اس ام ان باور القابضة ش.م.ع.ع
SMN POWER HOLDING SAOG

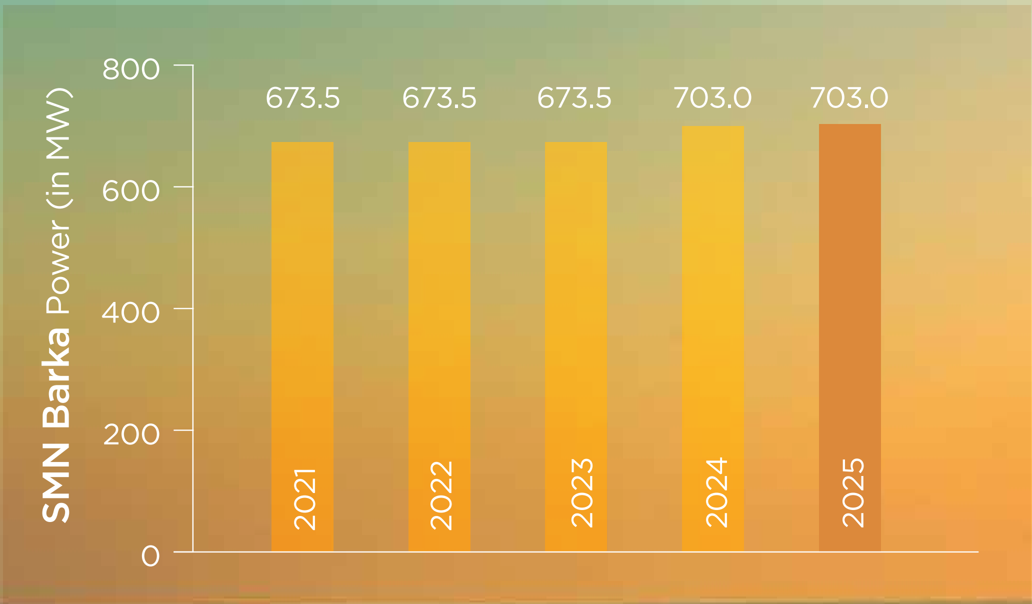
ANNUAL REPORT **2025**

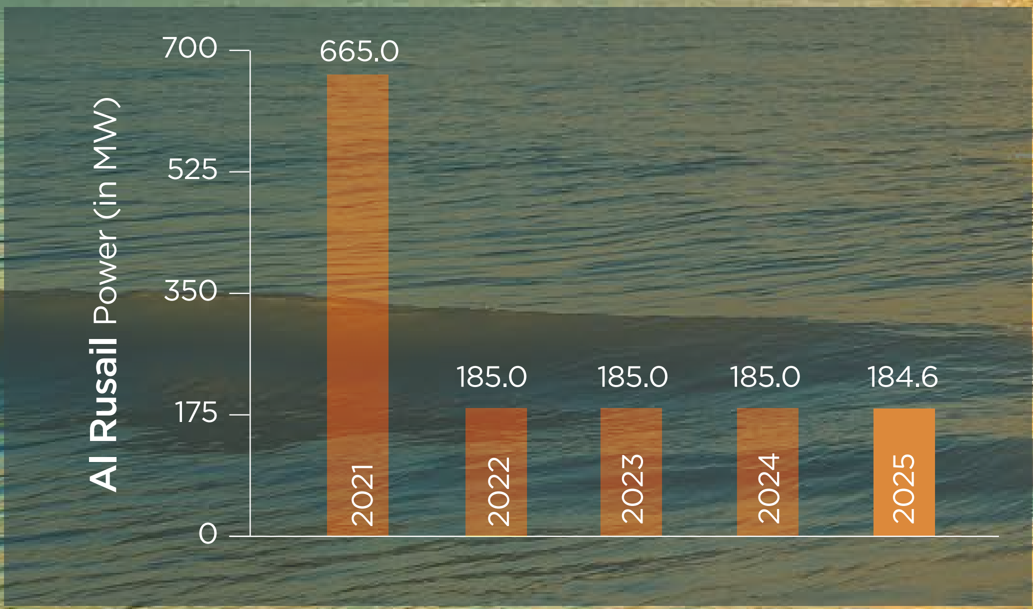
Powering **Lives**.
Powering the **Future**.

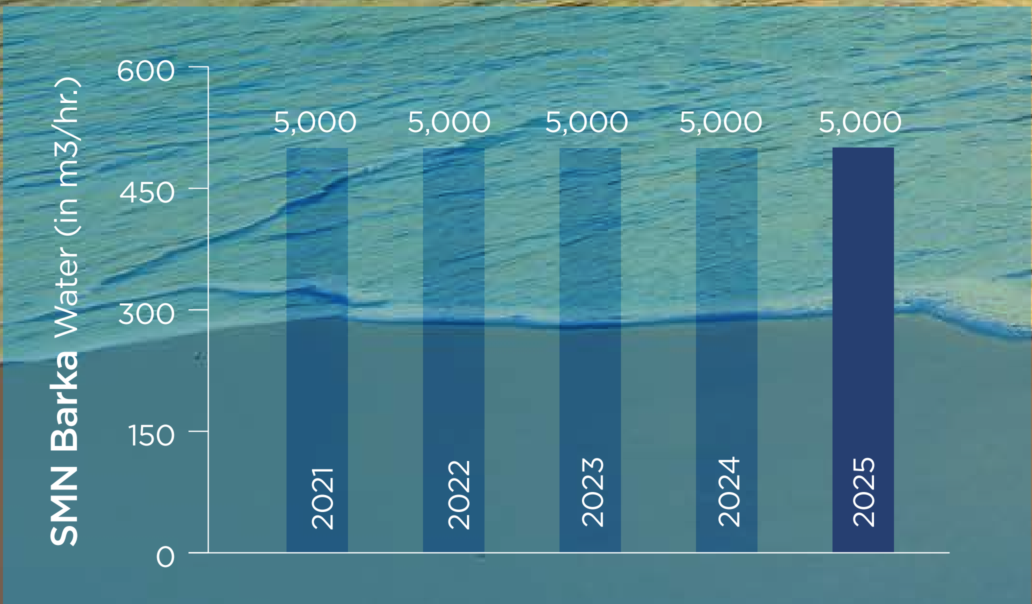
His Majesty

Sultan Haitham bin Tarik

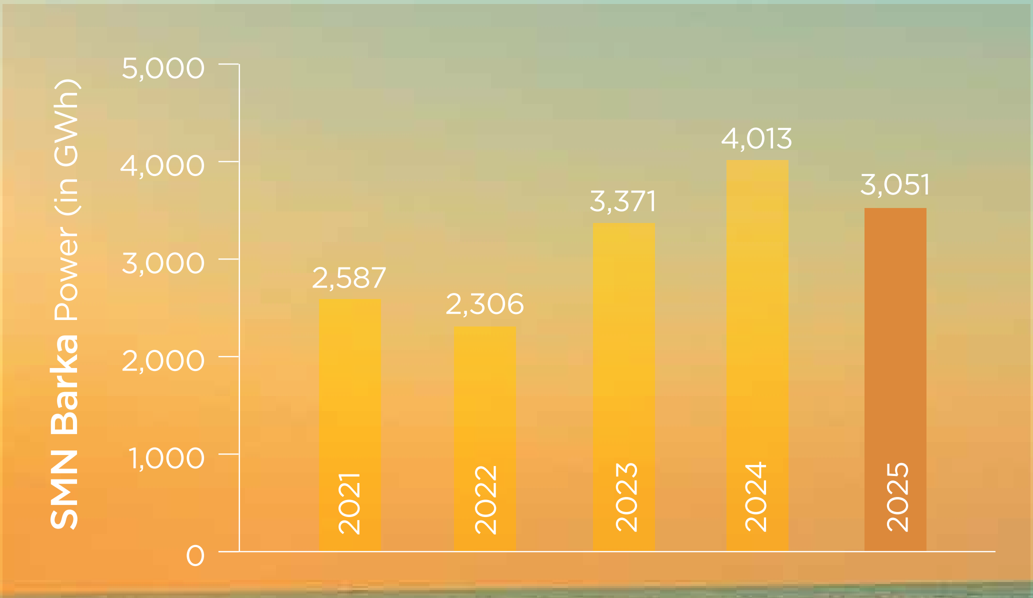
Power & Water Contracted Capacities (Year-End)

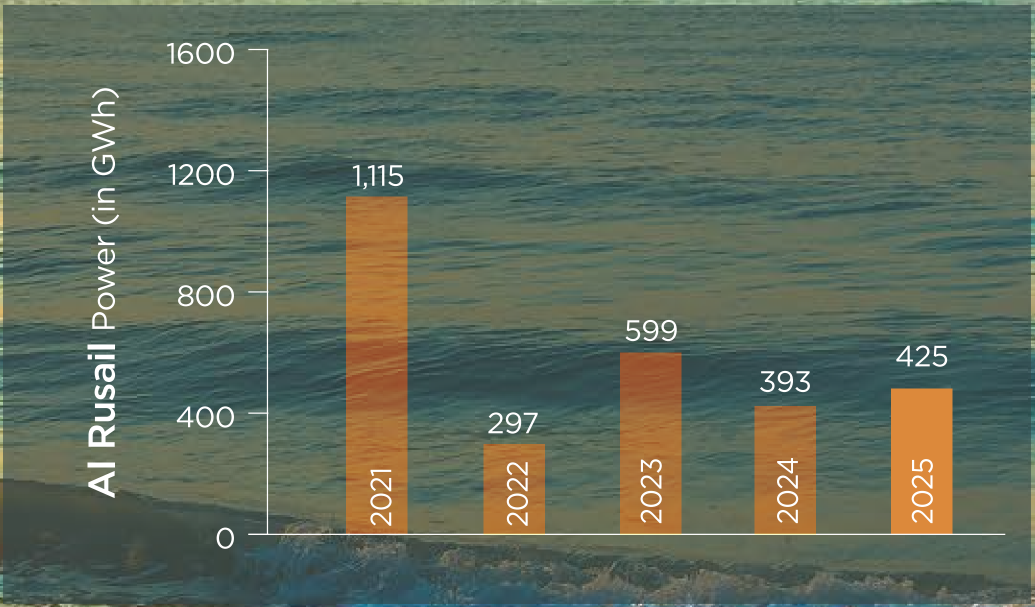


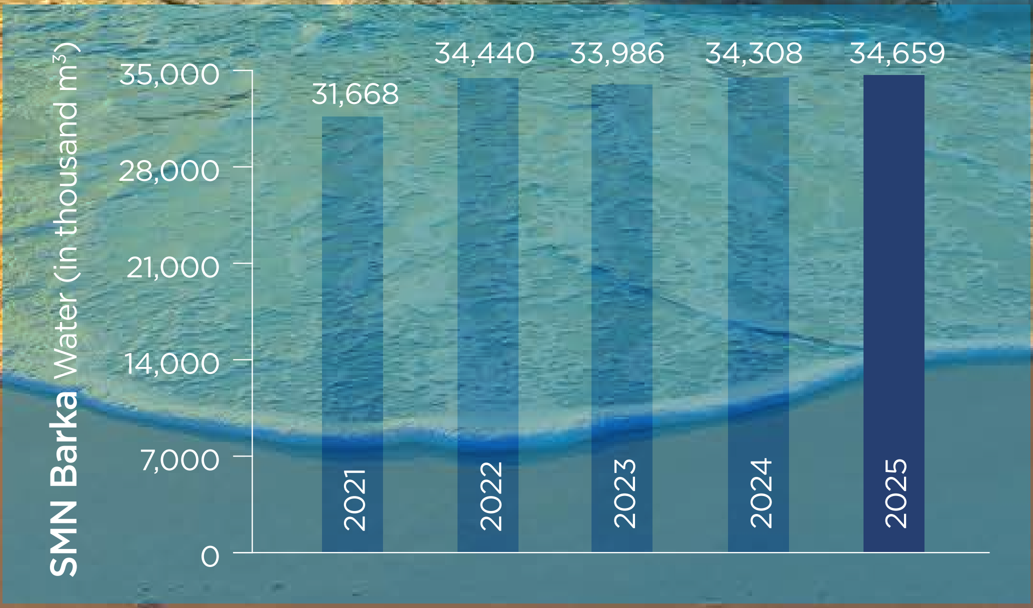




Power & Water Delivered







Registered office:
P.O.Box 121, Postal Code 134
Jawharat A'Shatti, Sultanate of Oman

Principal place of business:
Qurum Building, 1st Floor
Office No. 15, Way No. 1013
Al Qurum, Sultanate of Oman

Contents

Board of Directors

Dr. Abdullah Al Yahya'ey
Chairman

David Beaufays
Vice Chairman

Ahmed Saud Said Al Zakwany
Director

Ruben Ramalho
Director

Mahinder Nath
Director

Khamis Al Balushi
Director

Imran Sheikh
Director

Zoher Karachiwala
Company Secretary

Management

Abdullah Al Naimi
Acting Cheif Excutive Officer

Anupam Kunwar
Chief Technical Officer

Board of Directors' **Report**

Dear Shareholders,

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

Corporate Governance

The Company has complied with the Code of Corporate Governance and applicable circulars issued by the Financial Services Authority (FSA).

Company's Operations

The Company continued its excellent performance in Health, Safety and the Environment ("HSE") as providing a safe working environment is a key priority. The Board is pleased to share that during the year 2025 the HSE performance was excellent with no Lost Time Accident ("LTA") in line with previous years. As of 31st December 2025, a total of 6,159 LTA-free days were recorded at Al Rusail Power Company SAOC ("Al Rusail"), while SMN Barka Power Company SAOC ("SMN Barka") achieved 6,635 days without any LTAs.

The commercial performance of both plants, SMN Barka and Al Rusail, is measured by their reliability, which is the ability to deliver the declared capacity as per the contract.

In 2025, the reliability at SMN Barka Plant was 95.86 % (98.78% in 2024) for power and 91.87% (95.42% in 2024) for water. The reliability at Al Rusail Power Plant was 99.8% (99.8% in 2024) for the same period.

The Company produced an aggregate net power volume of 3,476.43 GWh (4,013.113 GWh in 2024) and a total volume of 34,658,560 m³ of potable water was delivered (34,308,896 m³ in 2024).

All necessary maintenance activities for key equipment were performed in accordance with Original Equipment Manufacturers' recommendations, while applying the best industry standards and practices for health & safety and maintenance, during the year.

Company's Growth and Achievements

The Company ended the financial year of 2025 with good results and as disclosed previously on Muscat Stock Exchange (MSX), the Company has been awarded a new Power Purchase Agreement ("PPA") for SMN Barka for an 8.75-Year term and for a new PPA for Al Rusail for a 5.75-Year term. SMN Barka has also been awarded a new Water Purchase Agreement ("WPA") for a 8.75-Year term. The PPA and WPA for SMN Barka will expire in March 2033 while the PPA for Al Rusail will expire in January 2030.

Financial Results

Total Revenues in 2025 amounted to RO 74.30 million (RO 82.32 in 2024), representing a decrease of RO 8.02 million compared to 2024. Total Revenues include fixed revenues (Fixed Capacity Fees) and variable revenues (Fuel Charge and Variable Operating and Maintenance Charge). The Company generated a consolidated net profit of RO 1.49 million during 2025 compared to a net profit of RO 4.56 million for 2024 representing a decrease in net profit of RO 3.07 million.

The decrease in Profit Before Tax of RO 3.35 million in 2025 is mainly due to the following variances compared to the same period in 2024:

- Revenue (Decreased by RO 8.02 million): The Company recorded lower capacity charges in 2025 amounting to RO 3.51 million, due to commencement of the new contract for SMN Barka (effective June 2024) and Al Rusail (effective April 2024) at competitive tariffs as well as RO 4.5 million lower variable revenues due to lower load factor.

- Direct costs (Decrease by RO 5.83 million): In line with above, this is mainly due to lower variable revenue due to lower load factor.

- General and Administrative expenses (Decreased by RO 0.68 million): This is mainly due to tender related costs of the Power 2024 and Barka Water 2024 incurred in 2024 and other savings achieved in 2025.

- Finance costs (Decreased by RO 0.14 million): This is mainly due to lower interest costs following the scheduled repayments of the term loan facilities for the SMN Barka.

- Finance income and other income (Decreased by RO 1.95 million): This is mainly due to non-recurring items in 2024 relating to the sale of Gas Turbines (RO 1.25 million), Reversal of provision for site restoration (RO 1.16 million), and the non-recurring item in 2025 relating to the insurance claim recovered for Steam Turbine 2 outage (RO 0.5 million).

The reduction in Non-Current Assets is driven by the depreciation of the plant (fixed assets).

The reduction in Current Assets is mainly due to dividend distribution of RO 14.6 million in 2025 resulting in lower cash balance.

Future Outlook

- The Company will continue its focus on HSE and maintain excellent reliability at both plants.

- Al Rusail, Gas Turbines 1 – 6, which were installed between 1984 to 1986, have retired from operation since 1st October 2021 as disclosed previously on MSX. Al Rusail had launched a competitive bidding process and sold these units. The decommissioning and dismantling process for these units has been initiated and is progressing well, taking the best HSE standards into consideration. Given progress to date, the dismantling of these units is expected to be completed by quarter two of 2026.

- SMN Barka and Al Rusail are participating in the spot market, however, such participation has no material impact on the Company's revenue as both SMN Barka and Al Rusail have a PPA and revenues are not impacted by participation in the spot market.

- The Annual General Meeting of the Company that was held on 28th March 2025 has approved a dividend distribution of RO 14.6 million to its shareholders which was fully paid during the year.
- The board of directors of the Company in its meeting that was held on 26th February 2026 has approved a proposal for a total dividend distribution of OMR 5 million from the audited financial statements for the year ended 31st December 2025, which will be subject to the shareholders' approval in the AGM that will be held on 30th March 2026.

As Chairman of the Board, I would like to express my appreciation to our Shareholders, not only for their confidence, but also for their continued support and for the expertise they bring to the Company. The Board of Directors expresses its gratitude to Nama Power and Water Procurement Company (OPWP), Integrated Gas Company (IGC), APSR, FSA and other governmental and non-governmental bodies for their guidance and support.

Finally, on behalf of the Board, I would like to extend our deep appreciation and gratitude to His Majesty Sultan Haitham bin Tarik and His Government for their continued support and encouragement to the private sector by creating an environment allowing us to contribute effectively to the growth of the Sultanate of Oman.

Dr. Abdullah Al Yahya'ey

Chairman of the Board

Description of the Company

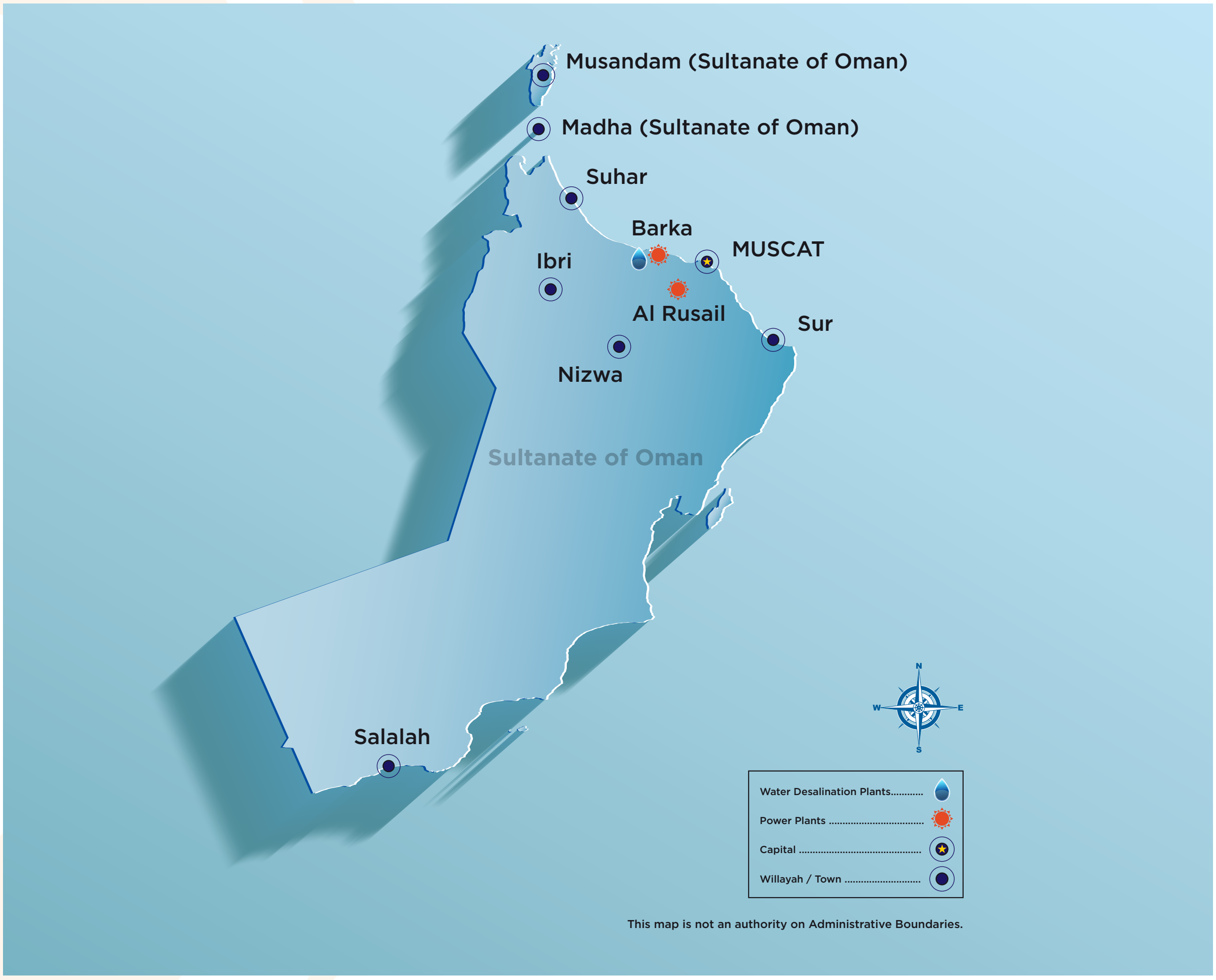
SMN Power Holding SAOG (the "Company") was incorporated on 7 May 2011. As the holding company of two power entities, SMN Barka and Al Rusail, the holding combines about 887.6 MW of power and 120,000 m3/ day potable water capacity.

