

BOARD OF DIRECTORS’ REPORT

Dear Shareholders,

On behalf of the Board of Directors of Al Batinah Power Company SAOG (the "Company"), I have the pleasure of presenting the Company's Directors' Report for 6-months period ended 30 June 2025.

Operational Highlights

The plant crossed 5,107 lost time accident-free days since inception, maintaining its excellent track record of zero lost time accidents and zero environmental incidents, which reflects our continued focus on health, safety, security, and environment.

The plant’s operation was excellent during the period, achieving a reliability of 99.80%. The plant delivered 2,007 GWh to the grid, translating to a load factor of 62.74% compared to 60.69% for the corresponding period of 2024.

Financial Results

	6-month-2025 RO’000s Unaudited	6-month- 2024 RO’000s Unaudited	Percentage change
Revenues	38,939	37,918	2.7%
Direct costs	(28,158)	(26,805)	
Gross profit	10,781	11,113	-3.0%
Other income	268	228	
General and administrative expenses	(433)	(426)	
Profits before interest and tax	10,616	10,915	-2.7%
Finance costs	(2,012)	(2,530)	
Finance income	10	70	
Profit before tax	8,614	8,455	1.9%
Tax	(1,258)	(1,146)	

Net Profit for the period	7,356	7,309	0.6%
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Higher revenues and direct costs, as compared to the corresponding period of the previous year, were attributed mainly to a higher plant load factor. The variability of the plant load factor influences the fuel and energy charges received from Nama Power & Water Procurement Company SAOC ("PWP"). However, these charges are passed through to the gas supplier and the O&M service provider hence there is no material impact on the Company's profitability.

Gross profit declined, mainly due to scheduled outages exceeding the 15% winter allowance and a higher short notice outages compared to the same period last year.

Despite these operational challenges, the Company benefited from a steady reduction in finance costs, which supported an improvement in profit before tax. However, the net profit for the period was 0.6% lower than that of the corresponding period in the previous year.

The share price was 71 Baizas at the end of June 2025.

Corporate Social Responsibility

In alignment with the Company’s commitment to positively impacting society and contributing to national development, the Company has allocated OMR 50,000 for CSR initiatives for the year 2025. The planned activities reflect the Company’s dedication to fostering social well-being, sustainability, and community engagement. Planned CSR Activities:

- **Contribution to Oman Charitable Organization:** ABPC contributed 20% of the CSR budget to the Oman Charitable Organization, in adherence to Decision No. 205/2021 issued by the Ministry of Commerce, Industry, and Investment Promotion.
- **Student Cybersecurity Initiative:** ABPC has signed an agreement with the Ministry of Education to sponsor a cybersecurity awareness program targeting eight schools, reaching approximately 6,500 students. The initiative aims to equip students with essential cybersecurity knowledge and promote safe digital practices.
- **Solar Energy Project:** In support of sustainability and clean energy adoption, the Company is collaborating with the Ministry of Education to fund the installation of a solar energy project at Somrah School in Samail. This initiative supports sustainability goals and encourages the adoption of clean energy solutions.
- **Physical Health Activities:** In partnership with the Ministry of Culture, Sports and Youth and the Ministry of Education, the Company sponsored a range of physical health and sports activities including football, basketball, handball, and chess. These events were conducted across schools in Manah and Adam, engaging over 10,000 students and organized in collaboration with Albashaer Club.
- **Inclusive Classrooms Initiative:** As part of its commitment to educational inclusivity, the Company will fund the installation of inclusive classroom facilities at a selected school in Muscat, in partnership with the Ministry of Education. This initiative aims to support students with diverse learning needs.
- **Employee Volunteering Programs:** The Company is also committed to fostering a culture of volunteerism among its staff. In 2025, employees will be encouraged to participate in various community initiatives such as beach clean ups in Sohar and other outreach programs, contributing their time and expertise to social and environmental causes.

Medium term Outlook

All reasonable measures are taken by the management to maintain high availability and reliability levels. Any change in the power supply and demand landscape in the Sultanate has substantially no impact on the financial performance of the Company since its profitability is mainly derived from its plant availability.

Acknowledgement

I would like to extend my personal thanks to all personnel associated with the operation of the power plant and the staff of the Company for their hard work and dedication, as well as to those others, such as our contractors, whose expertise has assisted us in achieving these excellent results.

Finally, on behalf of the Board of Directors, I would like to extend our deep appreciation and gratitude to His Majesty Sultan Haitham Bin Tariq and His Government for their continued support and encouragement to the private sector by creating an environment that allows us to participate effectively in the growth of the Sultanate’s economy and to dedicate our achievements to the building of a strong nation.