizational policies, and administrative systems that align with and support the company's long-term objectives. His leadership ensures efficient workforce management, regulatory compliance, and a high-performing administrative environment.

Before joining SSPWC, Salim served as a Network and Hardware Administrator at Raysut Cement Company in Oman, where he gained extensive hands-on experience in IT infrastructure, systems development, and network administration. This strong technical foundation continues to strengthen his strategic and operational approach in managing HR and administrative functions.

Salim holds a MBA from Cardiff University.

Financial Statements for the Year Ended 31 December 2025

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C.R. No. 1224013
PR No. HMH/15/2015; HMA/9/2015

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SEMBCORP SALALAH POWER & WATER COMPANY SAOG

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sembcorp Salalah Power & Water Company SAOG (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of 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 cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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) as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Sultanate of Oman. We have also 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SEMBCORP SALALAH POWER & WATER COMPANY SAOG (CONTINUED)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p data-bbox="292 689 660 723">Property, plant and equipment</p> <p data-bbox="292 752 855 875">Property, plant and equipment represents 86% of total assets on the statement of financial position as at 31 December 2025 (31 December 2024: 87%).</p> <p data-bbox="292 909 855 1223">The Company has entered into the Power & Water Purchase Agreement ("PWPA") with Oman Power and Water Procurement Company SAOC ("OPWP") to produce electricity and water and make available the power & water capacity from the Plant for a period of 15 years ending in April 2027. Subsequently, the Company has been awarded an extension of the PWPA for an additional period of 10 years, extending the contract term until April 2037.</p> <p data-bbox="292 1256 855 1693">Management has determined that the estimated useful life of the plant and machinery reflects the economic life of the assets of 35 years and has not accelerated depreciation to align with the current PWPA term of 25 years. This assessment is based on management's expectation of securing a further renewal of the PWPA upon expiry of the current contract in April 2037. Management's expectation of contract renewal represents a key assumption used in the preparation of the discounted cash flow forecasts supporting the value-in-use calculations for impairment assessment of the relevant cash-generating unit ("CGU").</p> <p data-bbox="292 1760 855 1939">If this key assumption were to change this could result in accelerated depreciation or impairment of property, plant and equipment and it would have a significant impact on the reported profit and the statement of financial position of the Company.</p>	<p data-bbox="879 689 1442 752">Our audit procedures in this area included the following:</p> <ul data-bbox="927 786 1442 1928" style="list-style-type: none"> - Evaluated management's process of assessing impairment indicators and performing of impairment tests. - Assessed, with the assistance of valuation specialist, the estimates and assumptions made by the management regarding any potential impairment related to property, plant and equipment. - Evaluated the appropriateness of the assumptions applied to key inputs such as estimate of future cash flows which included comparing these inputs with our own assessments based on our knowledge of the client and the industry - We evaluated the reasonableness of management's key assumption that the PWPA would be extended beyond the present expiry. Our procedures included assessing management's expectation of continued operations after the PWPA period, including the projected future demand for power and water in the region. We compared these assumptions against industry knowledge and external market information to determine whether the underlying inputs used in management's cash-flow projections were appropriate. - Verified the arithmetical correctness of the discounted cashflows model.



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SEMBCORP SALALAH POWER & WATER COMPANY SAOG (CONTINUED)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

<p>Impairment assessment requires judgements and estimates towards future results of business including key assumptions like discount rate, growth rate etc.</p> <p>Considering the significance of the amount and the extent of the judgements involved this is considered to be a key audit matter.</p> <p>Refer to note 2.3 (Estimates and judgements) and note 8 (Property, plant and equipment) in the financial statements.</p>	<ul style="list-style-type: none">- Performed sensitivity analysis and evaluated whether any reasonably possible changes in assumptions could lead to impairment of property, plant and equipment.- Evaluated the adequacy of the disclosures made in the financial statements.
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Other matter

The financial statement of the Company for the year ended 31 December 2024 were audited by another auditor who expressed an unqualified opinion on those financial statements on 16 February 2025.

Other information included in the Company's 2025 Annual Report

Other information consists of the information included in the Company's 2025 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. We obtained the following information prior to the date of our auditor's report, and we expect to obtain the published 2025 Annual Report after the date of our auditor's report:

- Chairman's report
- Corporate governance report
- Management discussion and analysis

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

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 on the other information obtained prior to the date of the auditor's report, 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.



**Shape the future
with confidence**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SEMBCORP SALALAH POWER & WATER COMPANY SAOG (CONTINUED)**

Report on the audit of the financial statements (continued)

Responsibilities of management and Audit Committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the relevant requirements of the Commercial Companies Law of 2019 and the Financial Services Authority (the "FSA") 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.

Audit Committee 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 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.
- 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.



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SEMBCORP SALALAH POWER & WATER COMPANY SAOG (CONTINUED)

Report on the audit of the financial statements (continued)

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

- 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 Audit Committee 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 Audit Committee 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 Audit Committee, 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

We report that the financial statements comply, in all material respects, with the relevant requirements of the Commercial Companies Law of 2019 and FSA of the Sultanate of Oman.

Ernst & Young

Mohamed Al Qurashi
Muscat
15 February 2026



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 <u>₹</u>	2024 <u>₹</u>
Revenue	3	83,939,656	82,516,697
Cost of sales	4	(54,763,556)	(52,299,729)
Gross profit		29,176,100	30,216,968
Administrative and general expenses	5	(825,529)	(778,749)
Other income	6	1,397,954	1,287,290
Profit before interest and tax		29,748,525	30,725,509
Finance income	7.1	660,906	790,190
Finance costs	7	(3,029,226)	(5,016,804)
Profit before income tax		27,380,205	26,498,895
Income tax expenses	17(a)	(4,087,349)	(4,029,742)
Profit for the period		23,292,856	22,469,153
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Fair value of cash flow hedge adjustments – gross	10	53,335	534,684
Reclassification of realized hedge to profit or loss - gross	7	(189,968)	(716,190)
Related tax impact on change in fair value of cash flow hedge	17(c)	20,495	27,229
		(116,138)	(154,277)
TOTAL PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR		23,176,718	22,314,876
Earnings per share:			
Basic and diluted earnings per share	25	0.0244	0.0235

The notes 1 to 31 are an integral part of these financial statements.
 Independent auditors' report – page 50 - 54.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 <u>€</u>	2024 <u>€</u>
Assets			
Non-current assets			
Property, plant and equipment	8	216,661,808	227,353,889
Right of use assets	9	549,369	575,529
Derivative financial instruments	10	-	23,883
Total non-current assets		<u>217,211,177</u>	<u>227,953,301</u>
Current assets			
Inventories	11	5,990,074	5,850,540
Trade and other receivables	12	10,243,992	9,347,309
Current portion of derivative financial instruments	10	-	96,339
Bank deposits	13	12,716,070	11,484,012
Cash and cash equivalents	13	5,228,043	6,776,226
Total current assets		<u>34,178,179</u>	<u>33,554,426</u>
Total assets		<u>251,389,356</u>	<u>261,507,727</u>
Equity and liabilities			
Share capital	14 (a)	95,457,195	95,457,195
Legal reserve	14 (b)	21,451,391	19,122,105
Retained earnings		71,993,959	58,666,965
Hedging reserve	10 & 14(c)	(20,571)	95,567
Total equity		<u>188,881,974</u>	<u>173,341,832</u>
Liabilities			
Non-current liabilities			
Long term loan	19	-	25,364,937
Long term lease liability	21	673,536	632,424
Asset retirement obligation	20	919,457	864,581
Deferred tax liabilities	17(c)	23,792,056	24,320,577
Deferred revenue	22	477,839	680,181
Total non-current liabilities		<u>25,862,888</u>	<u>51,862,700</u>
Current liabilities			
Current portion of long term loan	19	25,526,520	25,691,129
Current portion of derivative financial instrument	10	22,160	-
Trade and other payables	15	6,461,867	6,273,255
Current tax payable	17(d)	4,633,947	4,338,811
Total current liabilities		<u>36,644,494</u>	<u>36,303,195</u>
Total liabilities		<u>62,507,382</u>	<u>88,165,895</u>
Total equity and liabilities		<u>251,389,356</u>	<u>261,507,727</u>
Net assets per share	26	<u>0.198</u>	<u>0.182</u>

These financial statements were approved and authorised for issue in accordance with a resolution of the Board of Directors on 12 February 2026.



Director



Chief Executive Officer

The notes 1 to 31 are an integral part of these financial statements.

Independent auditors' report – page 50 - 54.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital	Legal reserve	Retained earnings	Hedging reserve	Total
At 1 January 2024	95,457,195	16,875,190	48,467,732	249,844	161,049,961
Profit for the year	-	-	22,469,153	-	22,469,153
Other comprehensive income					
Fair value adjustments, net of tax	-	-	-	(154,277)	(154,277)
Total comprehensive income for the year	-	-	22,469,153	(154,277)	22,314,876
Transfer to legal reserve (Note 14b)	-	2,246,915	(2,246,915)	-	-
Transactions with owners of the Company					
Dividend (note 30)	-	-	(10,023,005)	-	(10,023,005)
At 31 December 2024	95,457,195	19,122,105	58,666,965	95,567	173,341,832
At 1 January 2025	95,457,195	19,122,105	58,666,965	95,567	173,341,832
Profit for the year	-	-	23,292,856	-	23,292,856
Other comprehensive income					
Fair value adjustments, net of tax	-	-	-	(116,138)	(116,138)
Total comprehensive income for the year	-	-	23,292,856	(116,138)	23,176,718
Transfer to legal reserve (Note 14b)	-	2,329,286	(2,329,286)	-	-
Transactions with owners of the Company					
Dividend (note 30)	-	-	(7,636,576)	-	(7,636,576)
At 31 December 2025	95,457,195	21,451,391	71,993,959	(20,571)	188,881,974

The notes 1 to 31 are an integral part of these financial statements.

