

Sohar Power Company SAOG

Notes to the unaudited condensed financial statements 30 June 2025

1 Legal status and activities

Sohar Power Company SAOG ("the Company") was initially registered as a closed joint stock company in the Sultanate of Oman on 17 July 2004 to build and operate a 585-megawatt (MW) electricity generating station and 33 million Imperial Gallon per day of water desalination plant at Sohar. The shareholders in the Extra-ordinary General Meeting held on 23 March 2008 resolved to convert the company from a closed joint stock company into a public joint stock company. The Company achieved commercial operation date ("COD") on 28 May 2007 and continued operations for about 15 years until May 2022 till the expiry of the Term of its Power and Water Purchase Agreement ("PWPA").

Following a period of uncertainty, the Company negotiated a new Power Purchase Agreement ("PPA") for a period of nine (9) years, signed in December 2024, with Oman Power and Water Procurement Company SAOC ("OPWP") to supply power under open cycle mode with a capacity of 405(MW). The Company achieved COD on March 28, 2025.

The Company's principal place of business is located at Sohar, Sultanate of Oman.

2 Basis of preparation and significant accounting policies

Basis of preparation

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, applicable requirements of the Oman Commercial Companies Law of 2019 ("CCL") and disclosure requirements of the Capital Market Authority of the Sultanate of Oman ("CMA"). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for the year ended 31 December 2021. The condensed interim financial statements do not include all information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) Basis of measurement

These condensed interim financial statements are prepared on historical cost basis except for provision for asset retirement obligation and deferred finance costs which are measured at amortised cost and certain financial instruments which are measured at fair value.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant accounting policies

The significant accounting policies applied by the Company in these condensed interim financial statements are consistent with those applied by the Company in its financial statements as at and for the year ended 31 December 2024.

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3 Property, plant and equipment

(a) The movement in property, plant and equipment is as set out below:

30 June 2025	Buildings	Plant and machinery	Technical parts	Other assets	Decommissioning assets	Capital work-in-progress	Total RO'000	Total USD'000
Cost								
1 January 2025	108	20,700	16	26	777	-	21,627	56,174
Additions during the period	-	-	-	-	-	-	-	-
At 30 June 2025	<u>108</u>	<u>20,700</u>	<u>16</u>	<u>26</u>	<u>777</u>	<u>-</u>	<u>21,627</u>	<u>56,174</u>
Accumulated depreciation								
1 January 2025	15	408	2	26	456	-	907	2,356
Charge for the period	5	1,097	1	-	13	-	1,116	2,898
At 30 June 2025	<u>20</u>	<u>1,505</u>	<u>3</u>	<u>26</u>	<u>469</u>	<u>-</u>	<u>2,023</u>	<u>5,254</u>
Net book amount								
At 30 June 2025	<u>88</u>	<u>19,195</u>	<u>13</u>	<u>-</u>	<u>308</u>	<u>-</u>	<u>19,604</u>	<u>50,920</u>

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	30 June 2025 RO'000	31 December 2024 RO'000	30 June 2025 USD'000	31 December 2024 USD'000
3 Right-of-use assets and lease liability:				
Right-of-use assets				
At 1 January	1,273	4	3,305	10
Additions During the year/period	-	1,352		3,511
Depreciation Charges (note 15)	(65)	(83)	(169)	(216)
	<u>1,208</u>	<u>1,273</u>	<u>3,136</u>	<u>3,305</u>
Lease Liability				
At 1 January	1,351	1,352	3,509	3,511
Finance Charge	47	33	122	86
Adjustment due to modification of lease	-	-	-	-
Payments During the year	(110)	(34)	(286)	(88)
	<u>1,288</u>	<u>1,351</u>	<u>3,345</u>	<u>3,509</u>
Current Portion	(199)	-	(516)	-
Non-current portion	<u>1,089</u>	<u>1,351</u>	<u>2,829</u>	<u>3,509</u>
4 Trade and other receivables				
	30 June 2025 RO'000	31 December 2024 RO'000	30 June 2025 USD'000	31 December 2024 USD'000
Trade receivables	3,039	-	7,892	-
Advances and prepayments	313	141	812	368
Other advances	10	6,046	25	15,698
	<u>3,362</u>	<u>6,187</u>	<u>8,729</u>	<u>16,066</u>
5 Cash and cash equivalents				
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:	30 June 2025 RO'000	31 December 2024 RO'000	30 June 2025 USD'000	31 December 2024 USD'000
Current account balances with banks	3,423	841	8,891	2,184
	<u>3,423</u>	<u>841</u>	<u>8,891</u>	<u>2,184</u>

The current account balances with banks are non-interest bearing.