Background

On 2 November 2005, the Government invited proposals for the development of an Independent Water and Power Producer ('IWPP') at Barka and the privatization of Al Rusail (Tender No 210 / 2005).

In 2006, the Founders (Suez Tractebel S.A., Mubadala Development Company PJSC and National Trading Company LLC) secured the award from OPWP following a competitive bidding process. The project has been established under a BOO scheme (Build, Own, Operate). The BOO concept enables the Founders (through the operator) to operate the Plants beyond the current PPA horizon of 15 years by either extending the P(W)PA or by selling into the Spot Market. (Please refer to Board of Directors' Report.)

The Founders incorporated SMN Power Holding Company Ltd ('SMN Jafza') for the purpose of holding the shares in both Project Companies and for undertaking the Project through the Project Companies. From the inception of the Project until the transfer to the Company, SMN Jafza held 99.99% of the shares in both project companies. Each of the projects developed by each of the relevant project companies has been implemented as follows:



For SMN Barka

Date	Events
2 November 2005	Request for Proposal issued by Tender Board
26 June 2006	Bid Submission
6 December 2006	Execution of Project Documents
20 February 2007	Financial Close
28 July 2008	Early Power COD
30 September 2008	End of Early Power period
15 November 2009	Final COD achieved
31 March 2024	Expiry of PWPA term
16 May 2024	New PPA & WPA

For Al Rusail

Date	Events
2 November 2005	Request for Proposal issued by Tender Board
26 June 2006	Bid Submission
6 December 2006	Execution of Project Documents
31 January 2007	Completion under SPA / Settlement Agreement
20 February 2007	Financial Close / Facilities Agreement
30 September 2021	Expiry of Phase 1 and Phase 2 (GT 1 to GT6) Power Purchase Agreement. Available Capacity – 186.2 MW
31 March 2022	Expiry of Phase 3 (GT 7 & GT8) Power Purchase Agreement
31 October 2022	Expiry of Power Purchase Agreement Extension for Phase 3 (GT7&8)
31 December 2023	Expiry of Power Purchase Agreement Extension for Phase 3 (GT7&8)
2 April 2024	New PPA

Description of SMN Barka Plant

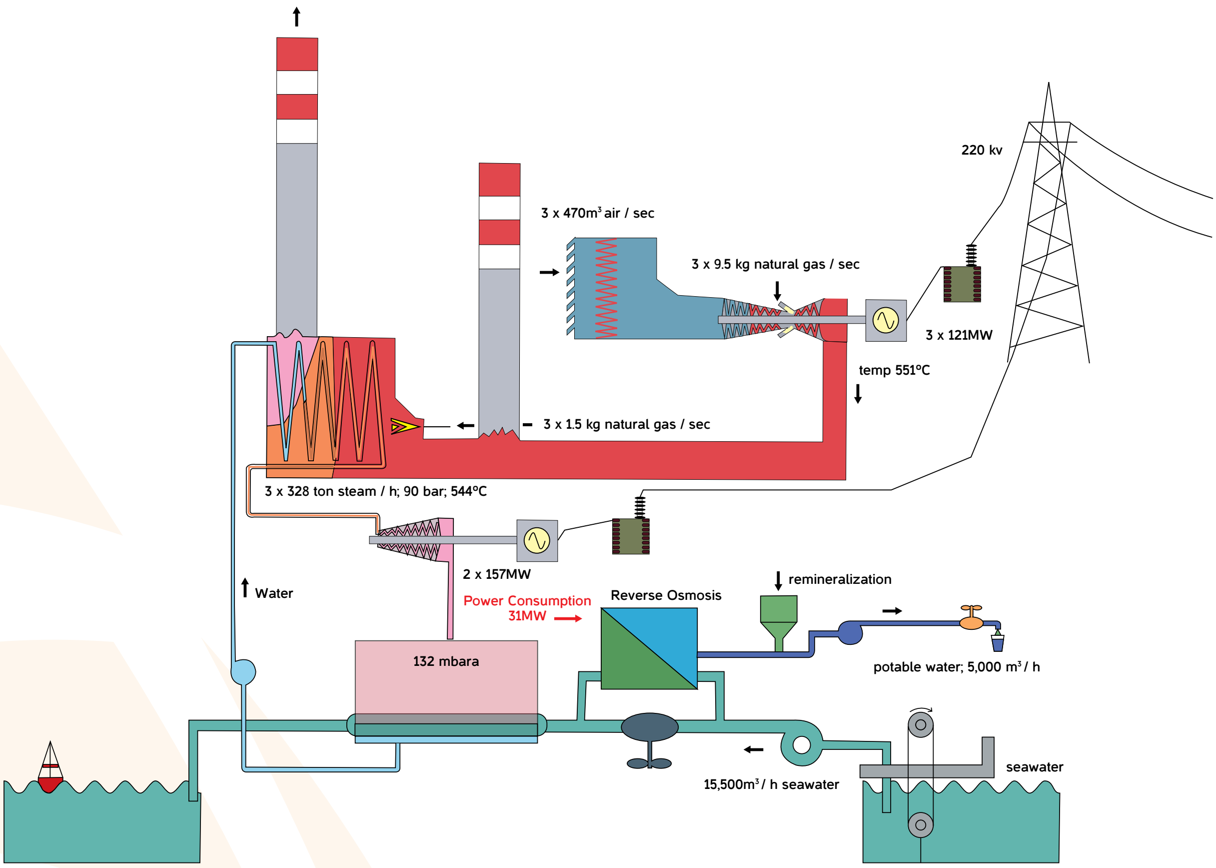
SMN Barka is an IWPP plant situated at Barka. The site is approximately 50 km northwest of Muscat, Oman.

Also popularly known as Barka II / Barka Phase 2, the design net rated power output of the facility in a combined cycle mode is 703 MW and 405 MW in open cycle. The water production capacity is about 26.4 MIGD or 120,000 m^3/day.

The facility entered into full commercial operation on 15th November 2009 and commenced the fifteen-year PWPA, guaranteeing the sale of its electricity and potable water capacity and production to OPWP. SMN Barka entered into a new PPA & WPA on 16th May 2024 for a period of 8.75 years.

The power plant comprises of three V 94.2 Rev 6 dual fuel combustion turbines (Siemens design manufactured by Ansaldo Energia, Italy), three supplementary fuel fired heat recovery steam generators and two Siemens condensing steam turbines, along with ancillary equipment required for operation of the power plant.

The SMN Barka power plant is designed as a three + two configuration with three combustion turbines, three supplementary fired HRSGs and two steam turbines forming one combined



cycle power block. The arrangement allows for operational flexibility as high and low pressure steam from any boiler can be supplied to either steam turbine.

The individual V94.2 gas turbines hot exhaust gases directly flow into naturally circulated heat recovery steam generators, generating steam at two pressure levels: high pressure steam at 85 bar and low pressure steam at 7 bar. The high pressure steam from each of the heat recovery steam generators is combined in a common header and passes to one of the two steam turbines as does the low pressure steam.

The facility is equipped with bypass stacks allowing operation of each combustion turbine in open cycle if a boiler or steam turbine failure occurs and steam dumping direct to the steam turbine condensers is also provided. The SMN Barka Plant is designed for black start operation by means of diesel generators which are capable of starting the plant via connections to at least two gas turbines.

Desalination for water production involves a sea water reverse osmosis desalination plant with a contracted capacity of 26.4 MIGD or 5,000 m3/hour of water. The reverse osmosis system comprises of 14 trains in the first pass and 7 trains in the second pass. Unlike "natural" osmosis, which facilitates solvent migration so that concentrations are even on both sides of a membrane, reverse osmosis involves forcing seawater at high pressure through a membrane that is almost impervious to suspended minerals. In the end pure water is left on one side and highly concentrated brine on the other.

Reverse osmosis provides SMN Barka the flexibility, in certain cases, to produce desalinated water even when the power production is not operational, using power from the electricity grid.

The power plant operates on natural gas as primary fuel with fuel oil as back-up. The plant is connected to the gas transmission infrastructure owned by Integrated Gas Company (IGC), to the existing water transmission system owned and operated by Oman Water and Waste Water Services Co. (OWWSC) and finally to the main interconnected transmission system at 220 kV which is owned by Oman Electricity Transmission Company .

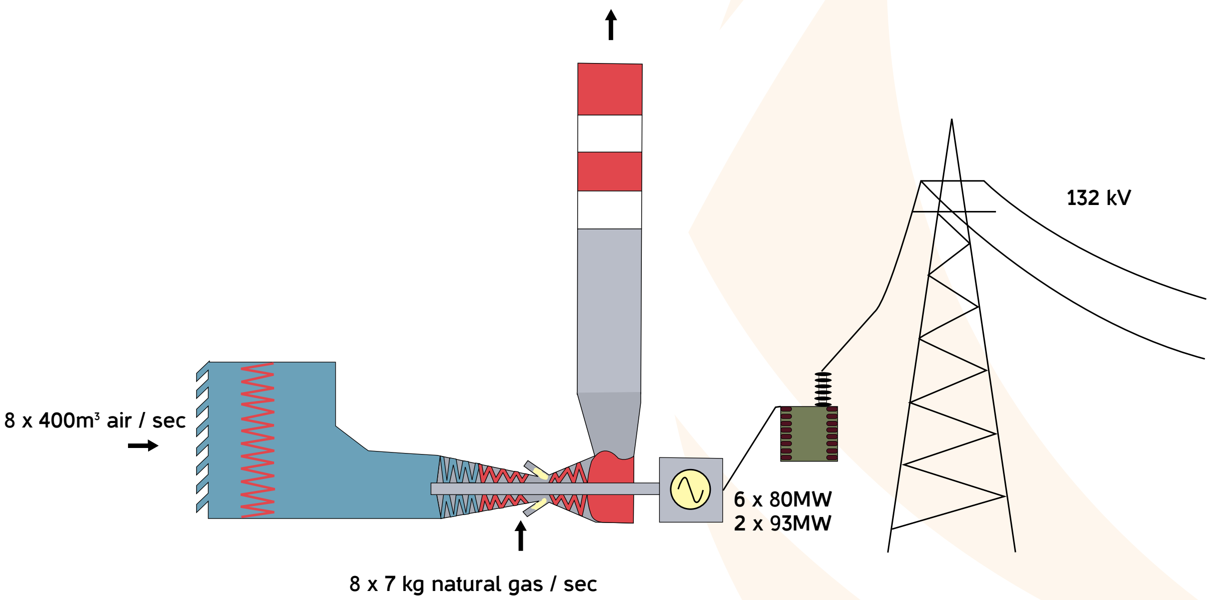
The auxiliary power for the Plant is derived from the Plant's internal electrical system with back up from the grid. The equipment and facilities required for the operation, testing, maintenance and repair of the equipment (for example control room, laboratory, stores, workshop, etc.) are available at site.

SMN Barka has contracted all operations and maintenance activities ('O&M') of the power station to Suez Tractebel Operations and Maintenance Oman ('STOMO').

Description of Al Rusail Plant

Al Rusail is a natural gas-fired power plant, the first state-owned power generation company to be privatized in the Sultanate of Oman. In December 2006, the shareholders acquired the shares of Al Rusail from the Government (through acquisition of 99% of the shares in Al Rusail by SMN Jafza).

The plant is located inland, approximately 40 km west of Muscat in an industrial area. It consists of eight Frame 9E gas turbines installed in four phases between 1984 and 2000. Al Rusail's primary fuel is natural gas supplied by IGC, but diesel oil is also stored on site to serve as a backup fuel. Power capacity and production are sold to OPWP under the 17-year PPA which ended in September 2021 for 6 gas turbines and March 2022 for 2 gas turbines (Units 7&8). The PPA was extended initially upto 31st October 2022 and again extended upto 31st December 2023. The power plant capacity was initially 665MW (until September 2021), however, after expiration of the PPA for 6 gas turbines, the power capacity is reduced to 185 MW. Al Rusail entered into a new PPA on 2nd April 2024 for a period of 5.75 years.



The combustion turbines are laid out side by side. An overhead travelling crane can access all turbines for maintenance purposes. The generating equipment is outdoor type with the 132 kV Gas Insulated Switchgear (GIS) housed in brick buildings. Underground cable circuits run from the generator step-up transformers to the 132 kV switchgear and then by overhead line to the system at the northern and southern site boundaries. The control room, management offices and administration are housed in one building adjacent to the gatehouse. Spares are housed in a separate building on the site. The Plant is connected to the main interconnected transmission system at 132 kV.

Al Rusail has contracted all O&M activities at the power plant to STOMO.

Gas Turbines (GTs)

The Gas Turbines are all the same frame size but have been provided by different suppliers at different times. The EPC Contractors who built Al Rusail units prior to the privatization were MJB / GE / Alstom / BHEL, recognized as some of the world's leading suppliers of systems, components and services in the generation, transmission and distribution of power. The units at Al Rusail were installed in four phases between 1984 and 2000:

- Phase I consists of GTs 1, 2 and 3 the first being commissioned in 1984.
- Phase II consists of GTs 4, 5 and 6 the first being commissioned in 1987.
- Phase III consists of GT 7 commissioned in 1997.
- Phase IV consists of GT 8 commissioned in 2000.

As a result of technology advances over time, the machines have different firing temperatures and spares are therefore not necessarily interchangeable between units.

Current shareholders

As at 31 December 2025, the Company's issued and paid-up capital consists of 199,635,600 shares of 100 baizas each. The details of the shareholders are as follows:

	31 December 2025			
	Nationality	**Number of shares held of nominal value 100 baiza each**	**% of total**	**Aggregate nominal value of shares held (RO'000)**
Kahrabel FZE	UAE	**61,637,490**	**30.875%**	**6,164**
Mubadala Power Holding Company Limited	UAE	**61,637,490**	**30.875%**	**6,164**
Social Protection Fund	Omani	**19,679,543**	**9.858%**	**1,968**
General public		**56,681,077**	**28.392%**	**5,668**
		199,635,600	**100%**	**19,964**

Profile of Major Shareholders

Kahrabel F.Z.E.

Kahrabel oversees and manages the development, construction and operation of the electricity and water production business of ENGIE in the MENA region. It is an entity 100% owned directly by International Power S.A., which is itself indirectly wholly owned by International Power Ltd. International Power Ltd. is owned indirectly by ENGIE, global Energy and Services Group active in low-carbon power generation, global energy networks and customer solutions.

ENGIE employs 101,504 people worldwide and achieved revenues of 57.9 billion euros in 2020. Listed in Paris and Brussels (ENGI), the Group is represented in the main indices, both financial and CSR.

In the GCC, ENGIE is the leading independent power & water producer with 30 GW power production and 5.9 million m3/day potable water production to support the regional economies. It is the GCC's leading Facility Management provider and develops solutions to improve the energy performance & efficiency of buildings, industry, infrastructure and cities in the region.

From its regional HQ in Dubai, ENGIE continues to develop its three key businesses in a geographical scope that includes the Middle East, South & Central Asia and Turkey.

For more information about ENGIE, please visit www.engie.com

Mubadala Power Holding Company Limited

Mubadala Power Holding Company Limited is a wholly owned subsidiary of Mubadala Investment Company ('MCD'), a registered public joint stock company in the Emirate of Abu Dhabi.

Mubadala Investment Company actively manages a worldwide portfolio supporting the vision of a globally integrated and diversified economy, through sustainable returns to its shareholder, the Government of Abu Dhabi. In March 2018, Abu Dhabi Investment Council (ADIC) joined the Group.

Mubadala's US $232 billion portfolio spans five continents with interests in aerospace, ICT, semiconductors, metals and mining, renewable energy, oil and gas, petrochemicals, utilities, healthcare, real estate, defense services, pharmaceuticals and medical technology, agribusiness and a global portfolio of financial holdings. Mubadala is a trusted partner, an engaged shareholder and a responsible global company that is committed to ethics and world-class standards.

For more information about Mubadala please visit www.mubadala.com

Management Discussion and Analysis Report

Management Discussion and Analysis Report

The management of SMN Power Holding Company SAOG (the "Company") is pleased to present its report on the Company's business model, opportunities and threats, operational and financial performance, risks and concerns, outlook and other matters of importance to the shareholders for the year ended 31st December 2025.

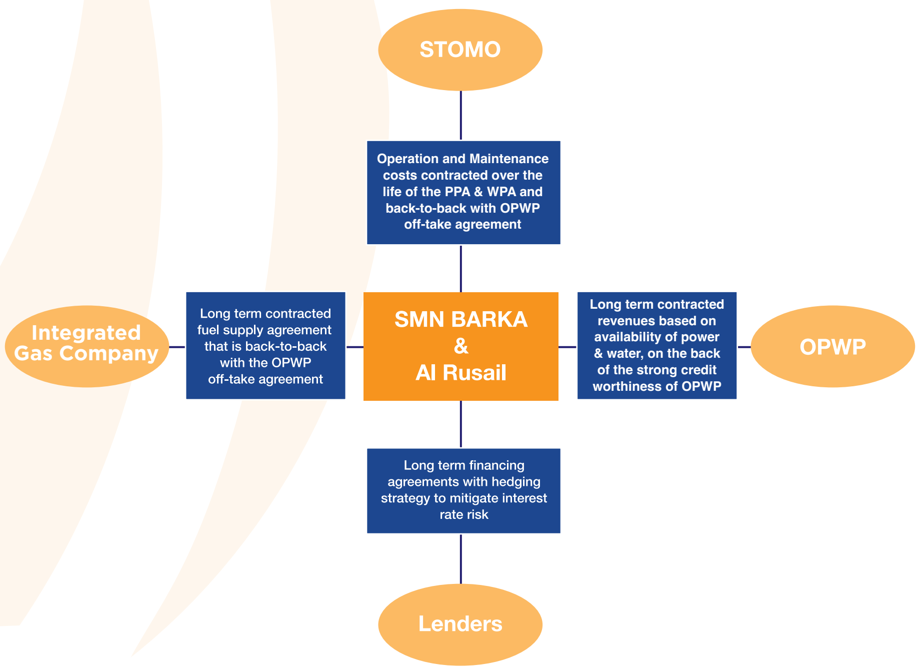
The Company ended the year 2025 with good results on every aspect of the business operations which will be highlighted in this report.

Power Industry Structure and our Business Model

The Sector Law, promulgated by Royal Decree 78/2004, provides the regulatory framework for Oman's power and water industry. It stipulates the establishment of a regulatory authority, the Authority for Public Services Regulation ("APSR"), the Electricity Holding Company ("EHC") / NAMA Holding, owned by the Oman Investment Authority, and the owner of Oman Power and Water Procurement Company ("OPWP") which is the single buyer of water and power from all IPP/IWPP projects in Oman.

The business model of both project Companies held by SMN Power Holding SAOG, i.e., SMN Barka Power Company SAOC ("SMN Barka") and Al Rusail Power Company SAOC ("Al Rusail"), is based on a strong contractual framework, with solid and reliable partners. Back-to-back contracts significantly reduce the risks over a long-term period. The supply of the output to the off-taker OPWP, the gas supply from the Integrated Gas Company ("IGC"), the operation and maintenance of the plants by the operator Suez-Tractebel Operation and Maintenance Oman L.L.C ("STOMO" or the "O&M contractor") and the financing of the project (in case of SMN Barka), is guaranteed over a period of 8.75 years. Over this period (ending in January 2030 for Al Rusail and in March 2033 for SMN Barka), the project Companies are remunerated for their capacity and availability.

Their profitability and ability to generate cashflows are independent of market fluctuation, commodity prices and market demand throughout the new PPAs and new WPA terms.



