

Board of Directors’ Report

Dear Shareholders,

On behalf of the Board of Directors (“the Board”) of **Barka Desalination Company SAOG** (the “Company”), I have the pleasure to present the Unaudited financial statements for the period ended 30 June 2025.

Operational Highlights

The activity of the Company is to develop, finance, design, construct, own, operate and maintain a reverse osmosis desalination plant at Barka in the Sultanate of Oman with a capacity of 281,000 m³ per day.

The Company commenced commercial operation on 13 June 2018. Since then, the Company has been supplying potable water to Nama Power and Water Procurement Company in accordance with the Water Purchase Agreement. The Company has supplied 40,372,410 m³ of water during the period ended 30 June 2025.

The average scheduled plant availability for the period was over 99.94%, the result of a strict asset management program implemented by the Operator. The Company continues to uphold its reputation as the largest provider of potable water in the Sultanate.

On 18th March 2025, the Plant successfully completed the Annual Performance Test for the Contractual Year 8 (CY8).

Financial Highlights

Revenue has decreased by 4% (by RO 411K) as compared to the same period in the previous year. This is mainly due to slightly lower dispatch.

The cost of sales decreased by 7% (by RO 481K) as compared to the same period in the previous year. This is mainly due to lower dispatch supported by lower Capacity payment to the operator pursuant to the O&M contract.

The administrative and general expenses have decreased by 15% (by RO 32K) as compared to the same period in the previous year. This is mainly due to application of robust cost reduction plans.

Finance expenses have decreased by 9% (by RO 165K) as compared to the same period in the previous year. This is mainly due to the impact of lower SOFR rates, as 17.5% of the long term loan is unhedged, and partial loan repayment.

The current year’s profit before tax represents 11% of the revenue.
The current year’s profit after tax represents 8% of the revenue.

Based on the financial results, the shareholders to the AGM approved authorizing the Board of Directors to determine and distribute cash dividends to the Company’s Shareholders out of the retained earnings as per the Audited Financial Statements for the financial year ended 31 December 2024, the company distributed dividends of 6 Bz per share in May 2025 and shall distribute 6 Bz per share in November 2025.

Outlook for 2025

The Company is taking an endeavor to ensure that it continues to take reasonable and prudent measures to improve its performance for FY2025, by improving the Plant’s reliability and availability, without compromising on HSE matters.

Acknowledgement

I would like to extend my personal thanks to all personnel associated with the operation of the 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 Haitham Bin Tarik Al Said 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.

On behalf of the Board of Directors

Murtadha Ahmed Sultan

Chairman of the Board