Independent auditors' report – page 50 - 54.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 <u>₹</u>	2024 <u>₹</u>
Cash flows from operating activities:			
Profit before tax for the year		27,380,205	26,498,895
Adjustment for:			
Depreciation	9 & 8	11,224,782	11,217,419
Amortisation of deferred revenue	22	(202,342)	(200,167)
Finance costs		3,029,226	5,016,804
Finance income		(660,906)	(790,190)
Gain on disposal of property, plant and equipment		-	(127)
Provision for asset retirement obligation	20	54,876	52,768
Changes in:			
Inventories		(139,534)	(54,984)
Trade and other receivables		(899,745)	(287,078)
Trade and other payables		701,405	(75,318)
Cash generated from operating activities		40,487,967	41,378,022
Income tax paid		(4,300,239)	(3,782,403)
Finance cost paid		(3,333,575)	(5,154,107)
Net cash flows from operating activities		32,854,153	32,441,512
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(506,541)	(428,549)
Proceeds from disposal of property, plant and equipment		-	127
Bank deposits		(1,232,058)	6,131,768
Finance income received		663,968	845,139
Net cash flows (used in) / from investing activities		(1,074,631)	6,548,485
Cash flows from financing activities			
Repayment of term loan		(25,691,129)	(23,517,265)
Dividends paid	30	(7,636,576)	(10,023,005)
Net cash flows used in financing activities		(33,327,705)	(33,540,270)
Net (decrease) / increase in cash and cash equivalents		(1,548,183)	5,449,727
Cash and cash equivalents at 1 January		6,776,226	1,326,499
Cash and cash equivalents at 31 December	13	5,228,043	6,776,226

Non-cash items and reconciliation of liabilities arising from financing activities are disclosed in note 13.1.

The notes 1 to 31 are an integral part of these financial statements.

Independent auditors' report – page 50 - 54.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1 Legal status and principal activities

Sembcorp Salalah Power and Water Company SAOG (“the Company”) was registered as a closed Omani Joint Stock Company in the Sultanate of Oman on 29 September 2009. The Company registered office address is P.O Box 1466, Postal Code 211, Salalah, Sultanate of Oman.

The Company entered into a Shareholders Agreement (“the Shareholders Agreement”) dated 17 November 2009 between Sembcorp Oman First Investment Holding Co Ltd (“SOFIH”) 40% shareholder, Sembcorp Oman IPO Holding Co Ltd (“SOIHL”) 20% shareholder and Inma Power & Water Company LLC (“IPWC”) 40% shareholder. On 8 October 2013, the Company was listed on the Muscat Stock Exchange Company (formerly known as Muscat Securities Market) and became a listed public joint stock company (“SAOG”). For current shareholding refer note 14.

The Company was awarded a tender by the Oman Power & Water Procurement Company SAOC (“PWP”) to build, own and operate an electricity generation and seawater desalination plant together with the associated facilities in the Salalah region (“the Plant”). On 12 October 2025, the Company was awarded new Power and Water Purchase Agreement (“the new PWPA”). The new PWPA will commence on 4 April 2027, immediately following the expiry of the current agreement, and will remain in effect for a period of 10 years, ending on April 2037.

Significant agreements

The Company has entered into the following major agreements:

- (i) Power and Water Purchase Agreement (“the PWPA”) dated 23 November 2009 with Nama Power & Water Procurement Company SAOC (“PWP”) formerly known as Oman Power & Water Procurement Company SAOC for a period of fifteen years commencing from the date of commercial operations (“Operation period”) which is 04 April 2012 to procure the power and water produced by the Company. On 12 October 2025, the Company was awarded new Power and Water Purchase Agreement (“the new PWPA”). The new PWPA will commence on 4 April 2027, immediately following the expiry of the current agreement, and will remain in effect for a period of 10 years, ending on April 2037.
- (ii) Natural Gas Sales Agreement (“NGSA”) dated 23 November 2009 with the Ministry of Energy and Minerals (“MEM”) formerly known as Ministry of Oil and Gas (“MOG”) of the Government for the supply of natural gas; On 17 April 2023, NGSA was novated to Integrated Gas Company through Ministerial Decision No. 19/2023 issued by MEM and Ministerial Decision No. 248/2022 issued by Ministry of Finance. The Company also signed new NGSA for a period of 10 years starting from 4 April 2027 ending on April 2037.
- (iii) Usufruct Agreement (“Usufruct Agreement”) dated 23 November 2009 with the Ministry of Housing and Urban Planning formerly known as Ministry of Housing of the Government for grant of Usufruct rights over the project site.
- (iv) Long Term Service Agreement (“LTSA”) with General Electric International LLC (“GEIL”) for maintenance services on gas turbines and generators.
- (v) Government Guarantee Agreement (“Government Guarantee”) dated 23 November 2009 with the Government represented by the Ministry of Finance (“MOF”), whereby the MOF is prepared to guarantee the payment by PWP of its financial obligations to the Company’s Senior Lenders under the PWPA; and
- (vi) Operation and Maintenance (“O&M”) agreement with Sembcorp Salalah O&M Services Company LLC (“SSOM”) dated 8 February 2010 for a period of 15 years from the scheduled commercial operation date.

2 Basis of preparation and material accounting policy information

2.1 Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), relevant requirements of the Financial Services Authority (formerly the Capital Market Authority) and the applicable requirement of the Commercial Companies Law of 2019.

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

2 Basis of preparation and material accounting policy information (continued)

Basis of preparation (continued)

(b) Basis of measurement

These financial statements are prepared on a historical cost basis except where otherwise described in the accounting policies below.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where accounting assumptions and estimates are significant to the financial statements are disclosed in notes 2.2 and 2.3 below and also in the relevant notes to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, estimates that involve uncertainties and judgments which have a significant effect on the financial statements include useful lives and residual value of property, plant and equipment measuring / impairment allowance, effectiveness of hedge relationship and asset retirement obligation.

(d) Going concern

As at 31 December 2025, the current liabilities of the Company exceeded its current assets by ~~€~~ 2.47 million [31 December 2024: ~~€~~ 2.75 million]. The management believe that the Company generates sufficient free cash flows to meet its liabilities and has adequate resources and funding facilities to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period. Accordingly, the management are of the view that no material uncertainty exists regarding the Company's ability to continue as a going concern. These financial statements have therefore been prepared on a going concern basis.

2.2 Judgements

Management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification of plant as lease (IFRS 16) or concession arrangement (IFRIC 12)

Judgement is required to ascertain whether the PWPA agreement with PWP is a concession arrangement as per IFRIC 12 Service Concession Arrangements or contains a lease as per IFRS 16 Leases and if the agreement contains a lease, judgement is required to classify the lease as an operating lease or a finance lease as per IFRS 16 Leases. Management has evaluated the applicability of IFRIC 12 Service Concession Arrangements and concluded that IFRIC 12 is not applicable to the arrangement as the residual risk is controlled by the Company and not PWP. The estimated useful life of the power plant of 35 years takes into account the Company's right to extend the land lease under a Usufruct Agreement for an additional term. As the Company will extend the land lease until the end of useful life of the plant, lease term of the land has also been considered to expire at the end of the useful life of the plant. Furthermore, the residual value of the assets will have substantial value at the conclusion of the PWPA.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 Basis of preparation and material accounting policies *(continued)*

2.2 Judgements *(continued)*

(b) Operating lease and useful life of assets

The Company and PWP have entered into a PWPA containing a take-or-pay clause favouring the Company. The management had applied the guidance of IFRS 16 'Leases'. Based on management's evaluation, the PWPA with PWP was 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 PWP. The primary basis for this conclusion being that the initial PWPA is for a term of 15 years and the Company has been awarded with another PWPA for a term of 10 years from the expiry of initial PWPA, while the economic life of the plant is estimated to be 35 years. The present value of minimum lease payments under the PWPA does not substantially recover the fair value of the plant at the inception of the lease.

2.3 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years are included in the following notes:

- Note 10: determining the fair value of the derivative financial instruments.
- Note 8: useful life and impairment of the property, plant and equipment.
- Note 20: determination of asset retirement obligation.

(a) Effectiveness of hedge relationship

At the inception of the hedge, the management documents the hedging strategy and performs hedge effectiveness testing to assess whether the hedge is effective. This exercise is performed at each reporting date to assess whether the hedge will remain effective throughout the term of the hedging relationship. As at the reporting date, the cumulative fair value of the interest rate swaps was ~~0.02~~ 0.02 million as liability (31 December 2024 – ~~0.12~~ 0.12 million as asset).