The plants are operated and maintained under the terms of the O&M agreement with STOMO. The highest standards in terms of health, safety and operational excellence are applied, to ensure availability and efficiency. Interest rates volatility and impact on the financing expenses are mitigated through adequate hedging policies, in line with the requirements defined by the lenders in the Facilities Agreement. Furthermore, the Company is benefiting from the strong track record of its original founders, reflected in the high level of experience of the Board of Directors, which brings significant value to both projects.

Discussion on Operational Performance

Health, Safety and Environment

During 2025, the Company and its subsidiaries have focused on Health, Safety and Environment ("HSE") as their primary objective.

Both SMN Barka and Al Rusail focused on preventing any injuries ("Zero Harm"), lost time accidents ("LTA"), first aid or medical treatment incidents using proactive measures such as HSE observations, fresh eyes observations and identification of unsafe conditions.

Regular HSE reviews together with STOMO have produced significant improvements in the HSE culture at the plants, reaffirming to all employees that HSE is given the highest priority in our operations.

The overall HSE performance during 2025 was excellent, as no LTA occurred. SMN Barka and Al Rusail Plants completed 6,635 and 6159 days respectively without LTA as of the 31st December 2025. Many proactive actions undertaken by STOMO at both plants led to such excellent accomplishments:

- Regular safety walks and management reviews;
- Zero harm objective;
- Focus on behavioral based programs such as fresh eyes, toolbox talks, regular safety walks, emergency drills, training, safety committee meetings, HSE audits (internal & external);
- Tracking of HSE observations and incidents using an integrated information system ('INTELEX');
- All the O&M managers and HSE staff are NEBOSH certified; and
- ISO 9001, ISO 14001 and ISO 45001 certifications retained at both plants, Al Rusail and SMN Barka.

Every incident or near miss is taken very seriously, analyzed, and actions are proactively implemented.

Capacity

The capacity of a plant is defined as the total electrical power (MW) and water (cubic meter per day), which can be delivered by the plant at reference site conditions.

The contractual capacity of SMN Barka under the Power Purchase Agreement ("PPA") and the Water Purchase Agreement ("WPA") for the year 2025 was 703 MW for power and 120,000 m^3/day for water.

The Annual Performance Test demonstrated that for both power and water, the plants met the contractual requirements and was approved by OPWP.

The contractual capacity of Al Rusail under the new PPA is 184.6MW. Phase 1 and Phase 2 Gas Turbines installed in 1984 and 1987 respectively, have retired from operation since 1st October 2021, as scheduled under the previous PPA. At the Annual Performance Test, the plant demonstrated its capability to meet the contractual capacity requirements and was approved by PWP.

Generation

During the year, Al Rusail Power Plant exported a total of 424.980 GWh electrical energy while SMN Barka's power generation reached a total of 3051.45 GWh and its water production amounted to 34,658,560 cubic meters.

Reliability

The reliability of the Plant is its ability to deliver the declared capacity, as per the contract.

In 2025, SMN Barka's reliability was 95.86 % for power and 91.87% for water (98.78% and 95.42 % in 2024 respectively). Al Rusail showed an excellent reliability of 99.8% in 2025 (99.8% in 2024). Such high availability is due to the high standards set by both the Company and STOMO teams in the operation and maintenance of the plants.

Plant Efficiency (Heat Rate)

The efficiency of the power plant is measured in terms of the amount of energy consumed to produce one unit of electrical energy. The Company and STOMO have focused on improving the heat rate in order to enhance the plant performance and optimize the consumption of the gas.

Maintenance and Improvements

The following repair and maintenance activities were carried out during 2025:

SMN Barka Power and Water Desalination Plants:

- Annual and minor maintenance of Gas Turbines GT1, GT2 & GT3;
- Steam Turbine 1 & 2 inspections and maintenance works;
- Annual maintenance of Heat Recovery Steam Generators (HRSG) 1, 2 & 3 and HRSG3 sub-tube replacement;
- Overhauling and corrective maintenance of major pumps, motors, compressors, and hydraulic systems across the plant;
- Replacement and rehabilitation of Dual Media Filters (DMFs), including media replacement, valve replacement, piping repairs, and GRP lamination works;
- Overhauling of Reverse Osmosis (RO) racks, including replacement of membranes, pumps, motors, turbines;
- Pre-treatment and booster pump maintenance, including rupture disc replacement, NRV repairs, and discharge header modifications;
- Brine line and seawater system repairs, including GRP lamination, intake and outfall system maintenance;
- Fire protection system upgrades.

• **Al Rusail Power Plant:**

- GT7 Annual Inspection.;
- GT8 Hot gas path inspection.

Al Rusail Power Decommissioning of Six Retired Units

Gas Turbine units, GT1 to GT6, which were installed between 1984 and 1987, have retired since 1st October 2021 as it was foreseen in the previous PPA. Al Rusail has launched a competitive sale bidding process after which these GTs have been sold. The de-commissioning and dismantling of these units have commenced and are progressing well, taking the best HSE standards into consideration. Given the progress to date, the project is expected to be fully completed by quarter two of 2026.

Discussion on Financial Performances

Financial Highlights

Profit and Loss (RO' 000)	2025	2024	Variance
Total Revenues	**74,300**	**82,323**	**(8,023)**
Profit from Operations	**2,878**	**4,428**	**(1,550)**
Finance charges	(2,768)	(2,913)	145
Finance income and Others	1,676	3,627	(1,951)
Profit before tax	**1,786**	**5,142**	**(3,356)**
Taxes	(296)	(577)	281
Net Profit	**1,490**	**4,565**	**(3,075)**

Analysis of the Profit & Loss

Total Revenues in 2025 amounted to RO 74.30 million, representing a decrease of 9.7% compared to the prior year 2024. Total Revenues include fixed revenues (Capacity Fees) and variable revenues (Fuel Charge and Variable Operating & Maintenance Charge).

The Company recorded lower capacity charges in 2025 amounting to RO 3.51 million, due to commencement of the new contract for SMN Barka (effective June 2024) and Al Rusail (effective April 2024) at competitive tariffs as well as RO 4.5 million lower variable revenue due to lower load factor.

Direct Costs in 2025 amounted to RO 70.19 million, representing a decrease of 7.7% compared to the prior year 2024. This is mainly due to lower variable revenue due to lower load factor for both SMN Barka and Al Rusail of RO 5.83 million

General and Administrative expenses in 2025 amounted to RO 1.23 million, representing a decrease of 35.6% compared to the prior year 2024. This is mainly due to tender related costs of the Power 2024 and Barka Water 2024 incurred in 2024 and other savings achieved in 2025.

No Impairment loss on non-financial assets in 2025.

Finance costs in 2025 amounted to RO 2.76 million, representing a decrease of 5% compared to prior year 2024. This is mainly due to lower interest costs following the scheduled repayments of the term loan facilities for the SMN Barka.

Finance income and Other income in 2025 amounted to RO 1.67 million, representing a decrease of 53.8% compared to prior year 2024. - This is mainly due to non-recurring items in 2024 relating to the sale of Gas Turbines (RO 1.25 million), several of provision for site restoration (RO 1.16 million), and the non-recurring item in 2025 relating to the insurance claim recovered for Steam Turbine 2 outage (RO 0.5 million).

The consolidated net result decreased by RO 3.07 million compared to 2024, mainly due to the analysis above along with corresponding corporate income taxation and the related deferred tax impact on the profit before tax.

Dividend Distribution During the Year

SMN Power Holding Company SAOG (the "Company")

On 28th March 2025, the Annual General Meeting of the Company approved a dividend distribution of RO 14.57 million (Baiza 73 per share) to its shareholders. This has been fully paid during the year 2025. Any future dividend distribution will be subject to the availability of cash and the fulfillment of the relevant requirements of the Commercial Companies Law.

SMN Barka

As disclosed previously to the market, SMN Barka has been awarded a new PPA and a new WPA for an 8.75-year term each. As a result, SMN Barka has successfully completed the refinancing of its commercial loan which will enable the Company to make future dividend distributions subject to any relevant requirements of the existing facilities agreement, availability of cash, and fulfillment of loan covenants in addition to satisfying the relevant requirements of the Commercial Companies Law. On 29th September 2025, the Ordinary General Meeting of SMN Barka approved a dividend distribution of RO 2 million to its shareholders (SMN Power Holding SAOG). This has been fully paid during the year 2025.

Al Rusail

On 25th March 2025, the Ordinary General Meeting of Al Rusail approved a dividend distribution of RO 3 million to its shareholders (SMN Power Holding SAOG). This has been fully paid during the year 2025. Any future dividend distribution will be subject to the availability of cash and the fulfillment of the relevant requirements of the Commercial Companies Law.

Analysis of the Balance Sheet

Balance Sheet (RO '000)	2025	2024	Variance
Non-current Assets	**78,524**	86,316	(7,792)
Current Assets	**22,876**	35,238	(12,362)
Total Assets	**101,400**	121,554	(20,154)
Net Equity	**41,873**	55,518	(13,645)
Total Liabilities	**59,527**	66,036	(6,509)

The reduction in Non-Current Assets is driven by the depreciation of the plant (fixed assets).

The reduction in Current Assets is mainly due to dividend distribution of RO 14.6 million in 2025 resulting in lower cash balance.

The decrease in Net Equity is mainly due to decrease in net results from both SMN Barka and Al Rusail and dividend payout in 2025

The decrease in Total Liabilities is mainly due to lower Term Loan arising from scheduled repayments of the term loan facilities for SMN Barka.

Omanisation

The Ministry of Labor has issued Ministerial Decision No 248/2014 ('MD'), published in the Official Gazette on 14th September 2014, and effective on the day following its publication, by means of which the Ministry has revised the Omanisation percentage to be achieved in private sector enterprises operating in the electricity and water sectors.

Omanisation is a principle the Company has embraced and has been implemented since its inception. The MD has only triggered adjustments to the Omanisation strategy. The Company's approach is built around a revised succession plan and opportunities for Omani employees for incremental responsibility, while maintaining opportunities for experience and expertise transfer between the employees.

Risks and Concerns

Technological Risk

The technological risk is considered low as the Plant uses proven technology from renowned international suppliers (mainly Siemens in SMN Barka and GE in Al Rusail). In order to mitigate this risk, the Company ensures and monitors that STOMO operates and maintains both plants in line with the best practices in the industry and as per the maintenance schedule outlined by the technology providers. Although the Company is facing some obsolescence risk as some of the key equipment, particularly instruments, is no longer manufactured by original equipment manufacturers, which could mean that this equipment may need to be replaced.

Availability Loss due to Accidental Damage

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

Availability Loss Due to Heavy Cycling of the Plants

As outlined above, SMN Barka has faced heavy cycling with an increased number of starts and stops of the plant over the last few years. Such heavy cycling has been detrimental to the plant's equipment resulting in an increased failure rate. In order to mitigate this risk, to the extent possible, the

Company has increased its predictive and preventive maintenance. The Company has observed some major issues due to cycling such as higher repair requirements on turbines, repetitive failures of HRSG tubes, among others, which may require high maintenance costs and have adverse impact on plant commercial availability in coming years.

SMN Barka is coordinating with OPWP, APSR and the Load Dispatch Centre to address this issue with the aim of finding solutions to manage and minimize the cycling of the plant.

Taxation Matters

Al Rusail

The tax returns for the years 2008 and 2009 had been assessed by the Tax Authority on the basis of 'fixed asset' model allowing depreciation to Al Rusail. Al Rusail filed an appeal with the Supreme Court in December 2019 for the tax years 2008 and 2009. The Supreme Court ruled in Al Rusail's favor in May 2022.

Al Rusail has received the revised tax assessments giving the effect of the Supreme Court ruling for the years 2008 to 2021. The tax returns for the years 2022 to 2024 have not yet been assessed by the Tax Authority.

SMN Barka

The tax return up to 2021 was assessed and closed. The tax returns for 2022 to 2024 have not yet been assessed by the Tax Authority.

Internal control systems

The Company believes in a rigorous internal controls system. The control environment has been further reinforced during 2025 by continuously enhancing the organization and further implementing policies and procedures in line with the code of corporate governance and industry best practices.

The Financial Services Authority("FSA") has issued the circular E/1/2022 on Information System Guidelines with effective date of 31st July 2022. The Company has engaged an external consultant to ensure the implementation and compliance with the requirements of this circular.

The Audit Committee was pleased with the progress achieved over the year and satisfied with the Internal Audit organization of the Company.

Outlook - Opportunities and Challenges

In terms of plant operations and performance, the Company will maintain its full vigilance to protect the health and safety of its employees and the interests of all stakeholders. The Company will continue its focus on HSE and maintain excellent plant reliability at both plants. In addition, the Company would like to highlight the following matters:

- At SMN Barka, one Steam Turbine experienced damage to one of the blades in November 2024. This blade has been replaced with a new one and the Turbine was back in full service on 25th February 2025.
- The Project Companies Generation License was amended in January 2019 to reflect the introduction of the electricity market. After successful completion of the trial period, the spot market is live from January 2022. While SMN Barka and Al Rusail are participating in the spot market, such participation has no impact on the Company's cash-flows until the time SMN Barka and Al Rusail will remain under the PPA framework.

Gratitude and Conclusion

The management acknowledges and expresses its gratitude for the continued support from the Company's shareholders and board of directors. In addition, the management acknowledges the dedication, contribution, and diligence of all team members of the Company which was instrumental in achieving the above key milestones and achievements in 2025.

Corporate Social Responsibility Report

SMN Power Holding SAOG ("The Company" or "SMN Power") as a responsible corporate citizen have a strong commitment toward Corporate Social Responsibility (CSR). The key pillars of our CSR policy focus on initiatives in the areas of society, environment, education, health, In-Country Value (ICV), economic impact with specific focus on human capital development in Oman.

At the Annual General Meeting (AGM) that was held on 30th March 2025, the Shareholders approved an amount of OMR 40,000 for the CSR projects and initiatives to be carried out during the year 2025.

Overview of CSR Activities

As part of the Company's commitment towards society, the Company has supported the following initiatives during 2025:

	CSR Activities	Amount (OMR)
1	Based on the Financial Services Authority ("FSA") Decision No. 172/2021, the Company donated 20% of its CSR budget to Oman Charitable Organisation.	8,000
2	Contribute to Al-Rumais Park Project	29,500
3	Supporting the Craft Village Initiative	1,500
4	Contribute to the Goodness Hackathon (Ihya Volunteer Team)	750
5	Other donations to charitable initiatives	250
	Total	**40,000**

1. Donating of 20% of CSR Budget to Omani Charitable Organization as per the FSA Decision No.172/2021.

Based on the FSA Decision No. 172/2021 about deducting 20% of the budget allocated for social responsibility programs in favor of Oman Charitable Organization, the Company have paid the prescribed percentage to Oman Charitable Organization which is an amount equal to OMR 8,000. This contribution will enable Oman Charitable Organization to achieve its goals and objectives through the various charitable activities.

2. Contribution to the Goodness Hackathon (Ihya Volunteer Team)

The "Goodness Hackathon" took place on 9th September 2025, in its first edition in Oman, organized by the Ihyaa Voluntary Team of Dar Al-Atta'a Association.

The initiative promots "Share an idea and make a difference" emphasizing the importance of combining humanitarian related initiatives with innovation to create a sustainable impact that enhances the culture of voluntary contribution and activities in Oman.

The hackathon aims to encourage the participants to present innovative, implementable projects that contribute to serving society through modern technologies and other tools. The event witnessed wide participation from ambitious young teams that presented diverse projects reflecting the growing awareness of the importance of volunteering and its role in promoting solidarity and social cohesion values.

The challenges posed by the "Goodness Hackathon" included innovating technical solutions for voluntary work, designing innovative community events that attract various segments of society, and producing visual symbols and artworks that convey humanitarian and awareness messages.

A comprehensive exhibition was held on the sidelines of the event, featuring interactive and artistic corners, activities for children, families, and visitors, turning the event into an open forum that combines knowledge and innovation.

The "Goodness Hackathon" is a pioneering step in Oman's voluntary initiatives, seeking to combine young energies with modern technology to develop voluntary work and develop innovative solutions to its field challenges. The event reflects the national direction towards supporting youth and empowering them to take on leadership roles in serving society, confirming that the culture of giving and voluntary contribution can be renewed and adapted to the changing times with innovative means and implementable ideas.

This hackathon represents the beginning of a renewed annual tradition, aiming to become a national platform that promotes a culture of volunteering and creativity among the young generation, and contributes to entrenching the values of giving as one of the cornerstones of sustainable community development in Oman.

3. Supporting the Craft Village Initiative

The craft industry in Oman is one of the main traditional crafts activities practiced by the local citizens. Among the most important and popular crafts they engage in are the production of palm leaf products and handicrafts, which are derived from palm fronds. Number of women have been trained in these crafts, producing advanced and diverse products that showcase their skills. In addition, they master various traditional skills and crafts, working within the craft villages to enhance their capabilities and produce many handmade products that contribute to the local handicraft industry.

The products are characterized by their unique decorations, colours, and design attracting tourists and visitors to the craft village. Omani women continue to practice traditional crafts such as wool weaving, woodwork, and other advanced crafts. The advanced program for palm leaf production has acquired significant attention among the participants.

4. Contribution to Al Rumais Park Project

Al Ramais Park project in Barka Governorate aims to implement a comprehensive park facility that provides an integrated recreational, sports, and social space for the community, while preserving the environment and promoting sustainability. The project is located in a strategic location and includes a mosque and other various facilities to serve the community.

The main components of the project are:

1. **Mosque**: Designed with a distinctive architectural style that will include facilities for ablution and restrooms.

2. **Gardens and Green Spaces**: Large green areas, flower gardens, and pedestrian paths.

3. **Children's Play Areas**: Safe and equipped with the latest playing facilities.

4. **Service Facilities:** Restrooms, parking, and other facilities to serve visitors.

The main objectives of this project are to provide an integrated recreational, sports, and social environment for the community, to enhance the quality of life in the community by providing high-quality facilities, to encourage physical and sports activity among community members, to preserve the environment and promote sustainability.

The project is expected to generate number of key benefits which includes enhancing the social cohesion and interacting among community members, encouraging internal tourism, improving the quality of life in the community.

A partnership has been established to fund the construction of the project between four Companies; namely SMN Powe Holding SAOG, Barka Water and Power Company SAOG, Al Suwadi Power Company SAOG, and Suez Trackable Operations and Maintenance Oman LLC.

5. Other CSR Contributions, Initiatives and events.

On 22nd December 2025, SMN Power have been recognised as one of the winners at the CSR Awards and Summit 2025 organized by United Media Services. SMN Power received the "Sustainability and Environmental Stewardship Award. The "Oman CSR Forum and Awards," held in Muscat, emphasized the importance of developing and strengthening the CSR culture as a tool to support sustainable economic and social development in the Sultanate of Oman.

This award is a testament of the Company's commitment to its CSR role and its meaningful community engagement, and the responsible approach adopted for creating sustainable impact.

The forum was inaugurated by His Excellency Dr. Mahad bin Said Baawain, the Minister of Labor. This is the second edition of the forum which was focused on transitioning CSR from individual initiatives to a comprehensive national framework based on governance, impact measurement, and maximizing social and economic returns.


اتفاقية شراكة
لتنفيذ مشروع متنزه الزميس
140,000
ولاية بركاء
Al Batinah South Governorate


Al Batinah South Governorate

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Private and confidential
Our ref: aud/mc/mt/25301/26

Agreed-upon procedures on Code of Corporate Governance ("the Code") of SMN Power Holding COMPANY SAOG

To the Board of Directors of SMN Power Holding Company SAOG

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting SMN Power Holding Company SAOG for submission of agreed upon procedures report on the compliance with the Code of Corporate Governance (the "Code") to Financial Services Authority ("FSA") to assist in compliance of requirements prescribed in the FSA Circular No. E/10/2016 dated 1 December 2016 (together the "Governance Code") and may not be suitable for another purpose. This report is intended solely for the SMN Power Holding Company SAOG and the intended users and should not be used by, or distributed to, any other parties.

Responsibilities of the SMN Power Holding Company SAOG

SMN Power Holding Company SAOG has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

SMN Power Holding Company SAOG (also the Responsible Party) is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioners' Responsibilities

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

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

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

Practitioners' Responsibilities (continued)

Professional Ethics and Quality Control

We have complied with the relevant ethical requirements including independence requirements of International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethical Standards Board for Accountants.

Our firm applies International Standard on Quality Management *(ISQM) 1, Quality Management for Firms that perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with SMN Power Holding Company SAOG in the terms of engagement dated 31 December 2023 and addendum letter dated 04 March 2025, on the compliance with the Code:

S. No	Procedures	Findings
(a)	We checked that the corporate governance report (the report) issued by the Board of Directors includes as a minimum, all items suggested by FSA to be covered by the report as detailed in the Annexure 3 of the Code by comparing the report with such suggested content in the Annexure 3	No exceptions noted.
(b)	We obtained the details regarding areas of non-compliance with the Code identified by the Company's Board of Directors for the year ended 31 December 2025. With respect to procedure above, we inquired from and obtained written representation from management and those charged with governance for non-compliance with the Code for the year ended 31 December 2025.	No non-compliance with the Code noted during the year.

