

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 31 March 2026.

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 20,682,448m³ of water during the period ended 31 March 2026.

The average scheduled plant availability for the period was over 99.95%, 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 17th March 2026, the Plant successfully completed the Annual Performance Test for the Contractual Year 9 (CY9).

Financial Highlights

Revenue has increased by 5% (by RO 231K) as compared to the same period in the previous year. This is mainly due to higher dispatch.

The cost of sales increased by 8% (by RO 260K) as compared to the same period in the previous year. This is mainly due to higher dispatch supported by higher Capacity payment to the operator pursuant to the O&M contract.

The administrative and general expenses have decreased by 7% (by RO 7K) as compared to the same period in the previous year. This is mainly due to application of robust cost reduction plans.

Net Finance expenses have decreased by 8% (by RO 62K) as compared to the same period in the previous year. This is primarily due to the effect of lower SOFR rates on the portion of the long-term loan that remains unhedged, as well as the impact of partial loan repayment.

The current year’s profit before tax represents 12% of the revenue.
The current year’s profit after tax represents 10% 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 2025, the company will distribute dividends of 6 Bz per share in May 2026 and 6 Bz per share in November 2026.

Outlook for 2026

The Company is taking an endeavor to ensure that it continues to take reasonable and prudent measures to improve its performance for FY2026, 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 Sultan 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