(b) Useful lives 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 cycles, the maintenance programs, and normal wear and tear using its best estimates. The nature of the assets are buildings, roads and pipelines and plant and machinery. Refer note 8 for carrying values of the nature of the assets.

(c) Asset retirement obligation

Asset retirement obligation is based on management's technical assessment of the probable future costs to be incurred in respect of the decommissioning of the plant and restoration of land. The significant uncertainty in estimating the provision is the cost that will be incurred and the applicable discount rate. It has been assumed that the site will be restored using technology and material that are currently available.

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

2 Basis of preparation and material accounting policies (continued)

2.3 Estimates and assumptions (continued)

(d) Impairment of non-financial assets

The Company determines whether its non-financial assets are impaired when there are indicators of impairment as defined in IAS 36. This requires an estimation of the value-in-use of the cash-generating unit ('the CGU'), which constitutes the carrying value of property, plant and equipment and right of use assets as at 31 December 2025. Estimating the value-in-use requires the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The Company used a weighted average cost of capital of 7.2% (2024: 7.2%) to calculate the present value of cash flows for determining the value-in-use. The carrying value of the CGU as at 31 December 2025 was ~~₹~~ 216.66 million (31 December 2024 - ~~₹~~ 227.35 million).

The recoverable amount of the CGU has been determined based on value in use calculations. These calculations use post-tax cash flow projections based on the financial projections approved by management and based on the historical inflation rates, contractual clauses of PWPA and the estimates for relevant macroeconomic factors. Based on expected demand and supply in Dhofar region, the Company will be able to continue to generate revenue through supply of power and water which takes into account the high probability of extension of PWPA.

2.4 Material accounting policy information

The accounting policies adopted are consistent with those of the previous financial year except for amendment to IAS 1. The Company has adopted the amendments to IAS 1 regarding the classification of liabilities as current or non-current, effective from 1 January 2025. These amendments clarify how to classify liabilities and require new disclosures for non-current loans with covenants due within 12 months. However, as the Company does not have any convertible notes or similar liabilities, the change does not affect its financial statements.

(a) Foreign currency

(i) Functional and presentation currency

The financial statements have been presented in Rial Omani ("₹") which is the functional currency of the Company.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Company at foreign exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated to the functional currency at the exchange rate at the date of the transaction. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign currency differences arising on translation of monetary items are recognised in profit or loss, except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

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

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(b) Financial instruments

(i) Financial assets

Classification

The Company on initial recognition classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVOCI), or through profit or loss (FVTPL), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies these financial assets, when and only when its business model for managing those financial assets changes.

Recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company becomes a counterparty to a contract..

Derecognition

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction cost for financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 Basis of preparation and material accounting policies (continued)

2.4 Material accounting policies (continued)

(b) Financial instruments (continued)

Measurement (continued)

Business model assessment: The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Assessment whether contractual cash flows are Solely Payment for Principal and Interest (SPPI): In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset (debt instrument) is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss. For equity investment at FVTOCI, assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

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

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(b) Financial instruments (continued)

(i) Financial assets (continued)

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial instruments carried at amortised cost and debt instrument classified as FVOCI.

Under IFRS 9, loss allowance are measured on either of the following bases:

- 12 month ECL: these are ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECL: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured as 12- month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

General approach

The Company applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognised based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognised based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset. The Company applies general approach to all financial assets except trade receivable without significant financing component.

Simplified approach

The Company applies simplified approach to measuring credit losses, which mandates recognition of lifetime expected loss allowance for trade receivables without significant financing component. Under simplified approach, there is no need to monitor for significant increases in credit risk and the Company will be required to measure lifetime expected credit losses at all times.

Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

The Company assumes that the credit risk on a financial asset has increased significantly based on the certain delinquency period (days past due) or if exposure has moved from investment grade to non-investment grade on credit rating scale of independent credit rating agency in case of low credit risk instrument.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(b) Financial instruments *(continued)*

*Significant increase in credit risk *(continued)**

To determine whether a financial instrument has low credit risk, the Company uses internal credit ratings which are mapped to the external credit rating agencies such as Moody's etc. The Company considers that the rating within the investment grade, (the Company considers this to be Ba3 or higher per Moody's), are considered a low risk and have less likelihood of default. Where the external rating of a financial instrument is not available, the Company reviews the ability of the counterparty by reviewing their financial statements and other publicly available information.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held) or based on the certain delinquency period (days past due).

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized 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.

(ii) Financial liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities are measured at amortised cost or FVTPL. A financial liability is measured at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iii) Derivatives and hedging activities

Derivative financial instruments

All derivatives in scope of IFRS 9, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Fair value changes are recognised in profit or loss unless the entity has elected to apply hedge accounting by designating the derivative as a hedging instrument in an eligible hedging relationship.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 Basis of preparation and material accounting policies (continued)

2.4 Material accounting policies (continued)

(b) Financial instruments (continued)

(ii) Derivatives and hedging activities (continued)

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or is exercised, then hedge accounting is discontinued prospectively.

The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, then hedge accounting is discontinued prospectively. The cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in profit or loss.

Embedded derivatives

An embedded derivative is a component of a contract that also includes a non-derivative host with the effect that some of the cash flows of the combined contract vary in a way similar to a stand-alone derivative.

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and if the criteria below is met:

- a. The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;
- b. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and;
- c. The contract is not measured at fair value with changes in fair value recognised in profit or loss.

Embedded derivatives which are required to be separated are recognised at fair value with all subsequent changes in fair value recognised in profit or loss. Embedded derivatives that are not required to be separated are considered as part of the host contract and not accounted for separately.

(c) Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable costs such as loan arrangement fee. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit and loss over the expected period of borrowings on an effective interest rate basis

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(c) Interest bearing borrowings *(continued)*

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

(d) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(e) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 25 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and other short-term, highly liquid investments with original maturities of ninety days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. 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.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases future economic benefits embodied in the specific asset to which it relates.

Subsequent expenditure relating to property, plant and equipment that has already been incurred is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 Basis of preparation and material accounting policies (continued)

2.4 Material accounting policies (continued)

(g) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is calculated using the straight-line method to allocate the cost less its residual value so as to write off items of property, plant and equipment over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of an item is depreciated separately. The estimated useful lives are as follows:

	Years
Buildings	30 to 35
Roads and pipelines	10 to 35
Plant and machinery	20 to 35
Plant and machinery (Tools and equipment)	2 to 12
Office equipment	3 to 10
Motor vehicles	5 to 10
Computer equipment	3 to 5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Certain items of property, plant and equipment are subject to overhauls at regular intervals. The inherent components of the initial overhaul are determined based on the estimated costs of the next overhaul and are separately depreciated in order to reflect the estimated intervals between two overhauls. The costs of the overhauls subsequently incurred are capitalised as additions and the carrying amounts of the replaced components are written off to the profit or loss.

(iv) Capital work in progress

Capital work in progress is measured at cost less impairment (if any), and is not depreciated until it is transferred into one of the above categories, which occurs when the asset is ready for its intended use.

(v) Asset retirement obligation

In accordance with the Usufruct Agreement requirements, a provision for site restoration in respect of a liability for future site restoration is recognized as part of cost of the relevant asset. The liability is measured at the present value of the estimated future cash outflows to be incurred on the basis of current technology. The liability includes all costs associated with site restoration, including plant closure and monitoring costs. The estimated future costs are reviewed annually and adjusted as appropriate.

(h) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets. Impairment losses are recognised in the profit or loss statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then, to reduce the carrying amounts of the other assets in cash-generating units on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing 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 or cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(h) Impairment of non-financial assets (continued)

Management determines whether there are any indications of impairment to the carrying values of non-financial assets on an annual basis because of the difference between the duration of contracted cash flows and accounting depreciation of assets. This requires an estimation of the value in use of the cash generating units. Estimating the value in use requires the Company to make an estimate considering the expected future cash flows for the period lying beyond the term of the initial PWPA, probability of renewal of PWPA and also a suitable discount rate in order to calculate the present value of those cash flows.

In respect of other assets, 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 the 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.

(j) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) Company as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss 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 right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments)
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price under a purchase option that the Company is reasonably certain to exercise that, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extensive option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

The lease term is considered to be the non-cancellable period for which the Company has the right to use an underlying asset. The lease term is adjusted for periods covered by an option to extend; if it is reasonably certain that the option will be exercised as well as periods covered by an option to terminate the lease; if it is reasonably certain that the option will not be exercised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 Basis of preparation and material accounting policies (continued)

2.4 Material accounting policies (continued)

(i) Leases (continued)

(ii) Company as lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognises lease payments received under operating leases as income on a straightline basis over the lease term as part of 'revenue'.

(j) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

The Company's business is to supply power and water for which the Company has entered into a long-term agreements with PWP ("Contract"). Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Revenue from PWP comprises of the following:

1. Capacity charge covering the investment charges and fixed operation and maintenance charges; and
2. Variable charge covering the fuel, energy and water output charges.

Capacity charge

Investment charges is the amount payable to compensate the Company for the capital and related costs of the Project which are calculated based on fixed rate and guaranteed capacity till the end of the contract.

Fixed operation and maintenance charges is the amount payable to compensate the Project Company for fixed operation and maintenance and all related costs of the Plant which are calculated based on fixed rate adjusted with inflation year to year and guaranteed capacity till end of the contract.