This report relates only to the items specified above and does not extend to the Company's financial statements taken as a whole.

KPMG

KPMG LLC
Children's Public Library Building
4th floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
CR.No: 1358131

Mobeen Chaudhri
28 February 2026

KPMG LLC

Corporate Governance Report

Corporate Governance Report

The Board of Directors and Management of SMN Power Holding SAOG (SMN Power' or 'the Company') hereby present the Corporate Governance Report for the year ended 31st December 2025.

Company's Philosophy

The Company's Corporate Governance philosophy is based on three main components:

- Transparency towards internal and external stakeholders.
- Strict observance of laws permits and regulations.
- Display of the highest ethical standards in conducting its business.

The Company has embraced the rules and practices issued by the code of corporate governance by which the Board of Directors of the Company ensure accountability, fairness, and transparency in Company's relationship with all its stakeholders (shareholders, management, employees, lenders, customer, suppliers, and the community).

The Company's regular review of corporate structures, policies and processes ensures that the highest standards are adopted and implemented, consistent with local and international governance requirements and principles.

In accordance with the rules and guidelines issued by the Financial Services Authority (FSA'), the Company's statutory auditors, KPMG, have issued a separate report on the Company's Governance Report for the year end 31st December 2025.

The Board of Directors

The Board of Directors is composed of the following non-executive members.

- Dr. Abdullah Al Yahya'ey,
- Mr. Imran Sheikh,
- Mr. Ahmed Al Zakwany,
- Mr. Khamis Al Balushi,
- Mr. Ruben Ramalho,
- Mr. Mahinder Nath,
- Mr. David Beaufays.

Composition and Attendance of Board Members for Board Meetings during 2025:

Name of Directors	Category of Directors	27-Feb	07-May	11-Aug	10-Nov	Total
Dr. Abdullah Al Yahya'ey (Chairman)	Non-Executive & Non-Independent	✓	✓	✓	✓	4
Mr. David Beaufays (Vice-Chairman)	Non-Executive & Non-Independent	✓	✓	✓	✓	4
Mr. Imran Sheikh	Non-Executive & Independent	✓	✓	✓	✓	4
Mr. Ahmed Al Zakwany	Non-Executive & Independent	✓	✓	✓	✓	4
Mr. Khamis Al Balushi	Non-Executive & Independent	✓	✓	✓	✓	4
Mr. Ruben Ramalho	Non-Executive & Non-Independent	✓	✓	✓	✓	4
Mr. Mahinder Nath	Non-Executive & Non-Independent	✓	✓	Proxy	✓	4

Total sitting fees for the above meetings were RO 13,500.

Directorship / Membership in Other Public Companies (SAOG) in Oman:

None of the current Directors hold a directorship or membership in other public Companies.

The profiles of the Directors and senior management team are included as an annexure to the Corporate Governance Report.

The Audit Committee

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

(i) The integrity of the Company's financial statements and accounting and financial reporting processes;

(ii) The effectiveness of the Company's risk management and internal control systems.

(iii) The performance of the Company's internal audit function;

(iv) The qualification and independence of the external auditor; and

(v) The Company's compliance with ethical, legal, and regulatory requirements.

To fulfill this responsibility, the Audit Committee has the power to request information from any employee of the Company. Furthermore, it is the responsibility of the Audit Committee to maintain free and open communication with the external auditor, the internal auditor, and the management of the Company.

The Audit Committee comprises of three Directors appointed by the Board and meets at least 4 times annually, reporting to the Board of Directors.

All members of the Audit Committee are non-executives, the majority of whom are from the Board's independent directors.

In line with the above responsibilities, the Audit Committee has encouraged Management to engage in continuous improvement of, and foster adherence to, the Company's policies, procedures, and practices at all levels.

As required by Article 173 of Decision No. 27/2021 issued by Financial Services Authority (FSA), external assessment of the Internal Audit Unit of the Company was satisfactorily carried out by MGI Vision Chartered Accountants (the Consultant). The External Quality Assessor has concluded that the Company's Internal Audit Activity 'Generally Conforms' to IPPF Standards and FSA Decision 27/2021.

Composition and Attendance of Audit Committee for the Audit Committee Meetings during 2025:

Name of Committee Members	Position	26 Feb	07 May	11 Aug	10 Nov	Total
Mr. Imran Sheikh	Chairman	✓	✓	✓	✓	4
Mr. Ahmed Al Zakwany	Member	✓	✓	✓	✓	4
Mr. Ruben Ramalho	Member	✓	✓	✓	✓	4

Total sitting fees for the above meetings were RO 3,000.

Nomination and Remuneration Committee

The primary purpose of the Nomination and Remuneration Committee (NRC') is to assist the general meeting in the nomination of proficient and high caliber directors, to prepare job descriptions of the directors including the Chairperson of the Board, to develop a succession plan for the Board and the executive management and to propose a proper remuneration and incentives policy to attract competent executive management.

The NRC comprises of three Directors appointed by the Board and meets at least two times annually, reporting to the Board of Directors.

All members of the NRC are non-executive.

Composition and Attendance of NRC Members for the NRC meetings during 2025:

Name of NRC Members	Position	24 Feb	14 Sep	05 Nov	TOTAL
Mr. Ahmed Al Zakwany	Chairman	✓	✓	✓	3
Dr. Abdullah Al Yahya'ey	Member	✓	✓	✓	3
Mr. David Beaufays	Member	✓	✓	✓	3

Total sitting fees for the above meetings were RO 2,250.

During the course of 2025, the NRC Members:

- reviewed the performance of the Executive Management for the year 2024 based on the performance-based criteria approved by the Board;
- reviewed the 2025 performance-based criteria for the Executive Management and recommended the criteria for Board approval;
- reviewed and approved the succession planning for the Executive Management (CEO and CFO) and Directors;
- reviewed the remuneration of the Directors for the year 2024 and recommended the proposal to the Board of Directors who in turn recommended to the Shareholders for approval; and,
- reviewed suitable training courses for the Directors.

As requested by the Board, they additionally reviewed the progress of the Omanisation plan at all levels of the Company.

Process of Nomination of the Directors

Directors are nominated and selected as per the Articles of Association of the Company at the Annual General Meeting ('AGM'). The Board of Directors was elected on 29th March 2023 for a three-year term.

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

(i) All directors shall be non-executive directors;

(ii) At least one third of the directors shall be independent.

The opinion of the NRC is taken into consideration when electing directors to ensure that the directors possess the required attributes and professional competencies.

Remuneration Matters

a) Directors–Remuneration / Attendance Fee

During 2025, SMN Power generated profit on a stand-alone basis of RO 5.2 million. The sitting fees paid in 2025 (RO 500 for Board meetings, RO 250 for Audit Committee and NRC meetings) along with Directors' remuneration of RO 43,750 approved during the last AGM, totaled to OMR 62,500. During the AGM held on 26th March 2025, the shareholders approved sitting fees of RO 500 for the Board of Directors, RO 250 for the Audit Committee and RO 250 for the NRC. The sitting fees are payable to the Board, Audit Committee and NRC members for attending the meetings either in person or over video conferencing system.

Sitting fees for the year 2025 to the Directors attending the Board of Directors, the Audit Committee and the NRC amounted to RO 18,750.

The shareholders also approved during the AGM the payment of Directors' remuneration for an amount of RO 43,750 for the financial year ended 31st December 2025.

b) Top Officers of the Company

The Company paid its top 5 officers an aggregate amount of RO 344,770.

The remuneration paid is commensurate with the qualification, role, responsibility and performance of the officers during the year 2025.

Appraisal of the performance of the Board of Directors

The appraisal and the performance evaluation of the board of directors and the sub-committees have been carried out in 2025. The performance evaluation process above has been carried out in accordance with the FSA requirements and has been completed in 2025 as planned.

Non-Compliance by the Company

There were no penalties or strictures imposed on the Company by FSA, Muscat Stock Exchange ("MSX") or any other statutory authority on any matter related to capital markets during the last three years.

Means of Communication with Shareholders and Investors

The Company communicates its financial results and material information by uploading the same on the MSX website. The Company is committed to publishing its quarterly unaudited financial results and annual audited results in two newspapers, English and Arabic. The Company discloses its initial and unaudited financial results by uploading the same onto the MSX website. The Company is available to meet its shareholders and their analysts as and when needed.

SMN Power has a website at www.smnpower.com and the financial results are posted on the website as well. The Management Discussions and Analysis Report appended to this report assures a fair presentation of the affairs of the Company.

Market Price Data

The Company was listed on the MSX as from 23rd October 2011.

The monthly high/low prices (in bzs) of the Company shares over the year 2025 are as shown below:

Month	High	Low	Average	MSX 30 Index
January	0.3450	0.3300	0.3375	4543.2110
February	0.3500	0.3450	0.3475	4435.8620
March	0.2880	0.2880	0.2880	4367.0280
April	0.2160	0.2140	0.2150	4316.2540
May	0.2060	0.2050	0.2055	4561.0380
June	0.2000	0.2000	0.2000	4500.8740
July	0.1970	0.1930	0.1950	4780.9840
August	0.2250	0.2250	0.2250	5029.8940
September	0.2270	0.2200	0.2235	5181.6220
October	0.2190	0.2150	0.2170	5610.3410
November	0.2210	0.2180	0.2195	5705.7230
December	0.2230	0.2220	0.2225	5866.8010

(Source: MSX website).

Since the listing of the Company on 23rd October 2011, a total amount of 377 bzs / share (on the basis of nominal value of RO 0.100 per share after the stock split) has been distributed to the Shareholders of the Company who subscribed to the share during the Initial Public Offer (IPO) in October 2011 and still held those shares by 31st December 2025. This level of paid dividend exceeded the IPO projection which was 261 bzs per share (on the basis of nominal value of 100 bzs/share after the stock split).

As disclosed to the market, SMN Barka has been awarded a new Power Purchase agreement ("new PPA") and a new Water Purchase agreement ("new WPA") for an 8.75-year term ending March 2033. Additionally, Al Rusail has also been awarded a new PPA for a 5.75-year term ending January 2030. This remarkable achievement marks a historical record in the Power Generation Sector in Oman.

Distribution of Shareholding

The distribution of shareholding of SMN Power Holding SAOG as of 31st December 2025 was as follows:

CATEGORY	Number of Shareholders	Number of shares held	Share capital %
Less than 5%	266	56,681,077	28.392%
5% to 10%	1	19,679,543	9.858%
10% and above	2	123,274,980	61.750%
Total	269	199,635,600	100.00%

Related Parties Transactions

Related parties comprise the shareholders, directors, key management personnel and business entities which have the ability to control or exercise significant influence in financial and operating decisions.

The Group maintains balances with these related parties which arise in the normal course of business from the commercial transactions.

Refer to the Consolidated Financial Statements note 25 for more information on related parties' transactions.

Corporate Social Responsibility

SMN Power as a responsible corporate citizen takes Corporate Social Responsibility (CSR) very importantly. The Company's CSR policy focuses on initiatives in the areas of society, environment and economy with sustainability and facilitating growth of Omani youth at the heart.

As part of SMN Power's commitment towards society, the Company has supported the following key initiatives during 2025:

- Based on the FSA Decision No. 172/2021, the Company contributed 20% of its CSR budget to Oman Charitable Organization,
- Supporting the Craft Village initiative as part of the traditional industries branding initiative,
- Funding, as part of a consortium, of the public recreation part (Al-Rumais Park Project),
- Contribution toward a modern irrigation project,
- Other donations, contributions and event sponsorships.

Professional Profile of Statutory Auditor

The shareholders of the Company appointed KPMG as its auditors for 2025. KPMG LLC in Oman was established in 1973 and is part of KPMG Lower Gulf Limited. KPMG in Oman employs more than 160 people, amongst whom are five partners and five directors, including Omani nationals. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. It operates in 143 countries and territories and has 273,000 people working in member firms around the world. KPMG Lower Gulf is part of KPMG International Cooperative's global network of professional member firms.

Acknowledgement by the Board of Directors

The Board of Directors accepts the responsibility for accurately preparing the financial statements in accordance with International Financing Reporting Standards ('IFRS') and International Accounting Standards ('IAS') in order to fairly reflect the financial position of the Company and its performance during the relevant financial period.

The Board, through the Audit Committee, confirms that it has reviewed the Company's system of internal controls and that adequate 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.

Dr. Abdullah Al Yahya'ey
Chairman of the Board

Brief Profiles of Directors

Name	**Dr. Abdullah Al Yahya'ey** **Chairman**
Year of Joining	2011
Education	Dr. Abdullah Al Yahya'ey holds an undergraduate degree from the University of Qatar, a graduate degree from the University of Wales, a graduate degree from the University of London, and a doctorate from the University of Dundee.
Experience	Since September 2007, Dr. Al Yahya'ey has been the Country President of Mubadala Investment Company, Oman Representative Office (ORO). Under his leadership, he has played a pivotal role in establishing Mubadala ORO, managing Mubadala's interests in the Mukhaizna Enhanced Oil Recovery project, the Habiba Gas Exploration and Development project, and the Block 54 Exploration and Production Sharing Agreement. He has also contributed to various Mubadala Energy new business development opportunities worldwide. From 2014 to 2016, Dr. Al Yahya'ey served as the Country President of Mubadala Petroleum (MP) in Kazakhstan and Russia. Since July 2015, he has chaired the MP Tender Board Committee, and since September 2016, he has served as Chairman of the Board of Directors of Tabreed Oman SAOC. Additionally, he supports Masdar's business development initiatives in Oman, particularly the Wind Farm Project in Southern Oman. In his current role, he continues to play a significant part in supporting UAE companies in accessing business opportunities in Oman. Before joining Mubadala, Dr. Al Yahya'ey held several leadership positions at the Oman Ministry of Oil and Gas from 1998 to 2007.

Name	**Mr. Ruben Ramalho** **Board Member**
Year of joining	2023
Education	Mr. Ruben Ramalho holds a Master in Environmental Engineering from the University of Lisbon and a Post-Graduation in Sustainable Energy Systems from MIT and University of Lisbon.
Experience	Mr. Ruben Ramalho has over fifteen years of investment experience in Infrastructure and is currently a Senior Principal in Mubadala Infrastructure Investment team responsible for sourcing, executing, and managing investments in the EMEA region. Prior to joining Mubadala, Ruben worked as an M&A Investment Professional in Brookfield Asset Management predominantly focused on Renewables, Power, and Utilities across Europe. Prior to that, Ruben was a Commercial and Corporate Advisor to Department of Energy of the UK Government and a Business Development and Strategy Manager for Engie in Portugal/Spain.

Name	**Mr. Mahinder Nath** **Board Member**
Year of Joining	2023
Education	Mechanical Engineer with specialisation in power technology, Delhi University, India, 1979.
Experience	Mr. Mahinder Nath joined Mubadala Investment Company on 22nd January 2020 and worked with Mubadala as Senior Advisor – Utilities. He brings varied and in-depth experience in the fields of green and brown-field project development, operating asset acquisition and divestment, financing, asset management and EPC contracting. A good part of his long experience has been in the Middle East based out of the UAE, developing to financial close and asset managing the projects, in the GCC and wider ME region. Prior to joining Mubadala, Mahinder has worked, as executive Vice President with Marubeni Middle East and Africa Power Limited for two and a half years. He has previously worked for twelve years with Engie in the Middle East, India and the UK in business development, asset management, setting up business in India and supporting investment approvals for multiple business units of Engie. As an asset manager, Mahinder had the privilege of serving the Boards of various project companies in the region, including SMN Power Holding in the past. During his earlier tenure as a Board member, Mahinder has served as the Chairman of the Board of SMN Power Holding Company and hence, he is in a unique position to provide his valuable inputs for the high performance and growth of SMN.

Name	**Mr. David Beaufays** **Vice-Chairman**
Year of Joining	2024
Education	Mr. David Beaufays holds an MSc in Engineering and Business Management from Louvain School of Management, Belgium, an Executive Master's in Finance from Solvay Business School, Belgium, and a Financial Engineering degree from City University, Hong Kong.
Experience	Mr. Beaufays began his career as a trader at ING Bank before joining ENGIE, where he has dedicated over 17 years. He started as a Trader in Structured Products within the Global Energy Management department in France. Throughout his tenure at ENGIE, he has excelled in various operational, technical, and leadership roles across Europe and internationally. Notably, he served as Head of Investments and Acquisitions for Indonesia and China for over 8 years, before being promoted to Head of Business Development for KSA & GCC.

Name	**Mr. Imran Sheikh** **Board Member**
Year of Joining	2015
Education	Mr. Imran Sheikh holds an MBA from Manchester Business School, UK. He is a qualified accountant with fellow memberships of UK chartered accountancy bodies of CIMA and ACCA and holds the designation of Chartered Financial Analyst from the CFA Institute, USA.
Experience	Mr. Imran Sheikh has worked for twenty-four years, as a senior Financial Officer in the power and water industry in the GCC and Pakistan. He started his career in the IWPP/IPP in 1996 with International Power group at Hub O&M, Pakistan. He moved to Shuweihat CMS International Power Company in Abu Dhabi in December 2002, where he served for three years. He then joined Qatar Power Company, Qatar, in January 2006 firstly as a Business Manager and later on as Chief Financial Officer.

Name	**Mr. Ahmed Al Zakwany** **Board Member**
Year of Joining	2014
Education	Mr. Ahmed Al Zakwany is a Fellow Chartered Accountant (FCCA) – UK coupled with Executive Education from London Business School.
Experience	He started his career in Oman's Ministry of Defence where he joined as a Junior Auditor before becoming the Head of Internal Audit. He subsequently moved to the private sector and joined Oman LNG in 2006 and occupied several positions before being appointed as Chief Financial Officer in February 2016 until his retirement at the end of 2020. Ahmed has over 35 years of experience covering Audit, Finance, Corporate Governance, Control Framework, and possesses solid leadership, professional excellence, boosted by robust people management skills. His strong qualities both technically and professionally, enabled him to be appointed as the Oman LNG and Qalhat LNG Integration Director in 2013 ushering a new era of Oman's LNG industry. In 2014, Ahmed was awarded the 'Best Finance Executive of the year 2014' by the CFO Strategies Forum for MENA. Ahmed is currently a Board Member of SMN Power Holding Company as an Independent Director.

Name	**Mr. Khamis Al Balushi** **Board Member**
Year of Joining	2019
Education	Diploma in Banking Studies from Institute of Banking and Financial Studies, Muscat, Oman, 1987, Advanced Diploma in Marine Military Sciences from Britannia Royal Naval College, Dartmouth, UK, 1991, and Bachelor of Military Sciences from the Command and Staff College at Bait Al Falaj, Muscat, Sultanate of Oman, 2009.
Experience	Mr. Khamis Albalushi is a former Naval Officer with the rank of Captain in the Ministry of Defence, Sultanate of Oman. He was Director of Finance of the Royal Navy of Oman (2018-2020), also he was a member of the following: Executive Committee of the Ministry of Defence Pension Fund, Audit Team MOD Pension Fund, Defence Pay and Condition of Service Committee, Finance Military Review Committee, the Omani MOD Team in the Joint GCC Military Finance Committee, the MOD Team in the Joint Military Omani-American Finance Administration Review Committee (2018-2020). He has been working in the Ministry of Defence for 32 years, in which he held various positions in the various Ministry of Defense formations. In addition, he has completed many different courses and programs in administration, supply and procurement, strategic studies and analysis, and finance from prestigious institutes and colleges in the UK, USA, Pakistan, Malaysia and Turkey.

Brief Profile of the Management Team

SMN Power is led by a Management Team who is relying upon a team of professionals managing SMN Barka Power Company and Al Rusail Power Company.

In addition to a team at SMN Power and Affiliates level, a team of qualified and experienced people within STOMO manage the operations and maintenance at both plants.

The senior management team has been empowered by the Board of Directors of the Company to manage the day-to-day operations of the Company and its affiliates. The team benefits from the local and international support of its shareholders.

Name	**Abdullah Al Naimi** **Chief Financial Officer**
Date of Joining	February 2021
Education	Mr. Abdullah Al Naimi holds a Master's Degree in Accounting and Finance from Michael Smurfit Graduate School of Business, University College Dublin, Ireland, 2003. He is also a qualified Fellow Chartered Accountants (FCA).
Experience	Mr. Abdullah Al Naimi has over 20 years of experience in Accounting, Audit, Financial Management and Financial Reporting with significant exposure to different sectors and has worked in different countries. He began his career with KPMG in UK and Ireland in 2003 in the Financial Services Group of the firm. He then Joined State Street International in UK and Ireland in 2009 as a Senior Manager in the Finance Division of the firm providing financial and compliance services to global institutional investors. He subsequently took up senior finance positions as a Finance Director and a Chief Financial Officer in different Corporations in Oman. He played a leading role in several strategic finance and business activities and initiatives including corporate/ project financing, business restructuring, merger evaluation in addition to other financial and business planning and development activities.

