

BOARD OF DIRECTORS’ REPORT

Dear Shareholders,

On behalf of the Board of Directors of Sohar Power Company SAOG (“Sohar Power” or the “Company”), I am pleased to present you with the Directors’ Report of the Company for the period ended 30 June 2025.

On 25 March 2025, Sohar Power Company shareholders held their Annual Ordinary General Meeting (“AOGM”).

The company is now back into full solvency position, following the satisfaction of all the Conditions Precedent (CPs) to the executed Amended and Restated Agreement (A&RA) on 12 December 2024 with lenders. The A&RA is now effective since 29 May 2025.

Health & Safety

The Q2-2025 has seen excellent Health and Safety performance for Sohar Power.

During this quarter, the Company continued the following activities at site:

- Dismantling of the MSF Units which is being undertaken by the MSF Buyer. The MSF Dismantling Project has clocked over 51,500 manhours with no Lost Time Accidents (LTA).
- Normal power plant operations, undertaken by the O&M Operator. there was no LTA during the quarter. The number of LTA free days stands at 4,535 days at the end of the Q2-2025.

The Health and Safety of our employees, contractors and visitors remains the utmost priority for the Company. The Company is committed to maintain its record to

ensure that highest standards of safety are maintained and that they are completed without any LTAs.

Operations

The Company achieved Commercial Operation Date on 28 March 2025 (which was officially confirmed by Nama PWP on 5 May 2025).

Following the COD, the Plant has so far generated 133,379 MWH of electricity. The three gas turbine units have been cycled and have clocked a number of starts.

The Return to Service of the Gas Turbines after a long period of preservation has not been without its challenges. On 25th May, the GT#2 suffered a trip while being dispatched down. This led to a loss of supply power (also from the connection with the grid) that led to coasting down of the turbine without lube oil, leading to damage to its bearings, seals and a few compressor blade stages. The unit is currently being repaired; restoration to service is expected in mid-August 2025. This has led to significant Business Interruption losses (estimated at OMR 1.5 million) and Repair and refurbishment costs (estimated at OMR 1.2 million). The company has made provisions to cover the impact up to Q2 and will continue to do so in Q3 as well. SPC has engaged with its Insurers and raised a claim in this regard. SPC and its Operator are also working towards understanding the Root Causes of the event to prevent its recurrence in the future.

Financial Performance

The Company has ended the period with a net profit of RO 20 million compared to a net loss of RO 3.2 million in the same period of 2024. This is mainly due to commencement of new PPA revenue and debt write off following the debt restructuring agreement.

The revenues for the period amount to OMR 7.3 million against OMR NIL million for the same period of 2024. This is mainly due to the commencement of the new PPA.

The direct and indirect costs for the period amount to OMR 5.5 million against OMR 0.9 million for the same period of 2024. This is due to costs related to recommissioning the plant and the operations costs following the start if new PPA.

Currently the company shares are traded under monitoring market. Following the return of the company to solvency position during Q2 2025, the share trading will be moved to the regular market subject to the approval of Financial Services Authority (FSA) and Muscat Stock Exchange (MSX).

Corporate Governance

In line with efforts deployed in previous years, the Company ensured that its organization, systems, policies, and procedures follow the highest standards of governance to always comply with the Code of Corporate Governance promulgated by the FSA, including the new Code requirements effective since July 2016.

Outlook for 2025

The Company is actively pursuing plant improvement projects; especially those related to component obsolescence and equipment deficiencies.

On behalf of the Board of Directors, I wish to thank our valued stakeholders, including our shareholders, lenders, the APSR, Nama PWP, FSA and partners for their continued support, trust, and confidence, especially during the difficult times that the Company faced over the past two years. I would also like to thank all the personnel associated with the preservation of the plant in Sohar and the staff of the Company for their loyalty, dedication and commitment.

I would also like to express our gratitude to His Majesty Sultan Haitham bin Tarik and His Government for their continued guidance, support and encouragement to the private sector.

Miklos Almasy

Chairman of the Board