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

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(k) Revenue recognition (continued)

Variable charge

For Variable energy and water output charges Company revenue is determined based on fixed rate adjusted with inflation year to year and output delivered.

Fuel charge is based actual fuel consumed adjusted for efficiency margin and mutually agreed rate with Integrated Gas Company.

There are no significant judgements that are involved while recognising revenue from the contract. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. There is no significant financing component attached to the receivable from customer. Services are provided on agreed credit terms of the contract and payment occurs within 25 days from the submission of invoice. The Company submits invoices on monthly basis in arrears and generally are submitted on or before the 5th day of the subsequent month.

(l) Finance income and cost

Finance income/cost comprises interest received on bank deposits, foreign exchange gains and losses and interest expense that are recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time that the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. All other borrowing costs are recognised as expenses in the period in which they are incurred.

(n) 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. The cost of raw materials and consumables and goods for resale is based on weighted average method and consists of direct costs of materials and related overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made where necessary for obsolete, slow moving and defective items, based on management's assessment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(o) *Income tax expense*

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

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 tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that at the time of the transaction:

- i) affects neither accounting nor taxable profit or loss, and
- ii) does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset as there is a legally enforcement to offset these in Oman

(p) *Employee benefits*

Obligations for contributions to a defined contribution retirement plan, for Omani employees, in accordance with the Omani Social Insurance Scheme, are recognised as an expense in profit and loss as the related service is provided.

The Company's obligation in respect of non-Omani employees' terminal benefits is the amount of future benefit that such employees have earned in return for their service in the current and prior periods having regard to the employee contract and Oman Labour Law.

In accordance with the provisions of IAS 19, Employee benefits, management carries an exercise to assess the present value of the Company's obligations as of reporting date, using the actuarial techniques, in respect of employees' end of service benefits payable under the Oman aforesaid Labour Law. Under this method, an assessment is made of an employee's expected service life with the Company and the expected basic salary at the date of leaving the service.

(q) *Directors' remuneration*

Directors' remunerations are computed in accordance with the Commercial Companies Law, as per the requirements of Financial Services Authority (formerly the Capital Market Authority) and are recognised as an expense in the statement of profit or loss.

(r) *Dividend*

The Board of Directors takes into account appropriate parameters including the requirements of the Commercial Companies Law while recommending the dividend.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(s) Earnings and net assets per share

The Company presents earnings per share (EPS) and net assets per share data for its ordinary shares. Basic EPS is calculated by dividing the 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 during the year. Net assets for the purpose is defined as total equity less hedging deficit/surplus. Net assets per share is not a defined performance measure in IFRS standards.

(t) 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.

(u) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are deducted against the share capital account, net of any tax effects. Where the Company's ordinary shares are repurchased (treasury shares), the consideration paid, excluding any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders and presented as reserve for own shares within equity, until they are cancelled, sold or reissued.

(v) Determination of fair values

(i) Trade and other receivables

The fair value of trade and other receivables including cash and bank balances approximates to their carrying amount due to their short-term maturity.

(ii) Derivatives

The fair value of interest rate swaps is calculated by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. This calculation is tested for reasonableness through comparison with the valuations received from the parties issuing the instruments.

(iii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(w) New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(w) New and amended standards and interpretations (continued)

Lack of Exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments did not have a material impact on the Company's financial statements.

Standards issued but not yet effective

The new amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements. The initial expected material impacts on Company's financial statements are, as follows:

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 Basis of preparation and material accounting policies *(continued)*

2.4 Material accounting policies *(continued)*

(w) New and amended standards and interpretations (continued)

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Company's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Company does not anticipate that the amendments will have a material effect on the Company's financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity, the amendments:

- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

2 Basis of preparation and material accounting policies (continued)

2.4 Material accounting policies (continued)

(w) New and amended standards and interpretations (continued)

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (continued)

The Company does not expect that the amendments will have a material impact on its financial statements.

3 Revenue

	2025	2024
	₹	₹
Operating lease income - Investment charges	42,706,811	43,192,068
Fuel charges	28,705,236	27,065,472
Fixed operation and maintenance charge	10,153,870	9,935,355
Energy charges	1,500,554	1,427,584
Water output charges	873,185	896,218
	83,939,656	82,516,697

The revenue has been disaggregated based on the key drivers by which the Company receives and recognises its revenue.

The Company has no unsatisfied performance obligations with respect to the billed revenue. The Company has right to invoice for every unit of output and making available the designated capacity. Actual invoicing for the delivered output is done at the end of every month.

The Company has recognized impairment losses on receivables arising from Company's contract with customer (note 12.1).

All the revenue of the Company accrues from contracts with customers within the Sultanate of Oman.

Revenue is recognised at a point in time upon delivery of electricity and water to the customer in accordance with the terms of the PWPA.

4 Cost of sales

	2025	2024
	₹	₹
Fuel cost	27,778,342	26,469,778
Depreciation (notes 8 and 9)	11,218,312	11,188,783
Operation and maintenance cost (note 18)	8,656,167	8,383,692
Contractual services maintenance cost	5,395,410	4,663,725
Insurance cost	715,915	873,175
Incentive payment (note 18)	441,947	435,304
Other overheads	264,072	56,609
Security charges	108,236	95,916
License and permits	99,866	52,371
Provision for asset retirement obligation (note 20)	54,876	52,768
Electricity import cost	30,413	27,608
	54,763,556	52,299,729

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5 Administrative and general expenses

	2025	2024
	<u>₹</u>	<u>₹</u>
Staff costs	414,713	293,144
Directors' remuneration and sitting fees (note 18)	136,706	132,206
Fee and subscription	94,227	97,724
Legal and professional charges	69,296	127,260
Charity and donations	60,000	64,000
Depreciation (note 8)	6,470	28,636
Other admin and general expenses	35,463	19,808
Travelling expenses	8,654	15,971
	<u>825,529</u>	<u>778,749</u>

6 Other income

	2025	2024
	<u>₹</u>	<u>₹</u>
Material adverse change claim	1,195,612	1,086,996
Amortization of deferred revenue (note 22)	202,342	200,167
Gain on disposal of property, plant and equipment	-	127
	<u>1,397,954</u>	<u>1,287,290</u>

Material adverse change claim is a reimbursement of increase in the Company's cost resulting from buyer risk event in accordance with PWPA.

7 Finance costs

	2025	2024
	<u>₹</u>	<u>₹</u>
Interest expense on project financing	2,948,382	5,359,313
Interest income on interest rate swap	(189,968)	(716,190)
Deferred financing cost (note 13.1)	161,583	268,617
Interest expense on short term borrowings	14,784	13,955
Interest expense on lease liability (note 21)	41,112	38,604
Commission and bank charges	53,333	52,505
	<u>3,029,226</u>	<u>5,016,804</u>

7.1 Finance income

	2025	2024
	<u>₹</u>	<u>₹</u>
Interest income on term deposits	660,906	790,190

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

8 Property, plant and equipment

	Buildings ₹	Roads and pipelines ₹	Plant and machinery ₹	Office equipment ₹	Motor vehicles ₹	Computer equipment ₹	Total ₹
Cost							
At 1 January 2025	48,652,121	26,654,587	292,097,443	220,619	300,583	1,004,935	368,930,288
Additions during the year	15,993	-	467,060	1,690	14,200	7,598	506,541
At 31 December 2025	<u>48,668,114</u>	<u>26,654,587</u>	<u>292,564,503</u>	<u>222,309</u>	<u>314,783</u>	<u>1,012,533</u>	<u>369,436,829</u>
Accumulated depreciation							
At 1 January 2025	18,775,348	10,416,708	111,203,287	208,401	292,174	680,481	141,576,399
Charge for the year	1,470,319	821,885	8,751,619	6,532	2,996	145,271	11,198,622
At 31 December 2025	<u>20,245,667</u>	<u>11,238,593</u>	<u>119,954,906</u>	<u>214,933</u>	<u>295,170</u>	<u>825,752</u>	<u>152,775,021</u>
Carrying amount							
At 31 December 2025	<u>28,422,447</u>	<u>15,415,994</u>	<u>172,609,597</u>	<u>7,376</u>	<u>19,613</u>	<u>186,781</u>	<u>216,661,808</u>

	Buildings ₹	Roads and pipelines ₹	Plant and machinery ₹	Office equipment ₹	Motor vehicles ₹	Computer equipment ₹	Total ₹
Cost							
At 1 January 2024	48,652,121	26,649,367	291,700,679	219,776	292,183	994,486	368,508,612
Additions during the year	-	5,220	396,764	843	8,400	17,322	428,549
Disposals during the year	-	-	-	-	-	(6,873)	(6,873)
At 31 December 2024	<u>48,652,121</u>	<u>26,654,587</u>	<u>292,097,443</u>	<u>220,619</u>	<u>300,583</u>	<u>1,004,935</u>	<u>368,930,288</u>
Accumulated depreciation							
At 1 January 2024	17,306,032	9,588,767	102,470,933	201,752	288,232	536,297	130,392,013
Charge for the year	1,469,316	827,941	8,732,354	6,649	3,942	151,057	11,191,259
Depreciation on disposals	-	-	-	-	-	(6,873)	(6,873)
At 31 December 2024	<u>18,775,348</u>	<u>10,416,708</u>	<u>111,203,287</u>	<u>208,401</u>	<u>292,174</u>	<u>680,481</u>	<u>141,576,399</u>
Carrying amount							
At 31 December 2024	<u>29,876,773</u>	<u>16,237,879</u>	<u>180,894,156</u>	<u>12,218</u>	<u>8,409</u>	<u>324,454</u>	<u>227,353,889</u>

The property, plant and equipment (Buildings, Roads & pipelines and Plant & machinery) are subject to operating lease arrangement with PWP as mentioned in note 2.2(a) of these financial statements.