Name	**Anupam Kunwar** **Chief Technical Officer**
Date of Joining	June 2016
Education	Bachelor's Degree in Electrical Engineering, Maulana Azad National Institute of Technology, Bhopal, India. Level 3 certificate in First Line Management, ILM, UK.
Experience	Mr. Anupam Kunwar joined SMN Power and its subsidiaries in June 2016 and has worked within ENGIE Group of companies since 2007. He worked with ENGIE STOMO from 2007 until May 2016 as Maintenance Manager for Rusail Power Plant and then Barka 2 Power and Desalination Plant. Previously, he worked for Enron Corporation and Tata Chemicals in India. Mr. Anupam has over 25 years of professional experience in O&M, construction and commissioning of Power and desalination plants In India and the Middle East.

Name	**Zoher Karachiwala** **Company Secretary**
Year of Joining	2007
Education	Bachelor's Degree in Commerce, Chartered Accountant.
Experience	Mr. Zoher Karachiwala is the Company Secretary. He was the Chief Executive Officer of United Power Company SAOG for 24 years and the Company Secretary of Sohar Power Company till 2024. He has over 44 years of experience in the field of Statutory Audit, Accounting and Finance. He was KPMG Audit Partner in Pakistan before joining United Power Company in 1995. Acted as Honorary Chairman of Audit Committee and the Board of Directors for a public Company in Oman.

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Independent auditors' report

To the Shareholders of SMN Power Holding SAOG

Report on the Audit of the Consolidated and Parent Company (Separate) Financial Statements

Opinion

We have audited the consolidated and parent company (separate) financial statements of SMN Power Holding SAOG ("the Parent Company") and its subsidiaries ("the Group"), which comprise the consolidated and parent company (separate) statement of financial position as at 31 December 2025, the consolidated and parent company (separate) statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and parent company (separate) financial statements present fairly, in all material respects, the consolidated and unconsolidated financial position of the Group and the Parent Company as at 31 December 2025, and their consolidated and unconsolidated financial performance and their consolidated and unconsolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated and Parent Company (Separate) Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with the International Ethics Standards Board for Accountants' *International* Code of Ethics for Professional Accountants *(including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and parent company (separate) financial statements 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 consolidated and parent company (separate) financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and parent company (separate) financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report on parent company (separate) financial statements.

Impairment assessment of non-financial assets

See Notes 3.5 and 5 to the Consolidated Financial Statements.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2025 the Group has non-financial assets comprising primarily of property, plant and equipment and a major part of the right of use assets amounting to ﷼ 78.4 million, where impairment indicators existed on the reporting date. Accordingly, the Management of the Group carried out an impairment testing to assess the recoverable value of the non-financial assets based on discounted cash flow model. The recoverable amount is determined based on the higher of 'value in use' or 'fair value less costs of disposal. The impairment assessment of non-financial assets of the Group and the Parent Company is considered to be a key audit matter as estimation of value in use involves significant judgement such as estimation of net future cash flows and discount rates.	Our procedures included, amongst others: - We obtained an understanding of the impairment assessment process, including assessment of impairment indicators, and identified key controls that are relevant to impairment assessment process; - We evaluated the design and implementation of the relevant controls over the Group's and the Parent Company's impairment assessment process; - Involving our own valuation specialist to assist in evaluating the appropriateness of the discount rates applied; - We reconciled the cash flows used in the valuation workings to business plans approved by the Board of Directors reflecting management's best estimate as at 31 December 2025; - We assessed the reasonableness of the assumptions underpinning the cash flow projections used in the impairment models including the sensitivity analysis; - Testing the mathematical accuracy of the discounted cash flow model; and - We assessed the adequacy of disclosures in the consolidated and parent company (separate) financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and parent company (separate) financial statements and our auditors' report thereon. We obtained the Chairman's Statement prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of auditors' report.

Our opinion on the consolidated and parent company (separate) 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 consolidated and parent company (separate) financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and parent company (separate) 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 this auditors' 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Parent Company (Separate) Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and parent company (separate) financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the relevant requirements of the Financial Services Authority and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as management determines is necessary to enable the preparation of consolidated and parent company (separate) financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and parent company (separate) financial statements, management is responsible for assessing the Group's and the Parent 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 Group and the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Group's and the Parent Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated and Parent Company (Separate) Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and parent company (separate) financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated and parent company (separate) financial statements.

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

Auditors’ Responsibilities for the Audit of the Consolidated and Parent Company (Separate) Financial Statements (continued)

— Identify and assess the risks of material misstatement of the consolidated and parent company (separate) financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Parent 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 Group’s and the Parent 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 auditors’ report to the related disclosures in the consolidated and parent company (separate) 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 auditors’ report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated and parent company (separate) financial statements, including the disclosures, and whether the consolidated and parent company (separate) financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and parent company (separate) financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ 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

Further, we report that these financial statements of the Parent Company as at and for the year ended 31 December 2025, comply, in all material respects, with the:

- relevant requirements of the Financial Services Authority; and
- applicable provisions of the Commercial Companies Law of 2019.

KPMG

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Mobeen Chaudhri
Date: 28 February 2026

KPMG LLC

SMN POWER HOLDING SAOG AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	Parent Company 2025 ‘000	Parent Company 2024 ‘000	Consolidated 2025 ‘000	Consolidated 2024 ‘000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**-**	-	**77,780**	85,388
Right-of-use-assets	6(a)	**-**	-	**617**	392
Investment in subsidiaries	7	**27,405**	27,405	**-**	-
Derivative financial instruments	13(a)	**-**	-	**-**	421
Deferred tax asset	16(c)	**-**	-	**127**	115
		27,405	27,405	**78,524**	86,316
Current assets					
Inventories	9	**-**	-	**1,854**	1,720
Trade and other receivables	10	**72**	27	**6,886**	5,498
Due from related parties	25(e)	**8**	23	**89**	139
Derivative financial instruments	13(a)	**-**	-	**-**	215
Fixed term cash deposits	11(b)	**-**	-	**1,300**	3,186
Cash and cash equivalents	11(a)	**5,335**	14,693	**12,747**	24,480
		5,415	14,743	**22,876**	35,238
TOTAL ASSETS		**32,820**	42,148	**101,400**	121,554
EQUITY AND LIABILITIES					
Equity					
Share capital	12(a)	**19,964**	19,964	**19,964**	19,964
Statutory reserve	12(b)	**6,655**	6,655	**6,691**	6,691
Retained earnings		**6,100**	15,427	**15,239**	28,322
Hedging reserve	13	**-**	-	**(21)**	541
Net equity		**32,719**	42,046	**41,873**	55,518
Non-current liabilities					
Term loan	14	**-**	-	**29,607**	34,373
Lease liabilities	6(b)	**-**	-	**815**	553
Derivative financial instruments	13(a)	**-**	-	**25**	-
Provision for end of service benefits		**-**	-	**66**	69
Provision for site restoration	15	**-**	-	**1,781**	1,971
Deferred tax liability	16(c)	**-**	-	**8,983**	9,626
		-	-	**41,277**	46,592
Current liabilities					
Term loan	14	**-**	-	**4,832**	4,711
Provision for repair and maintenance		**-**	-	**-**	750
Lease liabilities	6(b)	**-**	-	**35**	15
Trade and other payables	17	**57**	88	**11,821**	10,909
Due to related parties	25(f)	**-**	-	**658**	1,556
Current tax payable	16(d)	**44**	14	**904**	1,503
		101	102	**18,250**	19,444
Total liabilities		**101**	102	**59,527**	66,036
TOTAL EQUITY AND LIABILITIES		**32,820**	42,148	**101,400**	121,554
Net assets per share ()	29	**0.164**	0.211	**0.210**	0.275

These consolidated financial statements were approved and authorized to issue by the Board of Directors on 26 February 2026 and signed on their behalf by:

Director Director Chief Financial Officer

The notes 1 to 32 form an integral part of these financial statements.

SMN POWER HOLDING SAOG AND ITS SUBSIDIARIES

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

		Parent Company		Consolidated	
		2025	2024	**2025**	2024
	Notes	**RO'000**	RO'000	**RO'000**	RO'000
Revenue	18	**-**	-	**74,300**	82,323
Direct costs	19	**-**	-	**(70,190)**	(76,023)
GROSS PROFIT		**-**	-	**4,110**	6,300
General and administrative expenses	20	**(207)**	(284)	**(1,232)**	(1,914)
Reversal of expected credit losses	10&11	**-**	-	**-**	42
(LOSS) / PROFIT FROM OPERATIONS		**(207)**	(284)	**2,878**	4,428
Finance costs	21	**-**	-	**(2,768)**	(2,913)
Finance income	22	**290**	-	**1,119**	2,055
Dividend income	24	**5,000**	14,550	**-**	-
Other income	23	**207**	378	**557**	1,572
PROFIT BEFORE TAX		**5,290**	14,644	**1,786**	5,142
Income tax expense	16(a)	**(44)**	(14)	**(296)**	(577)
PROFIT FOR THE YEAR		**5,246**	14,630	**1,490**	4,565
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods:					
Fair value of cash flow hedge - adjustments		**-**	-	**(401)**	739
Reclassification to profit or - loss gross		**-**	-	**(260)**	(163)
Related deferred tax	16(c)	**-**	-	**99**	(86)
Other comprehensive income for the year, net of tax		**-**	-	**(562)**	490
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,246**	14,630	**928**	5,055
Basic and diluted earnings per share (RO)	29	**0.026**	0.073	**0.007**	0.023

The notes 1 to 32 form an integral part of these financial statements.

SMN POWER HOLDING SAOG AND ITS SUBSIDIARIES

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

Parent Company

	Share capital	Statutory reserve	Retained earnings	Total
	⃁'000	⃁'000	⃁'000	⃁'000
At 1 January 2025	**19,964**	**6,655**	**15,427**	**42,046**
Profit for the year	**-**	**-**	**5,246**	**5,246**
Other comprehensive income for the year	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**5,246**	**5,246**
Dividend distribution	**-**	**-**	**(14,573)**	**(14,573)**
At 31 December 2025	**19,964**	**6,655**	**6,100**	**32,719**
At 1 January 2024	19,964	6,655	797	27,416
Profit for the year			14,630	14,630
Other comprehensive income for the year	-	-	-	-
Total comprehensive income	-	-	14,630	14,630
At 31 December 2024	19,964	6,655	15,427	42,046

SMN POWER HOLDING SAOG AND ITS SUBSIDIARIES

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

Consolidated

	Share capital	Statutory reserve	Retained earnings	Hedging reserve	Total
	﷼'000	﷼'000	﷼'000	﷼'000	﷼'000
At 1 January 2025	19,964	6,691	28,322	541	55,518
Profit for the year	-	-	1,490	-	1,490
Other comprehensive - income	-	-	-	(562)	(562)
Total comprehensive - income	-	-	1,490	(562)	928
Dividend distribution	-	-	(14,573)	-	(14,573)
At 31 December 2025	19,964	6,691	15,239	(21)	41,873
At 1 January 2024	**19,964**	**6,691**	**23,757**	**51**	**50,463**
Profit for the year	**-**	**-**	**4,565**	**-**	**4,565**
Other comprehensive - income	**-**	**-**	**-**	**490**	**490**
Total comprehensive - income	**-**	**-**	**4,565**	**490**	**5,055**
At 31 December 2024	**19,964**	**6,691**	**28,322**	**541**	**55,518**

The notes 1 to 32 form an integral part of these financial statement.

SMN POWER HOLDING SAOG AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Parent Company		Consolidated	
		2025	2024	**2025**	2024
		'000	'000	**'000**	'000
Operating activities					
Profit before tax		**5,290**	14,644	**1,786**	5,142
Adjustments for:					
Provision for repair and maintenance		**-**	-	**-**	750
Reversal of provision for site restoration		**-**	-	**-**	(1,472)
Expected credit loss	10&11	**-**	-	**-**	42
Dividend received during the year		**(5,000)**	(14,550)	**-**	-
Depreciation of property, plant and equipment	5	**-**	-	**7,685**	8,453
Depreciation of right-of-use assets	6(a)	**-**	-	**30**	26
Interest on lease liabilities	6(b)	**-**	-	**30**	27
Accretion charge for provision for site restoration	15	**-**	-	**116**	204
Amortization of deferred finance cost	21	**-**	-	**66**	104
Accruals for end of service benefits		**-**	-	**6**	15
DSRA LC fee	21	**-**	-	**74**	34
Remeasurement gain on provision forsite restoration		**-**	-	**(306)**	(24)
Interest on term loans	21	**-**	-	**2,448**	2,517
Hedging income	22	**-**	-	**(260)**	(163)
Interest on fixed term cash deposits	21	**-**	-	**(551)**	(396)
		290	94	**11,124**	15,259
Working capital changes in:					
Trade and other receivables		**(45)**	(6)	**(1,388)**	2,758
Inventories		**-**	-	**(135)**	204
Due from related parties		**15**	1	**50**	(119)
Due to related parties		**-**	-	**(898)**	989
Trade and other payables		**(31)**	9	**912**	4,611
Provision for repair and maintenance		**-**	-	**(750)**	-
Cash generated from operations		**229**	98	**8,915**	23,702
End of service benefit paid		**-**	-	**(8)**	(4)
Income tax paid		**(14)**	(1)	**(1,451)**	(3,167)
Net cash flows from operating activities		**215**	97	**7,456**	20,531
Investing activities					
Purchase of property, plant and equipment		**-**	-	**(77)**	113
Interest on fixed term cash deposits		**-**	-	**551**	244
Dividends earned and received during the year		**5,000**	14,550	**-**	-
Fixed term cash deposits		**-**	-	**1,886**	(1,486)
Net cash flows from / (used in) investing activities		**5,000**	14,550	**2,360**	(1,129)
Financing activities					
Dividend distribution during the year		**(14,573)**	-	**(14,573)**	-
Interest paid on term loan		**-**	-	**(2,188)**	(3,011)
Finance transaction cost		**-**	-	**-**	(295)
Term loan repaid	14	**-**	-	**(4,711)**	(4,785)
Term loan drawn	14	**-**	-	**-**	5,345
Repayment of lease liabilities	6(b)	**-**	-	**(3)**	(52)
DSRA LC interest charges		**-**	-	**(74)**	(34)
Net cash flows used in financing activities		**(14,573)**	-	**(21,549)**	(2,832)
Net change in cash and cash equivalents		**(9,358)**	14,647	**(11,733)**	16,570
Cash and cash equivalents at the beginning of the year		**14,693**	46	**24,480**	7,910
Cash and cash equivalents at the end of the year	11	**5,335**	14,693	**12,747**	24,480

The notes 1 to 32 form an integral part of these financial statements.

1. Legal status and principal activities

SMN Power Holding SAOG (the "Parent Company" or "Company") is a public Omani joint stock company incorporated on 7 May 2011 under the Commercial Companies Law of Oman in Sultanate of Oman.

The Parent Company holds a 99.99% stake in each of Al-Rusail Power Company SAOC (RPC) and SMN Barka Power Company SAOC (SMNBPC). RPC and SMNBPC (the Project Companies) are two closed joint stock companies incorporated in the Sultanate of Oman.

The Company and its subsidiaries (the Group) are engaged in the business of power generation, water desalination or other businesses related thereto, the management and supervision of such companies, to invest its funds in shares, bonds and securities, to provide loans, security and finance to its subsidiaries, and to own patents, trademarks, concessions and other incorporeal rights, utilise them and lease them to its subsidiaries and other companies.

2. Significant agreements

(a) The Company

(i) The Secondment Services Agreement entered into on 1 May 2017 by and between Kahrabel Operation and Maintenance Oman LLC (KOMO) and the Company.

(ii) Cost Sharing Agreement entered into on 21 February 2019, by and between SMNBPC, RPC and the Company.

(b) Subsidiary – RPC – Power

(i) Power Purchase Agreement (PPA) dated 1 May 2005 (amended on 6 December 2006, 19 April 2012) expired on 31 March 2022 and contract was further extended to 7 months period ended 31 October 2022. On further expiry, this was renewed again for 14 months ending on 31 December 2023 with Oman Power and Water Procurement Company SAOC (OPWP) relating to the commitment (1) from the Company to sell to OPWP the available capacity of electricity and (2) from OPWP to purchase this available capacity and electricity energy delivered up to December 2023. In February 2024, RPC obtained interim extension of the PPA contract for 2 months period starting from February 2024 until March 2024 and later in the same month RPC was awarded a long-term PPA (new PPA) for six years commencing from 20 April 2024.

(ii) Natural Gas Sales Agreement (NGSA) dated 1 May 2005 and the NGSA Amendment Agreement dated 6 December 2006 with the Ministry of Energy and Minerals (Integrated Gas Company (IGC)) for the purchase of natural gas. This contract is further extended in line with the new PPA term.

(iii) Usufruct agreement dated 1 May 2005 with the Government of Sultanate of Oman for grant of usufruct rights over the plant site for 25 years and further extendable upto 25 years.

(iv) Operation & Maintenance (O&M) Agreement with Suez Tractebel Operating Maintenance Oman LLC (STOMO) dated 1 February 2007. On 9 October 2024, an Amendment and Restatement agreement is signed whereby the O&M Agreement was further extended upto 17 January 2030 in line with the new PPA terms.

2. Significant agreements (continued)

(b) Subsidiary – RPC – Power (continued)

(V) Cost Sharing Agreement entered into on 21 February 2019, by and between SMNBPC, RPC and the Company.

(c) Subsidiary – SMNBPC – Power & Water

(i) Power and Water Purchase Agreement (PWPA) dated 6 December 2006, amended on 27 January 2010, with Oman Power and Water Procurement Company SAOC (OPWP) for a period of 15 years from the scheduled commercial operation date expired on 31 March 2024. PWPA of SMNBPC was further extended until 1 June 2024 with respect to the force majeure events approved during the PWPA term. On 22 February 2024, the SMNBPC was awarded new Power Purchase Agreement (PPA) and new Water Purchase agreement (WPA) for around nine years commencing from 2 June 2024.

(ii) Natural Gas Sales Agreement (NGSA) dated 6 December 2006 with the Ministry of Energy and Minerals (Integrated Gas Company (IGC)) for the purchase of natural gas for a period of 15 years from the scheduled commercial operation date until the expiry of PWPA. This contract was further extended in line with the new PPA term.

(iii) Usufruct Agreement relating to the Barka site dated 6 December 2006 and respective amendment dated 3 December 2007, with the Government of Sultanate of Oman for grant of Usufruct rights over the plant site for 25 years and further extendable upto 25 years.

(iv) Operation and Maintenance (O&M) Agreement with Suez Tractebel Operation and Maintenance Oman LLC (STOMO) dated 10 February 2007 is further extended in line with the new PPAs and new WPA term.

(v) Financing Agreements with international and local banks along with respective hedging agreements as disclosed in notes 13 and 14.

(vii) Equity Contribution Loan (ECL) agreement dated 20 February 2007 with SMN Power Holding Company Ltd, subsequently transferred to SMN Power Holding SAOG following a Deed of Novation dated 9 August 2011 and entered into between SMNBPC and the Company;

(viii) Agreement with Abu Dhabi Commercial Bank PJSC for working capital facilities dated 29 September 2024.

(viii) Shareholders Agreement dated 20 February 2007 with Barka Water and Power Company SAOG (BWPC) (formerly ACWA Power Barka SAOG) in respect of the establishment of Barka Seawater Facilities Company SAOC (BSFC). This was accounted for as a Joint Operation by the SMNBPC.

(ix) Cost Sharing Agreement entered into on 21 February 2019, by and between SMN Power Holding SAOG, RPC and the company.

3. Basis of preparation and material accounting policies

3.1 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), the relevant requirements of the Commercial Companies Law and Regulations of the Sultanate of Oman and the relevant Rules and Guidelines on Disclosure requirements applicable for licensed companies as issued by the Financial Services Authority (FSA).

(b) Going concern

The consolidated financial statements of the Group have been prepared on a going concern basis. As at 31 December 2025, the Group's current assets exceeded its current liabilities by RO 4,626 thousand (2024: RO 15,794 thousand) whereas the Group generated net cash from operation amounting to RO 7,456 thousand (2024: RO 20,531 thousand). Therefore, the Group believes it will generate sufficient cash flows by making available the plant capacity to discharge the short-term liabilities as and when they fall due. The main portion of the current liability represents the current portion of term loan which is payable semi-annually and the future short term capacity charge revenue from the off taker will be in excess of such liability. Further, the Group also has access to credit facilities as described in note 14. Based on the above assessment, the management considers that it is appropriate to continue to prepare the consolidated financial statements under the assumption that the Group will continue as a going concern.

(c) Basis of measurement

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

(d) Functional and presentation currency

These consolidated financial statements are measured and presented in Rial Omani (RO) which is considered as the currency of the primary economic environment in which the Group operates ('the functional and presentation currency').

(e) Use of estimates and judgments

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 and the accompanying disclosures, and the disclosure of contingent liabilities.