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6 Share capital

The authorized, issued and fully paid-up share capital of the Company as registered with the Ministry of Commerce and Industry is as follows:

	30 June 2025 RO'000	31 December 2024 RO'000	30 June 2025 USD'000	31 December 2024 USD'000
Authorized share capital of 600,000,000 shares of RO 0.100	<u>60,000</u>	<u>60,000</u>	<u>156,000</u>	<u>156,000</u>
Issued and fully paid-up share capital of 20,000,000 shares of RO 0.100	<u>2,000</u>	<u>2,000</u>	<u>5,195</u>	<u>5,195</u>

At the end of the period, shareholders who own 10% or more of the Company's share capital and the number of shares they hold are as follows:

Name of the shareholders	Percentage share holding 30 June 2025	Number of shares held 31 December 2025	Percentage share holding 30 June 2024	No of shares held 31 December 2024
Kahrabel FZE	35%	6,999,999	35%	6,999,999
MENA Sohar 1SPV LTD	20%	3,999,999	20%	3,999,999

7 Legal reserve

In accordance with the provisions of the Commercial Companies Law 2019, of the Sultanate of Oman, an amount equivalent to 10% of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve until such time as a minimum of one-third of the issued and fully paid-up share capital is set aside. During the current period, 'NIL' transferred to the legal reserve. (2024 'NIL'.)

8 Long-term loans

	30 June 2025 RO'000	31 December 2024 RO'000	30 June 2025 USD'000	31 December 2024 USD'000
Base facility	-	26,853	-	69,748
Repayment facility	-	5,165	-	13,416
Senior loan (b)	4,348	-	11,293	-
Junior loan (c)	<u>10,327</u>	<u>-</u>	<u>26,823</u>	<u>-</u>
	14,675	32,018	38,116	83,164
Less: deferred financing costs	-	(2)	-	(5)
Non-current portion of long-term loans	<u>14,675</u>	<u>32,016</u>	<u>38,116</u>	<u>83,159</u>

Syndicated facilities

The Company had syndicated long-term loan facilities ("Syndicated Facilities") amounting to USD 455 million. HSBC Bank PLC was the Facility Agent ("Facility Agent") for administration and monitoring of the overall loan facilities. HSBC Bank USA - National Association and Bank Muscat SAOG had respectively been appointed as the off shore security trustee and on-shore security agent for the secured finance parties.

Base facility

In the year 2021, the Company obtained the term loan under base facility in an aggregate amount of USD 382.50 million. The aggregate amount of base facility was repayable in 34 semi-annual instalments, of which 28 instalments were ranging between USD 6.5 million and USD 13.2 million. The last 6, post concession, instalments were of USD 15.03 million each. Repayments under the revised base facility commenced from 30 September 2007.

Repayment facility

In the year 2021, the Company obtained the term loan under repayment facility in an aggregate amount of USD 72 million. The aggregate amount of repayment facility were repayable in 34 semi-annual instalments, of which 28 instalments ranged between USD 1.2 million and USD 2.5 million. The last 6, post concession, instalments were of USD 2.89 million each. Repayments under the repayment facility commenced from 30 September 2008.

Extension of term loans

In the year 2022, the Company and its syndicate lenders entered into an agreement to defer the final maturity date of loan to 30 June 2023 (with the option to continue making the facilities available to the Company every three months, which started from 31 December 2022). Due to unviable future options, the Company was not able to extend the loan final maturity date beyond June 2023 resulting in a default to pay the June 2023 interest. Consequently, the Company started the bankruptcy proceedings after obtaining the EGM approval on 12 July 2023.

Interest: The facilities have interest at USD SOFR rates plus applicable margins.

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Covenants

For the year 2021, the facilities agreements contain certain covenants pertaining to, amongst other things, project finance ratios, entering into material new agreements, negative pledge, change of business, loan and guarantee. In the year 2022, as disclosed above, the Company had obtained extension of term loans. No extension was granted for the year 2023 and hence the Company defaulted and the financial statements of the Company for the year ended 31 December 2023 were made on a realisation basis. Since the new facility agreement was signed on 12 December 2024, which was not effective as at 31 December 2024, the Company was in breach of the old facility agreement, hence the term loans were classified in current liabilities for the year ended 31 December 2024.

(a) Restructuring of financial liability

The previous loans, had an accumulated balance of RO 36,946 thousand (USD 95,963 thousand) as at 31 December 2024 which included accrued interest amounting to RO 4,297 thousand (USD 12,798 thousand) and these were restructured into two components: a Senior Loan of RO 4,762 thousand (USD 12,369 thousand) payable by 31 December 2026 and a Junior Loan of RO 14,630 thousand (USD 38,000 thousand) expected to be payable by 31 December 2033. This restructuring resulted in the extinguishment of the original financial liability and the recognition of new financial liability under revised terms agreed on 29 May 2025 (also refer Note 2).

Security

The facilities are secured by comprehensive legal and commercial mortgages on all the assets of the Company.