(a) Leased land

Land on which the plant is constructed has been leased by the Government of Sultanate of Oman to the Company for a period of 25 years expiring on 23 November 2034 under the term of the Usufruct Agreement, with an option for additional extension. Lease rental for the initial term of 25 years has already been paid in advance. (note 9).

(b) Security

The Company's property, plant and equipment are pledged as security against the term loans (note 19).

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

8 Property, plant and equipment *(continued)*

(c) *The depreciation charge has been allocated as set out below:*

	2025	2024
		
Cost of sales (note 4)	11,192,152	11,162,623
Administrative and general expenses (note 5)	6,470	28,636
	<u>11,198,622</u>	<u>11,191,259</u>

9 Right of use assets

	2025	2024
	Land	Land
		
Cost		
At 1 January	813,149	813,149
At 31 December	813,149	813,149
Accumulated depreciation		
At 1 January	237,620	211,460
Charge for the year (note 4)	26,160	26,160
At 31 December	263,780	237,620
Net carrying amount at 31 December	<u>549,369</u>	<u>575,529</u>

The above carrying amount includes asset retirement obligation amounting to  224,291 (2024: 235,607).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

10 Hedging reserve

	2025	2024
	<u>₹</u>	<u>₹</u>
Interest rate swaps:		
SMBC Capital Market Limited	(6,694)	14,241
Standard Chartered Bank	(9,405)	93,272
KfW-IPEX	(6,061)	12,709
Hedging instrument at the end of the year	(22,160)	120,222
Less: Ineffective portion of cashflow hedge	(2,041)	(7,790)
Effective portion of cashflow hedge	(24,201)	112,432
Deferred tax liability [note 17 (c)]	3,630	(16,865)
Hedging reserve at the end of the year (net of tax)	(20,571)	95,567
<i>Less:</i> Hedging reserve at the beginning of the year	(95,567)	(249,844)
Effective portion of change in fair value of cash flow hedge for the year	(116,138)	(154,277)
Hedging instrument classification		
Non-current portion of hedging instruments - assets	-	23,883
Current portion of hedging instrument – (liabilities) / assets	(22,160)	96,339
	(22,160)	120,222
Change in fair value of outstanding hedging instruments since 1 January	53,335	534,684
Change in value of hedged item used to determine hedge effectiveness	(47,586)	(517,741)

In accordance with the Common Terms Agreement (“CTA”), the Company has fixed the rate of interest through Interest Rate Swap Agreements (“IRS”) entered into with SMBC Capital Market Limited, KfW IPEX Bank GmbH and Standard Chartered Bank dated 20 November 2009, 23 March 2010 and 8 April 2010 respectively, for 95.32% of its USD loan facility. The Company does not hedge the entire amount of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps.

In July 2017, the United Kingdom Financial Conduct Authority (‘FCA’), which regulates the London Interbank Offered Rate (‘LIBOR’), announced that 6-month USD Libor would cease after September 2023. In a process of Libor transition to new benchmark, the Company entered into revised IRS Agreements on 27 September 2023, by which, the Company changed the reference rate from LIBOR to Daily Cumulative Compounded Secured Overnight Financing Rate (SOFR) with the adjustment of International Swaps and Derivatives Association (ISDA) fallback Credit Adjustment Spread.

After the transition, the interest rate swaps have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount except Sinosure Covered Facility has slightly different reference rate than the hedging instrument because it does not account for compounding effect. The Company applies hedge accounting and the mismatch between the hedging instrument and the hedged item is charged to profit or loss. Refer to note 7 for cash flow hedges reclassified to profit or loss.

The corresponding hedged notional amount outstanding as of 31 December 2025 is approximately ₹ 16 million (USD 42 million) at a fixed interest rate of 4.345% (31 December 2024 - 4.345%) and approximately ₹ 4 million (USD 11 million) at a fixed interest rate of 3.8% (31 December 2024 - 3.8%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

11 Inventories

	2025	2024
	<u>₹</u>	<u>₹</u>
Fuel inventory	1,299,560	1,269,984
Spare parts and consumables	4,690,514	4,580,556
	<u>5,990,074</u>	<u>5,850,540</u>

The inventory consumed of ₹ 1.3 million (2024: 1.4 million) is recognized as an expense in “operation and maintenance cost” during the reported year.

The Company’s inventories are pledged as security against the term loans (note 19).

12 Trade and other receivables

	2025	2024
	<u>₹</u>	<u>₹</u>
Trade receivable, net (note 12.1)	7,149,842	6,594,495
Advances to vendors	1,580,943	1,560,476
Other receivable	1,485,683	1,166,835
Prepayments	27,524	25,503
	<u>10,243,992</u>	<u>9,347,309</u>

The Company has one customer (PWP) which accounts for the trade receivables balance as at 31 December 2025 (31 December 2024 - one customer).

12.1 Trade receivable

	2025	2024
	<u>₹</u>	<u>₹</u>
Gross trade receivable	7,173,777	6,618,430
Allowance for expected credit losses	(23,935)	(23,935)
	<u>7,149,842</u>	<u>6,594,495</u>

The ageing of trade receivables at the reporting date disclosed in note 23 (b).

13 Cash and bank balances

	2025	2024
	<u>₹</u>	<u>₹</u>
Cash in hand	827	995
Cash at bank	1,375,216	1,382,431
Short term deposits	3,852,000	5,392,800
Cash and cash equivalents	5,228,043	6,776,226
Fixed term deposits (3 to 6 months) and DSRA	12,716,070	11,484,012
Cash and bank balances	17,944,113	18,260,238
Cash and cash equivalents in the statement of cash flows	<u>5,228,043</u>	<u>6,776,226</u>

Debt Service Reserve Account (DSRA) (Restricted cash)

As at 31 December 2025, the Company has placed funds in the bank accounts to meet the Debt Service Reserve Account (DSRA) minimum required balance of ₹ 11,371,571 (31 December 2024: ₹ 11,484,012) [note 19].

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

13 Cash and bank balances (continued)

Term deposits

The short and fixed term deposits and DSRA of **₹** 16,568,070 (31 December 2023: **₹** 16,876,812) have a weighted average interest rate of 3.85% per annum (31 December 2024: 4.27% per annum).

13.1 Reconciliation of liabilities arising from financing activities

	1 January 2025	Cash flows	Non-cash items		31 December 2025
			Interest Cost	Deferred finance cost	
Long term loans (notes 7 and 19)	51,056,066	(25,691,129)	-	161,583	25,526,520
Long term Lease liability (notes 7 and 21)	632,424	-	41,112	-	673,536

	1 January 2024	Cash flows	Non-cash items		31 December 2024
			Interest Cost	Deferred finance cost	
Long term loans (notes 7 and 19)	74,304,714	(23,517,265)	-	268,617	51,056,066
Long term lease liability (notes 7 and 21)	593,820	-	38,604	-	632,424

14 Equity

(a) Share capital

The Company's registered capital (issued and fully paid) amount to **₹** 95,457,195 comprising of 954,571,950 shares at nominal value of 100 Baiza each (2024: 954,571,950 of 100 Baiza each).

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.

The details of Shareholders are as follows:

31 December 2025			
Nationality	Number of shares held of nominal value 100 baiza each	% of total	
SOFIH	British Virgin Island	381,828,780	40.00%
IPWC	Oman	125,431,511	13.14%
Public	Other	447,311,659	46.86%
		954,571,950	100.00%

31 December 2024			
Nationality	Number of shares held of nominal value 100 baiza each	% of total	
SOFIH	British Virgin Island	381,828,780	40.00%
IPWC	Oman	125,431,511	13.14%
Public	Other	447,311,659	46.86%
		954,571,950	100.00%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

14 Equity (continued)

(b) Legal reserve

Article 132 of the Oman Commercial Companies Law of 2019 requires that 10% of a company's net profit be transferred to a non-distributable legal reserve until the amount of legal reserve becomes equal to at least one-third of the company's issued share capital. This reserve is not available for distribution to shareholders.

(c) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability. (note 10).

15 Trade and other payables

	2025	2024
	<u>₹</u>	<u>₹</u>
Accrued expenses and other payable	3,124,609	2,602,047
Due to related party (note 18)	1,830,867	1,627,054
VAT Payable	841,811	870,268
Interest payable	501,914	1,014,707
Trade payable	<u>162,666</u>	<u>159,179</u>
	<u>6,461,867</u>	<u>6,273,255</u>

16 Short term borrowings

The Company entered into a working capital facility agreement with Bank Muscat on 26 February 2013, last amended on 9 January 2025. The working capital facility ("the Facility") limit is ₹ 3.85 million and carries interest rate of maximum 4.25% per annum. The balance outstanding as of 31 December 2025 is Nil (31 December 2024: Nil). The security against the facility is as per the Common Terms Agreement and mentioned in note 19 of the financial statements.