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 Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition,

3. Basis of preparation and material accounting policies (continued)

3.1 Basis of preparation (continued)

(e) Use of estimates and judgments (continued)

seldom equal the related actual results. The areas where accounting assumptions and estimates are significant to the financial statements are disclosed 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 are as below:

3.2 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The renewal option has been considered in the lease term of Usufruct agreement for SMNBPC and RPC as management is certain to exercise the renewal option to the extent of life of respective plants.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

RPC and SMNBPC have usufruct agreements dated 1 May 2005 and 6 December 2006 respectively for the respective Plants' sites with Ministry of Housing and Urban Development Planning (MOHUP) for 25 years, with an option to extend the lease term at the Subsidiaries' discretion. The Group has considered the extension option in determining the lease term, aligning it with the useful life of the respective plants. The usufruct agreements specify the rates for both the initial 25-year term and the extended period. However, in 2013, MOHUP issued Ministerial Decision (MD) 145/2013, which was later replaced by MD 92/2016, determining the lease rates for governmental lands.

For determining the lease liabilities and right-of-use assets under IFRS 16, management has applied significant judgment regarding the lease rates for the extended term and has considered the rates prescribed in the Ministerial Decision issued in 2016. As the Group has the right to negotiate the lease rates for the extended term with MOHUP, management believes there is a reasonable likelihood that the rates under the Ministerial Decision will be applicable for the extended term.

3. Basis of preparation and material accounting policies (continued)

3.2 Judgements (continued)

(a) Determining the lease term (continued)

(b) Operating lease of RPC

In February 2024, RPC was awarded by OPWP a new PPA for six years commencing from 20 April 2024.

Management assessed the new PPA under applicable financial reporting framework and identified a lease component in the new PPA.

Based on that management further assessed the lease arrangement as operating lease as the term of this lease arrangement does not substantially cover the economic life of underlying assets. Hence, the lease arrangement does not substantially transfer all the risks and rewards incidental to the ownership of the underlying assets.

(c) Operating lease and useful life of assets of SMNBPC

In 2024, SMNBPC and OPWP, have entered into a new PPA and new WPA containing a take-or-pay clause favouring SMNBPC.

Based on management's evaluation, the new PPA and new WPA with OPWP is considered as a lease within the context of IFRS 16 Leases and have been classified as an operating lease under IFRS 16 since significant risks and rewards associated with the ownership of the power and water plants lies with the SMNBPC and not with OPWP.

The primary basis for this conclusion is that the lease terms of the new PPA and new WPA do not cover the substantial economic life of the underlying assets. Moreover, the present value of minimum lease payments under the new PPA and new WPA does not substantially recover the fair value of the power and water plant at the inception of the lease. Furthermore, the residual risk is borne by SMNBPC and not OPWP.

(d) Joint arrangement

The management has assessed the shareholders agreement dated 20 February 2007 between BWPC and SMNBPC committed to establish a shared facility company owned 50:50 between the shareholders and concluded that it falls within the scope of IFRS 11, 'Joint Arrangements' and the arrangement is a joint operation. The primary basis for this conclusion is that both shareholders have collective/joint control over the arrangement, its activities primarily aim to provide the parties with an output and it depends on the shareholders on a continuous basis for settling the liabilities relating to the activity conducted through the arrangement. The SMNBPC's joint arrangement is structured as a closed public joint stock company and provides the SMNBPC and the parties to the agreements with rights to their respective share of the assets, liabilities, income and expenses of joint operations.

3. Basis of preparation and material accounting policies (continued)

3.2 Judgements (continued)

(e) Service concession agreement

Based on the terms of the RPC's new PPA and SMNBPC's new PPA and new WPA, management has determined that OPWP does not control any residual interest in the respective plants at the end of the term of the new PPAs and new WPA and therefore does not consider the new PPAs and new WPA to fall within the scope of IFRIC interpretation 12 Service Concession Arrangements.

3.3 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 discussed below:

(a) ffectiveness 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 instrument. As at the reporting date, the cumulative fair value of the interest rate swaps is negative ﷼ 25 thousand (2024 – positive ﷼ 636 thousand).

(b) Useful lives of property, plant and equipment

During 2025, the Group reassessed the estimated useful lives of property, plant and equipment based on benchmarking and operational experience. As a result, the useful life of the relevant assets was revised from 30 years to 37 years. The Group believes that the revised useful lives better reflect the expected pattern of consumption of the assets' future economic benefits.

In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, this revision constitutes a change in accounting estimate and has been applied prospectively. Depreciation continues to be calculated using the written down value (WDV) method, consistent with the prior year. the WDV depreciation method is not directly dependent on the useful life of the asset; rather, it is primarily driven by the operational efficiency and consumption pattern of economic benefits. Accordingly, the change did not result in a material impact on depreciation expense for the current year.

The reassessment resulted in adjustments to:

- Right-of-use assets and lease liabilities under IFRS 16 – Leases, where applicable. Lease liabilities were remeasured, with corresponding adjustments recognised in right-of-use assets.
- Asset retirement obligations (AROs) recognised under IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. The extension of the useful life resulted in a reduction in the present value of the related decommissioning obligations. As the associated property, plant and equipment had already been fully depreciated or derecognised, the decrease in the provision was recognised immediately in profit or loss in accordance with IAS 37.

The quantitative impact of these adjustments is disclosed in Notes 6 and 15.

3. Basis of preparation and material accounting policies (continued)

3.4 Changes in accounting policies

The Company did not have any changes in its accounting policies compared to those applied in the financial statements for the year ended 31 December 2025.

3.5 Material accounting policies

A summary of the material accounting policies adopted in the preparation of these financial statements is set out below. These policies have been adopted for all the years presented, unless stated otherwise.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(a) Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Name of Subsidiary	Place of incorporation and operation	Proportion of Ownership interest	Proportion of voting power held	Principal Activity	Date of acquisition / incorporation
RPC	Sultanate of Oman	99.99%	99.99%	Electricity generation activities under a license issued by the Authority for Public Service Regulation (APSR), Oman.	1 February 2007
SMNBPC	Sultanate of Oman	99.99%	99.99%	Electricity generation and water desalination activities under a license issued by the APSR, Oman	26 November 2006

(b) Interest in joint arrangements

The Group has interests in joint arrangement which is a joint operation. A joint arrangement is a contractual arrangement in which two or more parties have joint control. A joint operation is a joint arrangement whereby the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties have rights to the net assets of the arrangement.

The Group combines its share of the assets, liabilities, income and expenses of joint operations with similar items, line by line, in its consolidated financial statements. The financial statements of joint operations are prepared at the same reporting date as the Group, using consistent accounting policies.

The group recognises in relation to its joint operation interest its assets, including its share of any assets held jointly, liabilities, including its share of any liabilities incurred jointly, revenue from the sale of its share of the output arising

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(b) Interest in joint arrangements

from the joint operation, share of the revenue from the sale of the output by the joint operation, expenses, including its share of any expenses incurred jointly.

Profits or losses resulting from 'upstream' and 'downstream' transactions between the Group and the joint operation are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the joint operation.

The joint operations are consolidated until the date on which the Group ceases to have joint control over them.

(c) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instrument do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(d) Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(d) Goodwill (continued)

recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss and other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial forecasts approved by the Board of Directors, contractual cash flows of the new PPAs and new WPA and projections by the management using industry reports, consultant's forecast and other data available to the management.

(e) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any identified impairment loss.

(i) Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written-off.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the period in which the asset is derecognised.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific written down value method. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss.

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(e) Property, plant and equipment (continued)

(ii) Depreciation

Depreciation is calculated so as to allocate the cost of property, plant and equipment (other than capital work-in- progress) on a written down value at 9% per annum (2024: on a written down value at 9% per annum).

Depreciation method and residual values are assessed at each reporting date.

(iii) Capital work-in-progress

Capital work-in-progress is measured at cost and is not depreciated until transferred to one of the above categories, which occurs when the asset is ready for its intended use.

(iv) Site restoration

A liability for future site restoration is recognised as the activities giving rise to the obligation of site restoration take place. 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.

(f) Impairment of Non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of: an asset's or CGU's fair value less costs of disposal or its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Non-financial assets including entire property, plant and equipment and a major part of right-of-use assets are assessed as single SMNBPC's cash generating unit (CGU) amounting to ⃁ 78,234 thousand (2024: ⃁85,616 thousand) for impairment testing, when there is an indication of impairment. Cash flows are determined by considering the contractual cashflows under new PPA and new WPA of SMNBPC; and renewal of PPA and WPA for the uncontracted period and have been discounted using a discount rate representing the rate of return on such CGU. The duration considered for the forecasted cash flow projections is based on contractual agreements for next seven years; and estimations over the remaining useful life (post-contractual period) of the Plants which is the essential asset to the ongoing business. The net present values are compared to the carrying amount to assess any probable impairment. On 31 December 2025, management has estimated the recoverable amount based on the value in use of the cash generating unit i.e., Power & Water to be ⃁ 78,468 thousand (2024: ⃁ 86,518 thousand) using a discounting factor of 9% (2024: 9%), remaining life of CGU as 21 years (2024: 14 years) and future estimated costs for overhauls and upgrades in assets. The recoverable amount of CGU is higher than the

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(f) Impairment of Non-financial assets (continued)

carrying value which resulted in a headroom amounting to RO 234 thousand (2024: RO 902 thousand) indicating that the CGU is not impaired as of 31 December 2025. Considering the other factors constant, an increase of 50 basis points in the discount rate would result in lower recoverable amount by RO 2,698 thousand (2024: RO 2,705 thousand).

In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Policy for impairment of financial assets under IFRS 9 is disclosed in note 3.5 (i) to these financial statements.

(g) Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Group as a lessee

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	RPC	SMNBPC
Property under Usufruct Agreement	Up to end of 2037	Up to end of 2047
Connection equipment	Up to end of 2036	Up to end of 2046

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(g) Leases (continued)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 3.5(f) Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(g) Leases (continued)

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials and consumables: cost of direct materials and related overheads on a weighted average method.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(I) Financial asset

Initial recognition and measurement

The Group classifies all financial assets, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section (e) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(i) Financial instruments (continued)

(I) Financial asset (continued)

both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes cash and cash equivalents and trade receivables.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(i) Financial instruments (continued)

(I) Financial asset (continued)

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(i) Financial instruments (continued)

(I) Financial asset (continued)

Impairment (continued)

contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECLs).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(i) Financial instruments (continued)

(I) Financial asset (continued)

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include loans and borrowings, trade and other payables and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition through fair values less attributable cost, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to loans and borrowings and trade and other payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(i) Financial instruments (continued)

Derecognition (continued)

substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(III) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(j) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as interest rate swaps to hedge the interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

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3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(j) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement (continued)

Fair value hedges (continued)

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

The Group has not entered any new hedging relationships during the current period requiring adoption of hedging accounting requirements of IFRS 9.

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(k) Provisions (continued)

benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Taxation

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

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

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:
    - is not a business combination; and
    - 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;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

Deferred Tax (continued)

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 individual subsidiaries in the Group. 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 Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(m) Foreign currency

The Group's consolidated financial statements are presented in Rial Omani (⃁). For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(m) Foreign currency (continued)

Transactions and balances (continued)

monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration

(n) 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 incurred.

The Group'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 2003, as amended. In accordance with the provisions of IAS 19, Employee benefits, management carries an exercise to assess the present value of the Group'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 Group and the expected basic salary at the date of leaving the service.

(o) Revenue recognition

The Group's business is to supply power and water for which the Project Companies have entered into long term agreements with OPWP. 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 OPWPC comprises of the following:

- Capacity charge covering the investment charge and fixed operation and maintenance charge; and
- Output charge covering the fuel charge and variable operation and maintenance charge.

Capacity charges

Capacity charges are recognised as revenue when the capacity is made available by performing required planned and unplanned maintenance on timely basis so that the plant is in a position to run and generate required output.

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3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(o) Revenue recognition (continued)

Output charges

Output charges are recognized when electricity and water are delivered, and there are no unfulfilled obligations that could affect the customer's acceptance of the delivered electrical energy and water.

The Group recognize revenue over time since the customer simultaneously receives and consumes the output of electricity and water under the contract and by availing the available capacity. Further, there are no unfulfilled performance obligations that could impact the customer's acceptance of the project. There are no significant judgements that are involved while recognizing revenue from contracts with customers. The Group sells electricity and water to OPWP in Oman, as its primary customer. Invoices are generated at the end of the month. The payment terms are for less than a month and accordingly, transaction price does not contain any material significant financing component. The Group satisfies its performance obligations upon the actual delivery of water and electricity output, making capacity available. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The revenue disclosed in note 18 is based on actual invoiced amount.

(p) 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.

(q) 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 Parent Company's shareholders is recognised as a liability in the Group's and Parent Company's financial statements in the period in which the dividends are approved.

The Group 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 period.

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 period. Net assets for the purpose is defined as total equity less hedging deficit/surplus.

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

(r) Cash and cash equivalents

Cash and cash equivalents are carried at cost in case of local currency and at closing exchange rate in case of foreign currency. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and bank and short term highly liquid investments with original maturities of three months or less, and that are readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

(s) 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 who manages the company on a day-to-day basis, as per the directives given by the board of directors that makes strategic decisions.

Newly effective standards and standards issued but not yet effective

New currently effective requirements

The adoption of the following amendments to the existing standards on 1 January 2025 had no significant financial impact on the consolidated financial statements of the Group:

	Effective date
(Lack of Exchangeability (Amendments to IAS 21	January 2025 1

Forthcoming requirements

A number of new standards and amendments are effective for annual years beginning after 1 January 2025 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

	Effective date
Classification and Measurement of Financial Instruments (Amendments to - IFRS 9 and IFRS 7)	1 January 2026
Contracts Referencing Nature-dependent Electricity -Amendments to - IFRS 9 and IFRS 7	1 January 2026
Annual Improvement to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18 Presentation and Disclosure of Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability Disclosures	1 January 2027
Sale and Contribution of Assets between an Investor and its Associates or Joint Ventures – Amendment to IFRS 10 and IAS 28	Available for optional adoption/ effective date deferred indefinitely

The Group does not expect these new standards and amendments to have any significant impact on the consolidated financial statements, when implemented in future periods.

3. Basis of preparation and material accounting policies (continued)

3.5 Material accounting policies (continued)

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics. The fair value of unquoted derivatives is determined by reference to broker/dealer price.

Financial assets

The fair value of financial assets approximates to their carrying amount due to their short-term maturity.

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.

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.

4. Determination of fair values (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable quotations.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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5. Property, plant and equipment

Consolidated

	Plant and equipment ⃁ '000	Furniture and fixture ⃁ '000	Motor vehicles ⃁ '000	Office equipment ⃁ '000	Leasehold Improvement ⃁ '000	Total ⃁ '000
Cost						
At 1 January 2025	236,374	102	64	220	1,968	238,728
Additions	77	-	-	-	-	77
At 31 December 2025	236,451	102	64	220	1,968	238,805
Accumulated depreciation and impairment loss						
At 1 January 2025	151,006	102	64	200	1,968	153,340
Charge for the year (notes 19 and 20)	7,683	-	-	2	-	7,685
At 31 December 2025	158,689	102	64	202	1,968	161,025
Carrying amount						
At 31 December 2025	77,762	-	-	18	-	77,780

5. Property, plant and equipment (continued)

Consolidated

	Plant and equipment ر.ع. '000	Furniture and fixture ر.ع. '000	Motor vehicles ر.ع. '000	Office equipment ر.ع. '000	Leasehold Improvement ر.ع. '000	Total ر.ع. '000
Cost						
At 1 January 2024	236,505	102	64	202	1,968	238,841
Additions	-	-	-	18	-	18
Provision for site restoration (note 15)	(131)	-	-	-	-	(131)
At 31 December 2024	236,374	102	64	220	1,968	238,728
Accumulated depreciation and impairment loss						
At 1 January 2024	142,559	102	64	194	1,968	144,887
Charge for the year (notes 19 and 20)	8,447	-	-	6	-	8,453
At 31 December 2024	151,006	102	64	200	1,968	153,340
Carrying amount						
At 31 December 2024	85,368	-	-	20	-	85,388

Depreciation is allocated as follows:

	2025 ر.ع.'000	2024 ر.ع.'000
Direct costs (note 19)	7,683	8,447
General and administrative expenses (note 20)	2	6
	7,685	8,453

(a) Security

The Group's entire property, plant and equipment are pledged as security against the term loan (note 14).

(b) Plant and equipment

The entire plant and equipment currently appearing in the consolidated financial statements which is subject to an operating lease with OPWP solely relates to SMNBPC.

6. Right-of-use assets and lease liabilities

The Parent Company has a short- term office rent agreement.

Subsidiary - SMNBPC

SMNBPC has leased land on which the plant is constructed. The land has been leased from Government of Sultanate of Oman for a period of 25 years expiring on 5 December 2031 under the terms of the Usufruct Agreement with an option for a further lease extension of maximum of 25 years. SMNBPC considers extension of Usufruct Agreement until end of 2047 (2024: until end of 2039). SMNBPC also has Electricity Connection equipment agreement with OETC for a lease term until end of 2046 (2024: until end of 2038).

Subsidiary - RPC

RPC has leased land on which plant is constructed. The land has been leased from Government of Sultanate of Oman by RPC for a period of 25 years expiring on 1 May 2030 under the terms of the Usufruct Agreement which can be extended for another maximum of 25 years, if required. RPC considers extension of Usufruct Agreement until end of 2037 (2024: until end of 2037) based upon the estimated useful life of the asset. RPC also has Electricity Connection equipment agreement with OETC for a lease term until end of 2036 (2024: until end of 2036).

Details of right-of-use assets are presented below:

(a) Right-of-use-assets

The statement of financial position shows the following amounts relating to leases:

Consolidated

	Property RO'000	Equipment RO'000	Total RO'000
Cost			
At 1 January 2025	**469**	**335**	**804**
Additions / modifications*	**192**	**63**	**255**
At 31 December 2025	**661**	**398**	**1,059**
Accumulated depreciation			
At 1 January 2025	**279**	**133**	**412**
Charge for the year (notes 19 and 20)	**14**	**16**	**30**
At 31 December 2025	**293**	**149**	**442**
Carrying amount			
At 31 December 2025	**368**	**249**	**617**
Cost			
At 1 January 2024	406	285	691
Additions / modifications*	63	50	113
At 31 December 2024	469	335	804
Accumulated depreciation			
At 1 January 2024	271	115	386
Charge for the year (notes 19 and 20)	8	18	26
At 31 December 2024	279	133	412
Carrying amount			
At 31 December 2024	190	202	392

* Property includes RO 36 thousand additions pertaining to BSFC joint operations.

6. Right-of-use assets and lease liabilities (continued)

Subsidiary - RPC (continued)

(a) Right-of-use-assets (continued)

Depreciation is allocated as follows:	2025	2024
	﷼ '000	﷼ '000
Operating costs (note 19)	30	26
General and administrative expenses (note 20)	-	-
	30	26

(b) Lease liabilities

At 31 December 2025	Contractual undiscounted cash flows ﷼'000	Present value of lease payments ﷼'000
Lease liabilities		
Within one year	35	34
One to two year	35	32
Two to three year	35	29
Three to four year	35	28
Four to five year	35	26
More than 5 years	1,340	701
	1,515	850
Less: unpaid finance cost	(665)	-
Present value of lease payments	850	850

Lease liabilities included in the consolidated statement of financial position as:

	Consolidated
Current lease liabilities	35
Non-current lease liabilities	815
	850

At 31 December 2024	Contractual undiscounted cash flows ﷼'000	Present value of lease payments ﷼'000
Lease liabilities		
Within one year	29	28
One to two year	35	31
Two to three year	35	29
Three to four year	35	28
Four to five year	35	27
More than 5 years	807	425
	976	568
Less: unpaid finance cost	(408)	-
Present value of lease payments	568	568

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Lease liabilities included in the consolidated statement of financial position as:

	Consolidated
Current lease liabilities	15
Non-current lease liabilities	553
	568

Amounts recognized in the consolidated statement of profit or loss and other comprehensive income:

	Consolidated	
	2025	2024
	⃁'000	⃁'000
Interest on lease liabilities (note 21)	30	27

Amounts recognized in the Statement of Cash Flows

	Consolidated	
	2025	2024
	⃁000	⃁'000
Total cash outflow for leases	**3**	25

7. Investment in subsidiaries

Details of the company's subsidiaries are as follows:

				Parent Company	
Name of the subsidiaries	**Principal Activities**	**Date of Acquisition**	**Proportion of shares acquired**	**2025**	2024
			%	**⃁'000**	⃁'000
RPC	Electricity generation	18 July 2011	99.99	**3,851**	3,851
SMNBPC	Electricity generation / Desalinated Water	18 July 2011	99.99	**15,452**	15,452
				19,303	19,303

Management has assessed its investments as required under IFRS 10 and concluded that it has control over these investments. Accordingly, the investments continue to be recognised as subsidiaries.

The investment in subsidiaries, incorporated in the Sultanate of Oman, has been recorded at cost.

7. Investment in subsidiaries (continued)

The total investment comprises of the following amounts:

	Parent Company	
	2025	2024
	RO'000	RO'000
Cost of acquisition of SMNBPC	**15,452**	15,452
Cost of acquisition of RPC	**3,851**	3,851
Equity contribution loan*	**8,102**	8,102
	27,405	27,405

*Equity Contribution Loan (ECL) given to SMNBPC has been classified as investment in subsidiary with effect from 11 December 2019 as the ECL facility is subordinated to the respective term loan facilities of SMNBPC and is repayable at the option of SMNBPC (note 8).