17 Income tax

The Company is liable for income tax, in accordance with the income tax laws of Sultanate of Oman, at the rate of 15% of taxable income.

A deferred tax asset charge of ₹ 20,495 (31 December 2024: deferred tax asset charge of ₹ 27,229) has been recognised directly in OCI in respect of the changes in fair values of interest rate swaps (note 10).

	2025	2024
	<u>₹</u>	<u>₹</u>
a) Recognised in profit or loss		
Current tax for the year	4,595,375	4,326,428
Deferred tax expense for the year	<u>(508,026)</u>	<u>(296,686)</u>
	<u>4,087,349</u>	<u>4,029,742</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

17 Income tax (continued)

(b) Reconciliation

The following is the tax reconciliation of income taxes calculated at the applicable tax rate with the income tax expenses.

	2025	2024
Profit before tax	<u>27,380,205</u>	<u>26,498,895</u>
Income tax as per rates mentioned above	<u>(4,107,031)</u>	<u>(3,974,834)</u>
Expenses not deductible for tax purposes	<u>19,682</u>	<u>(54,908)</u>
Income tax expense for the year	<u>(4,087,349)</u>	<u>(4,029,742)</u>

(c) Deferred tax asset / (liability)

	At 1 January	(Charged) / reversal during the year	At 31 December
2025	<u>---</u>	<u>---</u>	<u>---</u>
Charged to profit or loss			
Property, plant and equipment	(24,440,765)	488,842	(23,951,923)
Asset retirement obligation	94,441	9,834	104,275
Lease liability	29,848	6,166	36,014
Right of use asset	13,932	2,322	16,254
Fair value of cash flow hedge (in-effective portion)	(1,168)	862	(306)
	<u>(24,303,712)</u>	<u>508,026</u>	<u>(23,795,686)</u>
Deferred tax recognised in other comprehensive income			
Derivative financial instruments	(16,865)	20,495	3,630
Deferred tax liability (net)	<u>(24,320,577)</u>	<u>528,521</u>	<u>(23,792,056)</u>
	At 1 January	(Charged) / reversal during the year	At 31 December
2024	<u>---</u>	<u>---</u>	<u>---</u>
Charged to profit or loss			
Property, plant and equipment	(24,849,331)	408,566	(24,440,765)
Asset retirement obligation	84,924	9,517	94,441
Lease liability	24,057	5,791	29,848
Right of Use asset	11,610	2,322	13,932
Deferred revenue	132,052	(132,052)	-
Fair value of cashflow hedge (ineffective portion)	(3,710)	2,542	(1,168)
	<u>(24,600,398)</u>	<u>296,686</u>	<u>(24,303,712)</u>
Deferred tax recognised in other comprehensive income			
Derivative financial instrument	(44,094)	27,229	(16,865)
Deferred tax liability (net)	<u>(24,644,492)</u>	<u>323,915</u>	<u>(24,320,577)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

17 Income tax (continued)

(d) The movement in the current tax liability for the year comprise of:

	2025	2024
	<u>₹</u>	<u>₹</u>
At 1 January	4,338,811	3,794,786
Charge for the year	4,595,375	4,326,428
Paid during the year	(4,300,239)	(3,782,403)
	<u>4,633,947</u>	<u>4,338,811</u>

(e) Status of prior year returns

The Company's assessment for the tax year 2023 have not yet been finalized with the Secretariat General for Taxation at the Ministry of Finance. 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.

(f) BEPS Pillar Two

On 31 December 2024, Oman issued Royal Decree Number 70/2024, enacting new global minimum tax rules to align with the Organization for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) Pillar Two rules (GloBE Rules). The enacted law introduces a domestic minimum top-up tax (DMTT) and an Income Inclusion Rule (IIR), effective from 1 January 2025. This tax applies to entities that are part of an Multinational Entity (MNE) Group with annual revenues amounting to or exceeding the Omani rial equivalent of EUR 750 million or more in two of the last four financial years.

For Oman, the taxable income and effective tax rate will be calculated in accordance with the Executive Regulations to the Royal Decree, which are expected to be issued in 2026.

Based on management's assessment, the Company is not within the scope of the Pillar Two GloBE Rules for the financial year ending 31 December 2025, as the company is not a subsidiary of a foreign parent, nor does the company have any foreign subsidiaries or branches. Accordingly, no Pillar Two top-up tax exposure arises for the current reporting period.

Management will continue to monitor the issuance of the Executive Regulations, further OECD guidance, and global implementation developments. Should the Group's structure, operations, or revenue levels change in a manner that could bring it within the scope of Pillar Two, the Company will update its assessment and related disclosures accordingly.

18 Related party transactions

The Company maintains balances with related parties which arise in the normal course of business from commercial transactions on mutually agreed terms. Outstanding receivable or payable balances from related parties as at the reporting period are unsecured, interest free, repayable on demand and settlement occurs in cash.

Sembcorp Oman First Investment Holding Co Ltd is the shareholder and Sembcorp Industries Limited (SIL) are exercising significant influence, whereas Sembcorp Salalah O&M Services Company LLC (SSOM) is an entity controlled by entity which is exercising significant influence over the Company.

The Company had the following significant transactions with related parties during the year:

	2025	2024
	<u>₹</u>	<u>₹</u>
Sembcorp Salalah O&M Services Company LLC (SSOM)		
- Operation and maintenance cost (note 4)	8,656,167	8,383,692
- *Incentive payment (note 4)	441,947	435,304

*Incentive payments reward the O&M company for exceeding contractually obligated efficiency targets in fuel, power, water, and budget.

Due to related party at the year end comprised:

	2025	2024
	<u>₹</u>	<u>₹</u>
SSOM	<u>1,830,867</u>	<u>1,627,054</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

18 Related party transactions (continued)

Key management benefits

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise). Total compensation accrued to key management personnel for the year is as follows:

	2025	2024
	<u>ﷲ</u>	<u>ﷲ</u>
Directors' remuneration (note 5)	104,456	104,456
Directors' sitting fees (note 5)	32,250	27,750
Short term employee benefits	324,425	226,183
Social security and gratuity	8,566	5,742
	<u>469,697</u>	<u>364,131</u>

As of 31st December 2025, the Company has two key management personnel. (2024: one key management personnel). XIn addition to the above, an amount of ﷲ 419,259 (2024: ﷲ 361,913) was paid to Sembcorp Salalah O&M Services Company LLC in accordance with O&M agreement for key managerial positions.

19 Term loans

	Maturity	2025	2024
		<u>ﷲ</u>	<u>ﷲ</u>
Non-current			
Project financing loan (USD equivalent to <u>ﷲ</u>)	2012-2026	21,175,041	42,443,570
Project financing loan (<u>ﷲ</u>)	2012-2026	4,403,160	8,825,760
		<u>25,578,201</u>	<u>51,269,330</u>
Less: Unamortised transaction cost		<u>(51,681)</u>	<u>(213,264)</u>
		25,526,520	51,056,066
Less: Current portion of term loans		<u>(25,526,520)</u>	<u>(25,691,129)</u>
		<u>-</u>	<u>25,364,937</u>

On 19 November 2009, the Company entered into a Common Terms Agreement ("CTA"), for credit facilities with a consortium of international and local banks with Standard Chartered Bank as the Dollar Commercial Facility Agent, Bank Muscat SAOG as the Rial Commercial Facility Agent and Bank of China, Shondong Branch as Sinosure Facility Agent, collectively "the Mandated Lead Arranger".

In July 2017, the United Kingdom Financial Conduct Authority ("FCA"), which regulates the London Interbank Offered Rate ("LIBOR"), announced that 6 month USD Libor would cease after September 2023. In a process of LIBOR transition to new bench mark, the Company entered into Amendment Agreement on 27 September 2023, by which, the Company changed the benchmark from LIBOR to SOFR plus ISDA fallback Credit Adjustment Spread.

Repayments

The aggregate amount of drawdowns under the above facilities is repayable in full by 29 half yearly instalments commencing from 30 September 2012, with the final instalment being due on 30 September 2026.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

19 Term Loans *(continued)*

Interest

- (i) Interest on USD Commercial facilities is charged at a floating rate of Non-Cumulative Compounded SOFR plus Credit Adjustment Spread plus margin (3.55% p.a.). The Company has entered into an interest rate swap to cap its obligation against unfavorable interest rate changes.

The margins are indicated below:

	Margin (% per annum)
Tenth anniversary up to the thirteenth anniversary of completion date	3.55%
Thereafter	3.95%

- (ii) Interest on Sinosure Covered (USD) facilities is charged at a floating rate of Daily Simple SOFR rate plus Credit Adjustment Spread (CAS) plus margin (3% p.a.). The Company has entered into an interest rate swap to cap its obligation against unfavourable interest rate changes.

- (iii) Interest under the Rial Commercial Facilities Agreement is charged at a fixed rate, as shown in the table below:

Period	Margin (% per annum)
From the twelfth anniversary of financial close to the thirteenth anniversary of financial close	5.65%
From the thirteenth anniversary of financial close to the fourteenth anniversary of financial close	5.90%
From the fourteenth anniversary of financial close to the fifteenth anniversary of financial close	5.93%

Securities

The term loans and the debt reserve account facility are secured, under the security documents as a whole, by the following collateral:

- a charge on all project assets (refer to note 8 and 11) through commercial/legal mortgage;
- an assignment of its insurance/reinsurance;
- a security over Company's shares (apart from those held by public);
- a charge over all the project accounts; and
- direct agreements.

Covenants

The term loan facilities contain certain covenants pertaining to, amongst other things, liquidation and merger, entering into material new agreements, negative pledge, disposal of assets, granting of loans and guarantees, acquisition of capital assets, debt service coverage ratio, debt to equity ratio, change of business, hedging agreements, etc, with which the Company is required to comply. The Company has carrying value of term loan amounting to **₹** 25.5 million (2024: 51.3 million) and is in compliance with the covenants attached with the mentioned term loans.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

20 Assets retirement obligation (“ARO”)

Under the Usufruct Agreement, the Company has a legal obligation to remove the Plant at the end of its useful life and restore the land. The Company shall at its sole cost and expense dismantle, demobilise, safeguard and transport the assets, eliminate soil and ground water contamination, fill all excavation and return the surface to grade of the designated areas.

The carrying value of the ARO provision has been calculated using an expected present value technique. This technique reflects assumptions such as costs, plant useful life, inflation and profit margin that third parties would consider to assume the settlement of the obligation. The movement in ARO provision is as follows:

	2025	2024
	<u>₹</u>	<u>₹</u>
At 1 January	864,581	811,813
Unwinding of discount (note 4)	54,876	52,768
At 31 December	919,457	864,581

Because of the long term nature of the liability, there is significant uncertainty in estimating the cost that will be incurred. It has been assumed that the site will be restored using technology and material that are currently available. The provision has been calculated using a discount rate of 6.5% (31 December 2024: 6.5%).

21 Long term lease liability

The Company recognised lease liabilities in relation to lease of land [notes 1 and 8 (a)]. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate 6.5%.

	2025	2024
	<u>₹</u>	<u>₹</u>
Land	673,536	632,424
Amounts recognised in profit and loss		
Amortization expense on right-of-use assets (note 9)	26,160	26,160
Interest expense on lease liabilities (note 7)	41,112	38,604
	67,272	64,764

Amounts recognised in cash flows

Lease rental charges for initial term of 25 years were paid at inception of the lease.

	2025	2024
	<u>₹</u>	<u>₹</u>
At 1 January	632,424	593,820
Amortisation during the year (note 6)	41,112	38,604
At 31 December	673,536	632,424

	2025		2024	
	Total minimum lease Payments	PV of minimum Lease payment	Total minimum lease payments	PV of minimum Lease payment
	<u>₹</u>	<u>₹</u>	<u>₹</u>	<u>₹</u>
More than 5 years	1,794,832	673,536	1,794,832	632,424

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

22 Deferred revenue

The Company received contribution from PWP towards cost of Cyber Security Implementation arising from Material Adverse Change claim. The Company assessed whether each transferred item meets the definition of an asset, and if so, recognises the asset as property, plant and equipment. These contributions are deferred and recognise as other income over the life of the relevant property, plant and equipment.

	2025	2024
	<u>£</u>	<u>£</u>
At 1 January	680,181	880,348
Amortisation during the year (note 6)	<u>(202,342)</u>	<u>(200,167)</u>
At 31 December	<u><u>477,839</u></u>	<u><u>680,181</u></u>

23 Financial risk management

Financial assets are assessed for impairment at each reporting date as disclosed below in credit risk.

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

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.

(a) 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.

Interest rate risk

The Company adopts a policy of ensuring that 95 percent of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Company applies a hedge ratio of 0.95:1.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Company assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item under the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty's and the Company's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

23 Financial risk management (continued)

(a) Market risk (continued)

Interest rate risk (continued)

At the reporting date, the interest rate profile of the Company's interest-bearing financial assets and liabilities is:

	Interest rate	2025	2024
	%	<u>SR</u>	<u>SR</u>
Financial assets			
Short and fixed term deposits and DSRA	4.27%	<u>16,568,070</u>	<u>16,876,812</u>
Financial liabilities			
Term loans			
- USD variable rate loans	SOFR + 3%	<u>(11,761,003)</u>	<u>(23,573,932)</u>
- USD variable rate loans	SOFR + 3.55%	<u>(9,414,038)</u>	<u>(18,869,638)</u>
- RO fixed rate loans	5.93%	<u>(4,403,160)</u>	<u>(8,825,760)</u>
		<u>(25,578,201)</u>	<u>(51,269,330)</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 and the Company does not designate hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and income statement by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Equity, net of tax	
	100 bps	100 bps
	Increase	Decrease
	<u>SR</u>	<u>SR</u>
31 December 2025		
Interest rate swap	<u>72,491</u>	<u>(72,491)</u>
31 December 2024		
Interest rate swap	<u>326,929</u>	<u>(326,929)</u>

Currency risk

The majority of the transactions and balances are either in RO or USD. As the RO is pegged to the USD, balances in USD are not considered to represent significant currency risk. The Company is not exposed to significant currency risk as at 31 December 2025 (31 December 2024: No significant exposure to currency risk).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

23 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and cash balances held with banks. Under the terms of the PWPA, the Company's sales are billed wholly to PWP. The Company manages its credit risk with PWP by monitoring its credit rating. The Company limits its credit risk with regard to bank deposits by only dealing with reputable banks and financial institutions with strong credit ratings. The carrying amount of financial assets represents the maximum credit exposure.

Impairment of financial assets

The Company has trade receivables from the provision of operation and maintenance services and leasing of assets, which are subject to the expected credit loss model. While fixed term cash deposits, cash and cash equivalents and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The company has one customer, and the ECL allowance on receivable from that customer has been computed based on rating grades issued by external rating agency. The ratings by external agency is based on historic default rate and is adjusted for forward-looking macro-economic information (e.g., economic data from industry groups, associations or bodies).

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 360 days past due.

The trade receivables have been guaranteed by the Government of Sultanate of Oman. The maximum exposure to credit risk at the reporting date, without taking into account collateral or other credit enhancements was:

	2025	2024
	<u>₹</u>	<u>₹</u>
Classified as financial assets measured at amortised cost		
Cash and cash equivalents	5,228,043	6,776,226
Fixed term deposits and DSRA	12,716,070	11,484,012
Trade receivable	7,173,777	6,618,430
Other receivable	1,485,683	1,166,835
	<u>26,603,573</u>	<u>26,045,503</u>

The table below shows the balances with banks categorised by short-term credit rating as published by Moody's investor's service at the reporting date. Although one of the bank has been rated as not prime, management does not foresee any default risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

23 Financial risk management (continued)

(b) Credit risk (continued)

Bank	Rating	2025	2024
Bank balances		<u>₹</u>	<u>₹</u>
Bank Muscat SAOG	Ba2	1,370,385	1,294,645
Bank of China	Aa3	4,831	87,786
		<u>1,375,216</u>	<u>1,382,431</u>
Short and fixed term deposits and DSRA			
Bank Muscat SAOG	Ba2	1,927,000	1,916,800
Bank of China	Aa3	14,641,070	14,960,012
		<u>16,568,070</u>	<u>16,876,812</u>
Trade receivables			
PWP	Ba3	<u>7,173,777</u>	<u>6,618,430</u>

Age analysis of trade receivables is as follows:

	2025	2024
	<u>₹</u>	<u>₹</u>
Not past dues	7,173,777	6,618,430
Gross trade receivables	<u>7,173,777</u>	<u>6,618,430</u>
Allowance for expected credit losses	<u>(23,935)</u>	<u>(23,935)</u>
Net trade receivables	<u>7,149,842</u>	<u>6,594,495</u>

None of the amounts have been considered as credit impaired.

The closing loss allowances for trade receivables as at 31 December 2025 reconcile to the opening loss allowances as follows:

	2025	2024
	<u>₹</u>	<u>₹</u>
Opening allowance for expected credit losses as at 1 January calculated under IFRS 9	<u>23,935</u>	<u>23,935</u>
Closing allowance for expected credit losses	<u>23,935</u>	<u>23,935</u>

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always 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.

The Company limits its liquidity risk by ensuring bank facilities and shareholders' advances are available, where required. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

23 Financial risk management (continued)

(c) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying Amount	Contractual cash flow	Cash flows		
			Less than 1 year	More than 1 to 5 years	More than 5 years
31 December 2025	<u>₹</u>	<u>₹</u>	<u>₹</u>	<u>₹</u>	<u>₹</u>
Derivative financial liabilities					
Derivative instrument	22,160	(22,160)	(22,160)	-	-
Non-derivative financial liabilities					
Term loans	25,526,520	(26,473,203)	(26,473,203)	-	-
Trade and other payables	6,461,867	(6,461,867)	(6,461,867)	-	-
Long term lease liability	673,536	(1,794,832)	-	-	(1,794,832)
	<u>32,684,083</u>	<u>(34,752,062)</u>	<u>(32,957,230)</u>	<u>-</u>	<u>(1,794,832)</u>
31 December 2024					
Non-derivative financial liabilities					
Term loan	51,056,066	(55,160,625)	(28,193,785)	(26,966,840)	-
Trade and other payables	6,273,255	(6,273,255)	(6,273,255)	-	-
Long term lease liability	632,424	(1,794,832)	-	-	(1,794,832)
	<u>57,961,745</u>	<u>(63,228,712)</u>	<u>(34,467,040)</u>	<u>(26,966,840)</u>	<u>(1,794,832)</u>

The Company have undrawn working capital facility of ₹ 3.85 million with bank muscat. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at a significantly different amount.