8. Loan to a subsidiary

The loan to a subsidiary has been put in place through the novation of existing Equity Contribution Loan (ECL) novated from SMN Power Holding Company (SMNPHC) to the Company pursuant to the Novation Agreement dated 9 August 2011.

The ECL facility carried an interest of 9% per annum up to September 2011. Effective from 1 October 2011, ECL carried nil interest rate after amending the agreements between the company and SMNBPC as approved by the respective Boards of Directors.

Equity Contribution Loan (ECL) given to SMNBPC was classified as investment in subsidiary with effect from 11 December 2019 (see note 7). The ECL facility is subordinated to the respective term loan facilities of SMNBPC and is repayable at the option of SMNBPC. (Note7)

9. Inventory

	Consolidated	
	2025	2024
	RO'000	RO'000
Fuel oil (diesel)	**1,854**	1,720

Inventories represent stock of diesel held by the group at the reporting date as backup fuel to operate the plant.

10. Trade and other receivables

	Parent Company		**Consolidated**	
	2025	2024	**2025**	2024
	RO'000	RO'000	**RO'000**	RO'000
Trade receivables	**-**	-	**6,364**	4,484
Expected credit losses	**-**	-	**(10)**	(6)
Trade receivables, net	**-**	-	**6,354**	4,478
Prepayments	**24**	27	**425**	425
Other receivables	**48**	-	**107**	595
	72	27	**6,886**	5,498

Trade receivable balance pertains to the sole customer (OPWP) of the Group.

The ageing of trade receivables at the reporting date was:

	Consolidated	
	2025	2024
	﷼'000	﷼'000
Not past due	**5,889**	3,412
0 to 30 days past due	**91**	742
31 to 60 days past due	**-**	17
61 to 90 days past due	**-**	-
91 to 180 days past due	**117**	-
Over180 days	**267**	313
	6,364	4,484

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Consolidated	
	2025	2024
	﷼'000	﷼'000
As at 1 January	**6**	28
Charge/ (Reversal) during the year	**4**	(22)
Closing balance	**10**	6

11. Cash and cash equivalents & fixed term cash deposits

Cash and cash equivalents comprise the fixed term cash deposits maturity less than 3 months and cash and bank balances.

(a) Cash and cash equivalents

	Parent Company		**Consolidated**	
	2025	2024	**2025**	2024
	﷼'000	﷼'000	**﷼'000**	﷼'000
Cash at banks	**17**	16	**6,911**	8,601
Fixed term cash deposits - (maturity less than 3- months)	**5,318**	14,677	**5,843**	15,888
Cash in hand	**-**	-	**-**	2
	5,335	14,693	**12,754**	24,491
Less: Expected credit loss	**-**	-	**(7)**	(11)
Cash and cash balances	**5,335**	14,693	**12,747**	24,480

11. Cash and cash equivalents & fixed term cash deposits (continued)

(b) Fixed term cash deposits

	Consolidated 2025	2024
	‘000	‘000
Fixed term cash deposits (maturity more than 3 months)	**1,300**	3,186
	1,300	3,186

Fixed term cash deposits represent amounts kept with banks for a period of more than 3 months having fixed interest rate. The interest rate on these deposits was in the range of 3.5% to 4.75% (2024 – 3.5% to 4.5%).

Set out below is the movement in the allowance for expected credit losses of cash and bank balances:

	2025	2024
	‘000	‘000
As at 1 January	**11**	31
(Reversed) / charge during the year	**(4)**	(20)
Closing balance	**7**	11

11.1 Reconciliation of liabilities arising from financing activities (The Group)

	2024	Additions	Cash flows	Non-cash items	2025
	‘000	**‘000**	**‘000**	**‘000**	**‘000**
Term loan (note 14)	39,084	**-**	**(4,711)**	**66**	**34,439**
Accrued interest on -derivative and term loan	-	**-**	**-**	**-**	**-**
Lease liabilities	568	**255**	**(3)**	**30**	**850**
Liabilities arising from financing activities	39,652	**255**	**(4,714)**	**96**	**35,289**

	2023	Additions	Cash flows	Non-cash items	2024
	‘000	**‘000**	**‘000**	**‘000**	**‘000**
Term loan (note 14)	38,717	**5,345**	**(5,082)**	**104**	**39,084**
Accrued interest on -derivative and term loan	657	**-**	**(3,011)**	**2,354**	**-**
Lease liabilities	453	**113**	**(25)**	**27**	**568**
Liabilities arising from financing activities	39,827	**5,458**	**(8,118)**	**2,485**	**39,652**

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12. Share capital and reserves

(a) Share capital

The Company has authorized share capital of ⃁ 70,000,000 consisting of 700,000,000 shares of 100 baizas each (2024: ⃁ 70,000,000 consisting of 700,000,000 shares of 100 baizas each).

As at 31 December 2025, the Company's issued and paid-up capital consists of 199,635,600 shares of 100 baizas each. The details of the shareholders are as follows:

				31 December 2025
	Nationality	**Number of shares held of nominal value 100 baiza each**	**% of total**	**Aggregate nominal value of shares held (⃁'000)**
Kahrabel FZE	UAE	**61,637,490**	**30.875%**	**6,164**
Mubadala Power Holding Company Limited	UAE	**61,637,490**	**30.875%**	**6,164**
Social Protection Fund	Omani	**19,679,543**	**9.858%**	**1,968**
General public		**56,681,077**	**28.392%**	**5,668**
		199,635,600	**100%**	**19,964**

				31 December 2024
	Nationality	Number of shares held of nominal value 100 baiza each	% of total	Aggregate nominal value of shares held (⃁ '000)
Kahrabel FZE	UAE	61,637,490	30.875%	6,164
Mubadala Power Holding Company Limited	UAE	61,637,490	30.875%	6,164
Social Protection Fund	Omani	19,679,543	9.858%	1,968
General public		56,681,077	28.392%	5,668
		199,635,600	100%	19,964

(b) Statutory reserve

In accordance with the Commercial Companies Law of the Sultanate of Oman applicable to Companies registered in the Sultanate of Oman, 10% of a Company's net profits after the deduction of taxes will be transferred to a non-distributable statutory reserve each year until the amount of such legal reserve has reached a minimum of one-third of that Company's issued share capital.

12. Share capital and reserves (continued)

(c) Dividends

Cash dividend of ⃁ 0.073 per share amounting to ⃁ 14,573 thousand has been paid during the year ended 31 December 2025 by the Group. (2024: No dividend has been proposed or declared during the year ended 31 December 2024 by the Group)

13. Hedging reserve/ Derivative financial instruments

(a) Subsidiary – SMNBPC

	2025	2024
	⃁'000	⃁ '000
Interest rate swaps:		
National Bank of Oman	**(14)**	352
Abu Dhabi Commercial Bank	**(11)**	284
Hedging instrument at the end of the year	**(25)**	636
Deferred tax asset (note 16)	**4**	(95)
Hedging reserve at the end of the year (net of tax)	**(21)**	541
Less: Hedging reserve at the beginning of the year	**(541)**	(51)
Effective portion of change in fair value of cash flow hedge for the year.	**(562)**	490
Hedging instrument classification		
Non-current portion of hedging instrument	**(25)**	421
Current portion of hedging instrument	**-**	215
	(25)	636

The notional value of the hedge as at the reporting date was ⃁ 26,021 thousand (2024: ⃁ 29,520 thousand). As at the reporting date the hedged amount was 75% (2024: 75%) of the loan amount.

(b) Fair value of swaps

The fair value of the above swaps amounting to negative ⃁ 25 thousand (2024 – ⃁ 636 thousand) is based on fair values of equivalent instruments at the reporting date (Note 27).

All the interest rate swaps are designated and effective as cash flow hedges and the fair value thereof has been recognised directly in other comprehensive income and presented in equity net of related deferred tax.

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Group policy is to maintain at least minimum requirements as stipulated in the facilities agreement of its borrowings at fixed rate using interest rate swaps. During the current period, the Group's borrowings at variable rate were entirely denominated in US Dollars.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Group agrees with other parties to exchange, at specified intervals (semi-annually), the difference between fixed contract rates and floating interest amounts calculated by reference to the agreed notional principal amounts.

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14. Term loan

	Consolidated	
	2025	2024
	RO'000	RO'000
Term loan	**34,651**	39,362
Less: Unamortised transaction costs	**(212)**	(278)
Total outstanding term loan (i)	**34,439**	39,084
Less: Current portion	**(4,832)**	(4,711)
Long-term portion	**29,607**	34,373

The syndicated term loan pertains to SMNBPC which was refinanced during 2024 and is denominated in USD, secured over the present and future assets and carries interest at a daily rate of SOFR plus applicable margin of 2.05%. The loan amortises, with bi-annual repayments of predetermined percentages of the outstanding principal amount due from 31 December 2024 to 30 June 2032.

Under the Financing Agreement:

- SMNBPC is required to maintain Debt Service Reserve Account (DSRA) Letter of Credit with National Bank of Oman ("DSRA Facility Arranger" & "Mandated Lead Arranger"); and
- SMNBPC is required to comply with the Debt Service Coverage Ratio which is required to be maintained not less than 1.05:1 for a calculation period as stipulated in the New Financing Agreement or as agreed otherwise with the Facility Agent.

On 31 December 2025, SMNBPC complies with the above covenants. Moreover, based on management's estimates derived from the best available information, it is expected that the Company will remain in compliance with the aforementioned covenants for the subsequent 12-month period. Apart from that, there are no other financial covenants which the Company is required to comply except the timely payment of principal and interest, and non-financial covenants in accordance with the Financing Agreement.

Repayment term

The repayment schedule of the loans is as follows:

	Consolidated	
	2025	2024
	RO'000	RO'000
Payable within one year	**4,832**	4,711
Payable between 1 and 2 years	**4,582**	4,832
Payable between 2 and 5 years	**17,754**	16,154
Payable after 5 years	**7,483**	13,665
	34,651	39,362

14. Term loan (continued)

Security

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

- a charge over all the SMNBPC assets including, amongst others, the Project Accounts, all tangible assets and receivables (At reporting date 31 December 2025, the non-current and current assets of SMNBPC are ﷼ 78,234 thousand (2024: ﷼ 86,037 thousand) and ﷼ 12,877 thousand (2024: ﷼ 13,236 thousand) respectively.);
- a pledge of SMNBPC shares (note 7);
- a pledge of shares in the investment in joint arrangement.
- an assignment of SMNBPC contracts (including the Project Documents) to which it is a party;
- an assignment of SMNBPC insurance; and
- security over the SMNBPC cash pooling accounts and an assignment of the rights of the SMNBPC thereunder.
- subordinate loan provided to SMNBPC – Equity contribution loan to SMNBPC (refer note 8).

Working Capital Facilities

The SMNBPC has working capital facilities of ﷼ 4,806 thousand (2024 – ﷼ 4,806 thousand), which are secured under the conditions below and carry interest during the interest period at the aggregate of reference rate of the day with a margin of 1.6% per annum. (2024: reference rate of the day with a margin of 1.6% per annum). The balance outstanding as of 31 December 2025 is ﷼ Nil (2024 – ﷼ Nil).

The working capital facility is secured under the security documents as a whole, by the following collateral:

- A charge over the SMNBPC's assets (including, amongst others, the bank accounts, plant assets and finance lease receivables);
- A pledge of SMNBPC shares;
- An assignment of SMNBPC contracts (including the Project Documents) to which it is a party;
- An assignment of SMNBPC insurance; and
- Security over the SMNBPC's cash pooling account and an assignment of its rights there under.

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15. Provision for site restoration

	Consolidated	
	2025	2024
	﷼'000	﷼'000
As at 1 January	**1,971**	3,408
Accretion charge for the year (note 21)	**116**	204
Reversal of provision for site restoration	**-**	(1,472)
As at 31 December	**2,087**	2,140
Remeasurement impact:		
- Plant and equipment – up to maximum available balance (note 5)	**-**	(131)
- Profit or loss – residual charge	**(306)**	(38)
As at 31 December, remeasured	**1,781**	1,971

	2025	2024
Included in the statement of financial position as:	**﷼'000**	﷼'000
Current	**-**	-
Non-current	**1,781**	1,971
	1,781	1,971

Site restoration costs are based on management's technical assessment of the probable future costs to be incurred in respect of the decommissioning of the plant facilities. The provision has been calculated using discount rate of 5.8% (2024: 5.8%) for both SMNBPC and RPC.

16. Taxation

	Consolidated	
	2025	2024
(a) Recognised in profit and loss	**﷼'000**	﷼'000
Current tax	**853**	1,455
Prior period tax expense	**3**	48
Prior period tax reversal*	**(4)**	(220)
Deferred tax income for the year – net	**(556)**	(706)
Tax expense for the year	**296**	577

The tax charge has arisen on the profits of the parent and its subsidiaries which are subject to income tax at the rate of 15% of taxable profits.

* In 2024, Oman Tax Authority has waived off additional tax amounting to ﷼ 220 thousand on account of interest on tax payable which was initially recorded in trade and other payables as disclosed in note 17.

16. Taxation (continued)

(b) Reconciliation

The following is a reconciliation of income taxes with the income tax expense at the applicable tax rate:

	2025	2024
	⃁'000	⃁'000
Current tax expense / (income)		
Current year	**853**	1,455
Changes in estimates related to prior years	**(1)**	(172)
Deferred tax (income) / expense		
Origination and reversal of temporary differences	**(556)**	(706)
Recognition of previously unrecognized (derecognition of - previously recognized) deductible temporary differences	**-**	-
	296	577

	2025	2024
	⃁'000	⃁'000
Profit before tax	**1,786**	5,142
Tax expense at statutory tax - rate of 15% (2024: 15%)	**268**	771
Prior period tax	**-**	(172)
Tax effect of items non-deductible for tax purposes	**28**	(22)
Tax expense for the period	**296**	577
Effective tax rate	**16.57%**	11.22%

(c) Deferred tax

	Consolidated	
	2025	2024
	⃁'000	⃁'000
Deferred tax – asset		
RPC	**127**	115
	127	115
Deferred tax – (liability)		
SMNBPC	**(8,983)**	(9,626)
	(8,983)	(9,626)

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16. Taxation (continued)

Deferred tax liability – net

Subsidiary – SMNBPC

Recognised deferred tax assets and liabilities are attributable to the following items:

	As at 1 January 2025 ‘000	Recognised during the year ‘000	As at 31 December 2025 ‘000
Deferred tax income recognised in profit or loss			
Property, plant and equipment	**(9,892)**	**698**	**(9,194)**
Provision for site restoration	**180**	**(36)**	**144**
Provision for repairs and maintenance	**113**	**(113)**	**-**
ROU & lease liability	**26**	**5**	**31**
Unamortised finance cost	**42**	**(10)**	**32**
Net deferred tax (liability)/ asset	**(9,531)**	**544**	**(8,987)**
Deferred tax asset directly recognised in equity			
Fair value adjustment of interest rate swap	**(95)**	**99**	**4**
Deferred tax (liability)/ asset	**(9,626)**	**643**	**(8,983)**

	As at 1 January 2024 ‘000	Recognised during the year ‘000	As at 31 December 2024 ‘000
Deferred tax income recognised in profit or loss			
Property, plant and equipment	(10,674)	782	(9,892)
Provision for site restoration	193	(13)	180
Provision for repairs and maintenance	-	113	113
ROU & lease liability	53	(27)	26
Unamortised finance cost	(12)	54	42
Net deferred tax (liability)/ asset	(10,440)	909	(9,531)
Deferred tax asset directly recognised in equity			
Fair value adjustment of interest rate swap	(9)	(86)	(95)
Deferred tax (liability)/ asset	(10,449)	823	(9,626)

16. Taxation (continued)

Deferred tax liability – net (continued)

Subsidiary – SMNBPC (continued)

Subsidiary – RPC

	As at 1 January 2025 RO '000	Recognised during the year RO '000	As at 31 December 2025 RO '000
Deferred tax liability recognised in profit or loss	115	9	124
Right-of-use assets	(25)	-	(25)
Lease liability	25	3	28
Net deferred tax (liability)/ asset	115	12	127

Recognised deferred tax assets and liabilities are attributable to the following items:

	As at 1 January 2024 RO '000	Recognised during the year RO '000	As at 31 December 2024 RO '000
Deferred tax (expense) recognised in profit or loss			
Provision for site restoration	318	(203)	115
Right to use of asset	(9)	(15)	(25)
Lease liability	9	15	25
Net deferred tax asset / (liability)	318	(203)	115

(e) The movement in the current tax liability for the period comprise of:

	Consolidated	
	2025	2024
	RO '000	RO '000
At 1 January	**1,503**	2,936
Current tax expense	**853**	1,503
Prior period tax expense	**(1)**	-
Paid during the year	**(1,451)**	(2,936)
At 31 December	**904**	1,503

(f) Status of previous year returns

Subsidiary – SMNBPC

The tax returns upto year 2021 are assessed and closed. The tax returns for 2022 to 2024 have not yet been assessed by the Tax Authority. The management is of the opinion that additional taxes, if any, related to the open tax years would not be material to the Group's financial position as at the reporting date.

16. Taxation (continued)

Deferred tax liability – net (continued)

Subsidiary – SMNBPC (continued)

Subsidiary – RPC (continued)

The tax returns for the years 2008 and 2009 had been assessed by the Tax Authority on the basis of 'fixed asset' model allowing depreciation to RPC. RPC filed an appeal with the Supreme Court in December 2019 for the years 2008 and 2009. The Supreme Court have ruled in RPC's favor in May 2022.

The RPC has received the revised tax assessments giving the effect of Supreme Court ruling for the years 2008 to 2015.

The tax returns for the year 2016 have been assessed by the Tax Authority on the basis of 'fixed asset' model allowing depreciation to the RPC. RPC has formally objected the Tax Grievance Committee assessment. RPC is awaiting formal response in line with Supreme Court judgment received for 2008 and 2009 case.

The tax returns for the years 2017 to 2021 are assessed and closed by the Tax Authority. The tax returns for the years 2022 to 2024 have not yet been assessed by the Tax Authority. The management is of the opinion that additional taxes, if any other than discussed above, related to the open tax years would not be material to the Group's financial position as at the reporting date.

17. Trade and other payables

	Parent Company		**Consolidated**	
	2025	2024	**2025**	2024
	RO'000	RO'000	**RO'000**	RO'000
Supplier and contractor payables	**-**	-	**882**	4,295
Other payables	**-**	-	**169**	114
Accrued expenses	**57**	88	**10,770**	6,500
	57	88	**11,821**	10,909

18. Revenue

	Consolidated	
	2025	2024
	RO'000	RO'000
Energy and water output charges	**52,445**	56,957
Energy and water capacity charges	**21,855**	25,366
Total revenue	**74,300**	82,323

Geographical market

Sultanate of Oman	74,300	82,323

Timing of revenue recognition

Output transferred over time	74,300	82,323

All the revenue of the Group accrues from contracts with OPWP within the Sultanate of Oman.

19. Direct costs

	Consolidated	
	2025	2024
	RO '000	RO '000
Energy consumption	**50,976**	54,800
Depreciation on property, plant and equipment (note 5)	**7,683**	8,447
Contract fixed fee for plant operations (note 25)	**6,800**	6,903
Contract variable fee for plant operations (note 25)	**2,970**	2,841
Contract fixed fee for plant operations - BSFC	**94**	-
Insurance	**792**	852
Repair and maintenance (note 25)*	**169**	1,172
Generation and license fee	**154**	108
Customs duty (note 25)	**105**	23
Depreciation on right of use assets (note 6(a))	**30**	26
Other direct costs	**417**	851
	70,190	76,023

*Repair and maintenance pertaining to 2024 includes provision for repairs and maintenance costs on account of the fixation of Steam Turbine breakdown that resulted in outages in 2024. The related repair and maintenance work has been completed in 2025 and the related insurance claim was fully received under the respective Insurance Facilities Documents (note 23).

20. General and administrative expenses

	Parent Company		Consolidated	
	2025	2024	**2025**	2024
	RO '000	RO '000	**RO '000**	RO '000
Staff costs (see below)	**69**	110	**656**	576
Legal and professional charges	**26**	26	**302**	1,097
Audit and related services fees *	**12**	11	**39**	34
Depreciation on property, plant and - equipment (note 5)	**-**	-	**2**	6
Depreciation on right of use assets - (note 6(a))	**-**	-	**-**	-
Directors' remuneration and sitting fee	**58**	63	**72**	78
Insurance expenses	**-**	-	**19**	20
Other expenses	**42**	74	**142**	103
	207	284	**1,232**	1,914

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20. General and administrative expenses (continued)

Staff cost are as follows:	Parent Company **2025** ﷼'000	Parent Company 2024 ﷼'000	Consolidated **2025** ﷼'000	Consolidated 2024 A'000
Salaries, wages and other benefits	**69**	110	**613**	526
Increase in obligation for - defined benefit plan	**-**	-	**8**	15
Contributions to Omani Social - Insurance Scheme	**-**	-	**35**	35
	69	110	**656**	576

* Audit and related services fees include audit fee due to the external auditors for the year 2025 amount to ﷼ 39 thousand (2024:﷼ 35 thousand) plus out of pocket expense, of which ﷼ 38 thousand pertains to the audit of financial statement and ﷼ 1 thousand relates to other services.