Embedded derivatives

The following agreements contain embedded derivatives:

- (i) The PWPA between the Company and PWP contains embedded derivatives in pricing the fixed operation and maintenance charge and variable operation and maintenance charge rate for the power facility as well as the desalination facility. Fixed percentages of the fixed operation and maintenance charge rate and variable operation and maintenance charge rate for both facilities get adjusted to reflect changes in the US Consumer price index and the Omani Consumer price index.
- (ii) The NGSA between the Company and MOG contains embedded derivatives in gas price for provision of natural gas to the plant. The gas price gets adjusted to reflect changes in US Consumer price index.
- (iii) The LTSA between the Company and GEIL contains embedded derivatives in pricing the fixed monthly fee and variable monthly fee for provision of long term maintenance services. Fixed percentage of the fixed monthly fee and variable monthly fee gets adjusted to reflect changes in US labour and material price index.

These embedded derivatives are not separated from the host contract, as the management believes that the economic characteristics and risk associated with the embedded derivatives are closely related to those of the host contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

23 Financial risk management (continued)

Capital management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to members and benefits to other stakeholders, and to provide an adequate return to members by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. 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 members, return capital to shareholders, and issue new shares, or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio (debt to equity)

	2025	2024
	<u>₹</u>	<u>₹</u>
Debt (Long-term loan)	25,526,520	51,056,066
Equity	188,881,974	173,246,265
Debt to equity ratio (times)	0.14	0.29

Fair value of financial instruments

The management believes that the fair value of the financial assets and liabilities are not significantly different from their carrying amounts as shown in the financial statements at the reporting date.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Carrying amount			Fair value	
	Fair value - hedging instrument	Financial assets at amortised cost	Other financial liabilities	Total	Level 2
	At amortised cost				
31 December 2025	<u>₹</u>	<u>₹</u>	<u>₹</u>	<u>₹</u>	<u>₹</u>
Financial assets not measured at fair value					
Trade and other receivables	-	8,635,525	-	-	
Cash and cash equivalents	-	5,228,043	-	-	
Bank deposits	-	12,716,070	-	-	
	-	26,579,638	-	-	
Financial assets measured at fair value					
Derivative instrument	(22,160)	-	-	-	(22,160)
Financial liabilities not measured at fair value					
Term loan	-	-	(25,526,520)	(25,526,520)	
Trade and other payables	-	-	(6,461,867)	(6,461,867)	
	-	-	(31,988,387)	(31,988,387)	

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

23 Financial risk management (continued)

Fair value of financial instruments (continued)

	Carrying amount				Fair value Level 2
	Fair value - hedging instrument	Financial assets at amortised cost	Other financial liabilities	Total	
				At amortised cost	
31 December 2024					
Financial assets					
measured at fair value					
Derivative instruments	<u>120,222</u>	<u>-</u>	<u>-</u>	<u>120,222</u>	<u>120,222</u>
Financial assets not measured at fair value					
Trade and other receivables	-	7,761,330	-	7,761,330	
Cash and bank equivalents	-	6,776,226	-	6,776,226	
Bank deposits	<u>-</u>	<u>11,484,012</u>	<u>-</u>	<u>11,484,012</u>	
	<u>-</u>	<u>26,021,568</u>	<u>-</u>	<u>26,021,568</u>	
Financial liabilities not measured at fair value					
Term loan	-	-	(51,056,066)	(51,056,066)	
Trade and other payables	<u>-</u>	<u>-</u>	<u>(6,273,255)</u>	<u>(6,273,255)</u>	
	<u>-</u>	<u>-</u>	<u>(57,329,321)</u>	<u>(57,329,321)</u>	

For financial asset not measured at fair value, their carrying amount is a reasonable approximation of fair value.

The following tables show the valuation techniques used in measuring Level 2 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation technique
Interest rate swaps	The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps.

The fair value and carrying value of financial assets is same as these are expected to mature within ninety days or less.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

24 Commitments

(a) Performance guarantees

	2025	2024
	<u>₹</u>	<u>₹</u>
Performance guarantees	<u>1,540,800</u>	<u>1,540,800</u>

The Company has taken bank guarantees from Bank Muscat for the amount of USD 4,000,000 and provided to Oman Electricity Transmission Company SAOG under the electrical connection agreement.

(b) Operation and maintenance commitment

As per O&M Agreement, SSOMC operates and maintains the Company's plant at Salalah until 24 May 2027. Under O&M agreement, the Company has to pay the fixed operator's fee:

The minimum future payments under the O&M agreement are as follows:

	2025	2024
Due:	<u>₹</u>	<u>₹</u>
Not later than one year	<u>1,236,266</u>	1,201,800
Later than one year but not later than five years	<u>424,451</u>	1,662,800
	<u>1,660,717</u>	<u>2,864,600</u>

(c) Capital Commitment

Total capital commitment as at 31 December 2025 are in the amount of ₹ 390,229 (31 December 2024: ₹ 399,196).

26 Net assets per share

Net assets per share are calculated by dividing the shareholders' funds by the number of shares at the end of the reporting period. Net assets per share is not a defined performance measure in IFRS standards.

	2025	2024
Net assets - (₹)	<u>188,881,974</u>	173,341,832
Number of shares at the end of the year	<u>954,571,950</u>	954,571,950
Net assets per share (₹)	<u>0.198</u>	0.182

25 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	2025	2024
	<u>₹</u>	<u>₹</u>
Profit for the year (₹)	<u>23,292,856</u>	22,469,153
Weighted average number of shares outstanding during the year	<u>954,571,950</u>	954,571,950
Earnings per share - Basic and diluted	<u>0.0244</u>	0.0235

Since the Company has no potentially dilutive instruments, the basic and dilutive earnings per share are same.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

27 Investors' Trust Fund

Record of Investors Trust Fund indicates that the amount of ~~£~~ 11,329 (31 December 2024: ~~£~~ 11,056) have not been claimed from the Company by the shareholders as at 31 December 2025.

28 Segmental reporting

The Company has only one segment in accordance with IFRS 8. Segment information is, accordingly, presented in respect of the Company's business segments. The primary format, business segments, is based on the Company's management and internal reporting structure. The requirements of IFRS 8, paragraphs 31 to 34 relating the entity wide disclosures have been covered under statements of financial position, profit and loss and other comprehensive income and also in note 3 to these financial statements.

29 Operating lease agreement for which the Company acts as a lessor

The Company has entered into a PWPA with PWP for a substantial element of the production of power and water with 100% 'take-or-pay' clauses in favour of the company. The below minimum lease receipts are investment charge revenue and does not include other types of revenue as disclosed in note 3 of the financial statements.

Management has determined that the take-or-pay arrangements with PWP under PWPA are covered by IFRS 16 'Leases' as such arrangements convey the right to use the assets to PWP. Management further determined that such arrangement in substance represents an operating lease under IFRS 16 Leases [note 2.2 (a)]. The lease commenced on 25 May 2012. The following is the total of future minimum lease receipts expected to be received under existing PWPA:

	2025	2024
Due:	£	£
Less than one year	43,142,996	43,142,996
One to two years	10,346,227	43,142,996
Two to three years	-	10,346,227
	<u>53,489,223</u>	<u>96,632,219</u>

On 12 October 2025, the Company was awarded the new PWPA. The new PWPA will commence on 4 April 2027, immediately following the expiry of the current agreement, and will remain in effect for a period of 10 years, ending on April 2037. Followings are the total minimum lease receipts expected to be received under new PWPA.

	2025	2024
Less than one year	-	-
One to two years	17,731,140	-
Two to three years	17,694,317	-
Three to four years	17,694,317	-
Four to five years	17,694,317	-
Greater than five years	<u>106,276,371</u>	-
	<u>177,090,461</u>	<u>-</u>

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

30 Dividend

Pursuant to shareholders' resolution in the Annual General Meeting dated 19 March 2025, the Board of Directors in their meeting held on 27 October 2025 approved to distribute cash dividend of Baizas 8.0 per share amounting to **﷮** 7.6 million (2024: 10.02 million) to the Shareholders who are registered with MCD on 2 November 2025.

31 Climate related risk

The Company recognises that climate related matters are an area of increasing attention from stakeholders. As part of its overall risk management framework, the Company monitors developments relating to both physical and transition risks associated with climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behavior and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally.

While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains. The Company is making progress on embedding climate risk in its risk framework.

Management believes that under the PWPA, any additional costs arising from regulatory or legal changes, including climate related requirements, are recoverable from the offtaker through Change of Law provisions. The Company also maintains comprehensive insurance coverage for natural catastrophic events, property damage and business interruption, which further mitigates potential physical risks.