21. Finance costs

	Consolidated **2025** ﷼ '000	Consolidated 2024 ﷼'000
Interest on term loan	**2,448**	2,517
Accretion charge for provision for site restoration (note 15)	**116**	204
Amortisation of deferred finance cost	**66**	104
Exchange loss	**34**	27
Interest on DSRA LC	**74**	34
Interest on lease liabilities (note 6(b))	**30**	27
Total finance cost	**2,768**	2,913

22. Finance income

	Consolidated **2025** ﷼'000	Consolidated 2024 ﷼'000
Reversal of provision for site restoration (note 15)	**306**	1,472
Interest on fixed cash deposit	**551**	396
Hedging charges	**260**	
Cash flow hedges - reclassified from OCI	**-**	163
Other finance income	**2**	24
Total finance income	**1,119**	2,055

23. Other income

	Parent Company		Consolidated	
	2025	2024	**2025**	2024
	RO '000	RO '000	**RO '000**	RO '000
Refund from Off-taker on - change in Income Tax*	**-**	-	**-**	177
Income on scrap sale of - Gas Turbine 1 to 6**	**-**	-	**-**	1,251
Insurance Claim Property Damage***	**-**	-	**515**	-
Recharge of expenses - to subsidiaries****	**207**	284	**-**	-
Miscellaneous income	**-**	94	**42**	144
	207	378	**557**	1,572

* Refund from Off-taker represents Change of Law claim from OPWP for tax law amendment pursuant to Royal Decree 9/2017.

** This represents disposal proceeds in relation to Gas Turbines 1 to 6, which were retired from operation on 30 September 2021, since the assets carrying value was nil at the disposal date.

*** The Company received insurance claim during the year towards the Steam Turbine outage that happened in 2024.

**** Parent company's other income represents cost re-charge from the two subsidiaries as per the cost sharing agreement entered between the parties on 21 February 2019.

24. Dividend income

	Parent Company	
	2025	2024
	RO '000	RO '000
Dividend income from RPC	**3,000**	3,000
Dividend income from SMNBPC	**2,000**	11,550
	5,000	14,550

25. Related parties

The Group, in the normal course of business, enters into transactions with other enterprises, which fall within the definition of a related party contained in IAS 24. Such transactions are on agreed terms and conditions with related parties.

The Group maintains balances with these related parties which arise in the normal course of business from the commercial transactions. Outstanding balances at the reporting period end are unsecured and settlement occurs in cash.

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25. Related parties (continued)

(a) Transactions in the Company's standalone financial statements:

Related parties' receivables are stated net of accumulated provision for ECLs December 2025 Nil (31 December 2024 – Nil). SUEZ-Tractebel Operation and Maintenance Oman (STOMO), Kahrabel Operation and Maintenance Oman (KOMO), Mubadala Development Co (Mubadala) and International Power SA are related parties with significant shareholder influence. Following is the summary of significant transactions with related parties during the year:

	2025	2024
	RO'000	RO'000
KOMO administrative fee – *(Entity under*		
- *common significant influence)*	**69**	110
Dividends received from RPC – *(Subsidiary)*	**3,000**	3,000
Dividends received from SMNB – *(Subsidiary)*	**2,000**	11,550
Recharging of administrative expenses to:		
RPC – *(Subsidiary)*	**81**	114
SMNBPC – *(Subsidiary)*	**122**	169
Al Kamil Power Company SAOG - *(Entity under*		
- *common significant influence)*	**4**	5

(b) Transactions in the Company's standalone and consolidated financial statements:

	2025	2024
	RO'000	RO'000
Dividends distribution to:		
Kahrabel FZE – (Shareholder)	**(4,500)**	-
Mubadala Power Holding Company Limited – (Shareholder)	**(4,500)**	-

(c) Transactions carried out by the SMNBPC and RPC (Subsidiaries):

	2025	2024
	RO'000	RO'000
SUEZ-Tractebel Operation and Maintenance Oman LLC		
- *(Entity under common significant influence)*		
Operation and maintenance expense - fixed fee (note 19)	**6,800**	6,903
Operation and maintenance expense - variable fee (note 19)	**2,970**	2,841
HGPI related maintenance expense (note 19)		157
Repair and maintenance (note 19)	**169**	1,172
Customs duty (note 19)	**105**	23
	10,044	11,096
International Power SA		
- (Entity under common significant influence)		
Fixed service fee	**35**	35

(d) Key management benefits

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise).

25. Related parties (continued)

(d) Key management benefits (continued)

	Parent Company		Consolidated	
	2025	2024	**2025**	2024
	RO'000	RO'000	**RO'000**	RO'000
Employment benefits	**69**	110	**259**	222
Directors' remuneration	**37**	44	**49**	57
Directors' sitting fee	**21**	19	**23**	21
Company secretary fee	**2**	2	**2**	2
	129	175	**333**	302

(e) Due from related parties

	Parent Company		Consolidated	
	2025	2024	**2025**	2024
	RO'000	RO'000	**RO'000**	RO'000
STOMO *(Entity under common - significant influence)*	**-**	-	**-**	17
Barka Seawater Facilities Company SAOC *(Joint arrangement)*	**-**	-	**89**	119
KOMO *(Entity under common - significant influence)*	**-**	-	**-**	3
SMNBPC *(Subsidiary)*	**6**	12	**-**	-
RPC *(Subsidiary)*	**2**	11	**-**	-
	8	23	**89**	139

(f) Due to related parties:

	Parent Company		Consolidated	
	2025	2024	**2025**	2024
	RO'000	RO'000	**RO'000**	RO'000
STOMO *(Entity under common - significant influence)*	**-**	-	**655**	1,545
KOMO *(Entity under common - significant influence)*	**-**	-	**3**	-
International Power SA Dubai Branch *(Entity under common - significant influence)*	**-**	-	**-**	11
	-	-	**658**	1,556

26. Contingencies and operational commitments

(a) Subsidiary – RPC

Envronmental Permit from Environmental Authority

At the time of acquisition of the RPC by SMN Jafza in 2007, the Authority for Public Services Regulation (APSR) issued specific recommendations on the environmental monitoring system to be installed at the power plant (i.e. the Predictive Emissions Monitoring Systems – PEMS). These recommendations were fully implemented by RPC and compliance confirmed by APSR as stated in their 2007 Annual Report.

RPC was issued with a Preliminary Environmental Permit, which expired on 12 May 2009. Article 8 of Ministerial Decree (MD) 187/2001 (The Environmental Law and the Regulations for Organising the Issuance of Environmental Approvals and Final Environmental Permits) provides that the Environmental Authority may close down an establishment if it is found to be practicing its activity (i) without environmental approval; (ii) without the final environmental permit; or (iii) after the expiry of the environmental approval of the final environmental permit (as the case may be).

On 26 January 2024, RPC has received an Environmental Permit from the Environmental Authority, valid until 25 January 2027.

In May 2018, RPC submitted an environmental audit report, performed by HMR Consultants (HMR), a company having expertise in environmental audits, to the Environmental Authority. The report stated that Predictive Emissions Monitoring Systems (PEMS) have been incorporated in the plant design to monitor the emission releases from the GT stacks.

The monthly monitoring data for stack emission are reported to the Environmental Authority. The Environmental Authority replied that PEMS was installed without following United States Environmental Protection Agency (USEPA).

The company/HMR clarified that PEMS have been verified using the standard available in 2008 and third-party portable continuous emissions monitoring equipment to compare analysis results at different load scenarios.

As RPC responded to all Environmental Authority's comments on the environmental audit report by letter in September 2018 and no further feedback from Environmental Authority is currently available, RPC has no reason to believe that Environmental Authority will take action under MD 187/2001.

Operation and Maintenance commitment

As per the O&M agreement, STOMO operates and maintains the RPC's plant at Rusail until 31 December 2029. Under the O&M agreement, RPC has to pay the following operating fees:

- a fixed monthly fee; and
- a variable fee.

All fees are subject to indexation based on Omani and US Consumer Price Indices.

26. Contingencies and operational commitments (continued)

(a) Subsidiary – RPC (continued)

Operation and Maintenance commitment (continued)

The minimum future payments under the O&M agreement (excluding indexation) for the RPC are as follows:

	2025	2024
	RO '000	RO '000
Not later than one year	**1,269**	1,269
One to two years	**1,269**	1,269
Two to three years	**1,269**	1,269
Three to four years	**1,269**	1,269
Four to five years	**-**	1,269
	5,076	6,345

(b) Subsidiary – SMNBPC

Shared facilities commitment

With reference to the Shareholders Agreement dated 20 February 2007, BWPC and SMNBPC committed to establish a shared facility company owned 50/50 between the above shareholders. On 9 March 2009, SMNBPC injected a total of RO 250,000 in a restricted bank account to fund the capital of the new company to be named BSFC. On 19 July 2010, SMNBPC and BWPC finalized the incorporation of the Shared Facilities Company and conducted the Constitutive General Meeting and the first Board Meeting. On 1 October 2014, BSFC acquired the shared facility assets from BWPC and commenced commercial operations.

Operation and Maintenance commitment

As per the O&M agreement, STOMO operates and maintains the SMNBPC's plant at Barka until expiry of new PPA and new WPA. Under the O&M agreement, the SMNBPC has to pay the following operating fees:

- a fixed monthly fee;
- a power variable fee; and
- a water variable fee.

All fees are subject to indexation based on Omani and US Consumer Price Indices.

The minimum future payments under the O&M agreement considering a COD on 15 November 2009 (excluding indexation) for the SMNBPC are as follows:

	2025	2024
	RO '000	RO '000
Not later than one year	**5,367**	5,367
One to two year	**5,367**	5,367
Two to three year	**5,367**	5,367
Three to four year	**5,367**	5,367
Four to five year	**5,367**	5,367
After five years	**10,733**	16,100
	37,568	42,935

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26. Contingencies and operational commitments (continued)

Guarantees issued

	2025	2024
	‘000	‘000
SMNBPC (Financial guarantee issued to lenders by Abu Dhabi Commercial Bank)	**3,691**	3,98
	3,691	3,980

27. Financial instruments

Financial assets are assessed for impairment at each reporting date as disclosed in note 3.5(i). 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 Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Group’s overall risk management focuses on the unpredictability of markets it is potentially exposed to and seeks to minimize potential adverse effects on the Group’s financial performance.

Risk management is carried out in order to identify, evaluate, mitigate and monitor financial risks.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group’s receivables from customers. The potential risk in respect of amounts receivables is limited to their carrying values as management regularly reviews these balances whose recoverability is in doubt.

The carrying amount of financial assets represents the maximum credit exposure. The exposure to credit risk at the reporting date was on account of:

27. Financial instruments (continued)

(a) Credit risk (continued)

	Parent Company		Consolidated	
	2025	2024	**2025**	2024
Financial assets held at amortized cost (previously “loans and receivables”)	**﷼‘000**	﷼‘000	**﷼‘000**	﷼‘000
Trade and other receivables (excluding prepayments)	**48**	-	**6,471**	5,079
Fixed term cash deposits	**-**	-	**1,300**	3,186
Fixed term cash deposits (maturity- less than 3 months)	**5,318**	14,677	**5,843**	15,558
Derivative financial instruments	**-**	-	**-**	636
Due from related parties	**8**	23	**89**	139
Cash at bank	**17**	16	**6,911**	8,601
	5,391	14,716	**20,614**	33,199

The exposure to credit risk for trade receivables at the reporting date was due entirely from OPWP. The long-term credit rating of OPWP is Ba1 Moody’s. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written-off against allowance account. The table below shows the balances with banks categorised by short-term credit ratings as published by Moody’s Investors Service at the reporting date:

		Parent Company		Consolidated	
		2025	2024	**2025**	2024
Cash and cash equivalents	Rating	**﷼‘000**	﷼‘000	**﷼‘000**	﷼‘000
Bank balances					
Bank Muscat SAOG	Baa3	**16**	15	**1,063**	970
HSBC Bank plc	A3	**1**	1	**5,275**	3,295
National Bank of Oman	Baa3	**-**	-	**573**	4,666
Total Bank balances		**17**	16	**6,911**	8,931
Fixed term cash deposits (maturity less than 3 months)					
Bank Muscat SAOG	Baa3	**2,000**	-	**2,000**	-
HSBC Bank plc	A3	**-**	-	**-**	-
National Bank of Oman	Baa3	**3,318**	14,677	**3,518**	14,872
Ahli Bank SAOG	Baa3	**-**	-	**325**	686
Total Cash and - cash equivalents		**5,335**	14,693	**12,754**	24,489

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27. Financial instruments (continued)

(a) Credit risk (continued)

	Parent Company		Consolidated	
	2025	2024	**2025**	2024
	'000	'000	**'000**	'000
Fixed term deposits (maturity more than 3 months)				
National Bank of Oman SAOG	**-**	-	**-**	2,220
Bank Muscat SAOG	**-**	-	**1,300**	-
Ahli Bank SAOG	**-**	-	**-**	966
	-	-	**1,300**	3,186

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's access to credit facilities is described in note 17.

The following are the undiscounted maturities of the financial liabilities for the Parent Company and the Group respectively.

Parent Company	**Carrying amount '000**	**Contractual cash flows '000**	**6 months or less '000**
31 December 2025			
Non-derivatives			
Accrued expenses	**57**	**57**	**57**

Parent Company	Carrying amount '000	Contractual cash flows '000	6 months or less '000
31 December 2024			
Non-derivatives			
Accrued expenses	88	88	88

27. Financial instruments (continued)

(b) Liquidity risk (continued)

Group Non-Derivatives	Carrying amount ꞈ'000	Undiscounted cash flows ꞈ'000	Up to 1 year ꞈ'000	1 to 2 years ꞈ'000	2 to 5 years ꞈ'000	After 5 years ꞈ'000
31 December 2025						
Term loan	**34,439**	**41,822**	**6,723**	**6,209**	**20,956**	**7,934**
Trade and other payables	**11,821**	**11,821**	**11,821**	**-**	**-**	**-**
Due to related parties	**658**	**658**	**658**	**-**	**-**	**-**
Lease liabilities	**850**	**1,515**	**35**	**35**	**105**	**1,340**
	47,768	**55,816**	**19,237**	**6,244**	**21,061**	**9,274**

Group Non-Derivatives	Carrying amount ꞈ'000	Undiscounted cash flows ꞈ'000	Up to 1 year ꞈ'000	1 to 2 years ꞈ'000	2 to 5 years ꞈ'000	After 5 years ꞈ'000
31 December 2024						
Term loan	39,084	48,980	7,159	6,723	20,237	14,861
Trade and other payables	10,909	10,909	10,909	-	-	-
Due to related parties	1,556	1,556	1,556	-	-	-
Lease liabilities	568	976	29	35	105	807
	52,117	62,421	19,653	6,758	20,342	15,668

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group'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 on risk.

As of 31 December 2025, the Group does not hold any such financial instruments that have any risk of changes in prices for investment in equity instruments.

Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the group's functional currency.

The Group is exposed to foreign exchange risk arising from currency exposures primarily with respect to the US Dollar. Management believes that in case US Dollar weaken or strengthen against Rial Omani there would be an insignificant impact in the post-tax profit.

Interest rate risk

The Group has borrowings which are interest bearing and exposed to changes in market interest rates. The Group has hedged this interest rate risk through interest rate swaps. The percentage of interest charges hedged is presented below:

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27. Financial instruments (continued)

Interest rate risk (continued)

(a) In RPC, all the outstanding debts have been repaid in full and all the interest rate swap agreements have been terminated.

(b) In SMNBPC, 80% of the interest charges are hedged for the period from 30 September 2018 to 31 March 2024 and 75% from there onwards.

The interest rate profile of the Group's interest-bearing financial instruments is disclosed in notes 13 and 14 to these parent company and consolidated financial statements.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates 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 not have a significant impact on the equity or the profit or loss at the reporting date mainly as a result of interest rate swaps (note 13).

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.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- 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)

Level 2	**Consolidated**	
	2025	2024
	RO '000	RO '000
Financial liabilities measured at fair value		
Interest rate swap	(25)	636

The valuation techniques of the above financial liabilities are disclosed in note 4.

27. Financial instruments (continued)

Fair value of financial instruments (continued)

There are no financial assets at fair value at the reporting date. Further, there were no transfers between Level 1, Level 2 and Level 3 during the period.

Capital management

The Group's policy is to maintain an optimum capital base to maintain investor, creditor and market confidence to sustain future growth of business as well as achieve appropriate return on capital.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide adequate returns to members and benefits for other stakeholders by pricing the services commensurate to the level of risk. The Group sets the amount of capital in proportion to risk. The Group 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

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

	2025	2024
	﷼'000	﷼'000
Debt (Term loan)	**34,439**	39,084
Equity (Shareholders' funds)*	**41,894**	54,977
Debt to equity ratio (times)	**0.822**	0.711

* Shareholders' funds comprises of Equity, Statutory reserves and Retained earnings.

28. Operating lease agreement for which a subsidiary acts as a lessor

SMNBPC

	2025	2024
	﷼'000	﷼'000
Due:		
Not later than one year	**18,097**	18,026
One to two year	**18,329**	18,097
Two to three year	**18,391**	18,329
Three to four year	**18,503**	18,391
Four to five year	**18,503**	18,503
After five years	**37,915**	56,418
	129,738	147,764

28. Operating lease agreement for which a subsidiary acts as a lessor (continued)

RPC

	2025	2024
	RO'000	RO'000
Due:		
Not later than one year	**2,516**	2,477
One to two year	**2,560**	2,516
Two to three year	**2,603**	2,560
Three to four year	**2,539**	2,603
Four to five year	**-**	2,539
After five years	**-**	-
	10,218	12,695

29. Net assets per share

	Parent Company		**Consolidated**	
	2025	2024	**2025**	2024
	RO'000	RO'000	**RO'000**	RO'000
Net assets - Shareholders' funds*	**32,719**	42,046	**41,894**	54,977
Number of shares outstanding during the year	**199,636**	199,636	**199,636**	199,636
Net asset per share (RO)	**0.164**	0.211	**0.210**	0.275

* Shareholders' funds comprises of share capital, statutory reserves and retained earnings.

30. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year.

	Parent Company		**Consolidated**	
	2025	2024	**2025**	2024
	RO'000	RO'000	**RO'000**	RO'000
Profit for the year	**5,246**	14,630	**1,490**	4,565
Weighted average number of shares outstanding during the year	**199,636**	199,636	**199,636**	199,636
Earnings per share - basic and diluted (RO)	**0.026**	0.073	**0.007**	0.023

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

31. Segmental reporting

The Group has only one segment in accordance with IFRS 8. Segment information is, accordingly, presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure. The requirements of IFRS 8, paragraphs 31 to 34 relating to group wide disclosures has been covered under consolidated statements of financial position, profit and loss and other comprehensive income and also in note 1 and 2 to these consolidated financial statements.

32. Proposed dividends

Parent Company

The Board of Directors of the Company, at its meeting held on 26 February 2026, resolved the distribution of cash dividends in March 2026, to the Company's Shareholders who are registered in the Company's register as at the date to be determined by the Board, out of retained earnings of the Company as reflected in the Company's financial statements for the financial year ended 31 December 2025, provided that the aggregate amount of the dividends shall not exceed ﷼ 5,000 thousand or Baiza 25 per share. The dividend distribution is subject to Shareholders' approval at the Annual General Meeting to be held on 26 March 2026 and in compliance with the Commercial Companies Law, other applicable Omani legislation.

RPC

The Board of Directors of RPC, at its meeting held on 26 February 2026, resolved the distribution of cash dividends in March 2026, to the RPC's Shareholders who are registered in the RPC's register as at the date to be determined by the Board, out of retained earnings of the RPC as reflected in the RPC's financial statements for the financial year ended 31 December 2025, provided that the aggregate amount of the dividends shall not exceed ﷼ 385 thousand or Baiza 77 per share. The dividend distribution is subject to Shareholders' approval at the Annual General Meeting to be held on 26 March 2026 and in compliance with the Commercial Companies Law, other applicable Omani legislation.

SMNBPC

The Board of Directors of SMNBPC, at its meeting held on 26 February 2026, resolved the distribution of cash dividends in March 2026, to the SMNBPC's Shareholders who are registered in the SMNBPC's register as at the date to be determined by the Board, out of retained earnings of the SMNBPC as reflected in the SMNBPC's financial statements for the financial year ended 31 December 2025, provided that the aggregate amount of the dividends shall not exceed ﷼ 1,154 thousand or ﷼ 2.3 per share. The dividend distribution is subject to Shareholders' approval at the Annual General Meeting to be held on 26 March 2026 and in compliance with the Commercial Companies Law, other applicable Omani legislation.