Provision for decommissioning costs	30 June 2025 RO'000	31 December 2024 RO'000	30 June 2025 USD'000	31 December 2024 USD'000
At the beginning of the year/period	2,276	2,141	5,912	5,562
Unwinding of discount on decommissioning costs (Note 18)	72	135	188	351
At the end of the year/period	<u>2,348</u>	<u>2,276</u>	<u>6,100</u>	<u>5,913</u>

10 Income tax

The Company is subject to income tax in accordance with the income tax law of the Sultanate of Oman at the tax rate of 15% on taxable profits.

11 Trade and other payables

	30 June 2025 RO'000	31 December 2024 RO'000	30 June 2025 USD'000	31 December 2024 USD'000
Trade payables	-	-	-	-
Accruals and other payables	<u>1,304</u>	<u>6,174</u>	<u>3,382</u>	<u>16,044</u>
	<u>1,304</u>	<u>6,174</u>	<u>3,382</u>	<u>16,044</u>

12 Related party transactions and balances

The Company, in the ordinary course of business, deals with parties, which fall within the definition of 'related parties' as contained in IAS 24. The management believes that such transactions are not materially different from those that could be obtained from unrelated parties.

Significant transactions during the period with related parties are as follows:	30 June 2025 RO'000	30 June 2024 RO'000	30 June 2025 USD'000	30 June 2024 USD'000
Services provided by Sohar Operations and Maintenance Co. LLC (SOMC)	925	88	2,402	455
Services provided by Power Management Co. LLC	177	147	460	382
Directors' meeting attendance fees	10	10	26	26
SOGEX Oman LLC	12	-	31	-

A summary of the related party balances as at 30 June is as follows:

Amounts due to a related party	30 June 2025 RO'000	31 December 2024 RO'000	30 June 2025 USD'000	31 December 2024 USD'000
Sohar Operations and Maintenance Co. LLC	<u>157</u>	<u>29</u>	<u>408</u>	<u>75</u>
	<u>157</u>	<u>29</u>	<u>408</u>	<u>75</u>

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13 Revenue

	30 June 2025 RO'000	30 June 2024 RO'000	30 June 2025 USD'000	30 June 2024 USD'000
Power and water revenue	5,455	-	14,172	-
	<u>5,455</u>	<u>-</u>	<u>14,172</u>	<u>-</u>

14 Cost of revenue

	30 June 2025 RO'000	30 June 2024 RO'000	30 June 2025 USD'000	30 June 2024 USD'000
Fuel gas	2,616	-	6,795	-
Operations and maintenance costs	925	175	2,402	455
Depreciation	1,116	264	2,898	686
Depreciation relating to right-of-use assets	65	4	169	10
Other operating expenses	573	230	1,485	597
	<u>5,295</u>	<u>673</u>	<u>13,749</u>	<u>1,748</u>

15 General and administrative expenses

	30 June 2025 RO'000	30 June 2024 RO'000	30 June 2025 USD'000	30 June 2024 USD'000
Management fees	7	7	18	18
Directors' meeting attendance fees and remuneration	10	13	26	34
Legal and professional fees	20	30	52	78
Staff costs	28	12	74	31
Other administrative expenses	<u>188</u>	<u>192</u>	<u>484</u>	<u>499</u>
	<u>253</u>	<u>254</u>	<u>654</u>	<u>660</u>

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	30 June 2025	30 June 2024	30 June 2025	30 June 2024
	RO'000	RO'000	USD'000	USD'000
16 Finance costs				
Interest on base facility & Repayment	870	1,777	2,260	4,616
Interest Charges Senior Facility	29	342	76	888
Interest on junior loan	62	-	160	-
Amortisation of deferred financing costs	2	27	5	70
Other financial charges	18	18	47	47
Interest expense on lease liability	47		122	
Unwinding of discount on decommissioning costs (note 10)	72	68	187	177
	<u>1,100</u>	<u>2,232</u>	<u>2,857</u>	<u>5,798</u>

17 Net assets per share

Net assets per share is calculated by dividing the shareholders' funds by the number of shares at the end of the period.

	30 June 2025	31 December 2024	30 June 2025	31 December 2024
	RO'000	RO'000	USD'000	USD'000
Shareholders' funds (in '000)	6,391	(13,553)	16,599	(35,214)
Number of issued and fully paid-up shares at the end of the period (in '000)	<u>20,000</u>	<u>20,000</u>	<u>5,195</u>	<u>5,195</u>
Net assets per share (RO/USD)	<u>0.320</u>	<u>(0.678)</u>	<u>0.831</u>	<u>(1.761)</u>

18 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the net profit for the year with the weighted average number of shares issued during the period.

	30 June 2025	30 June 2024	30 June 2025	30 June 2024
	RO'000	RO'000	USD'000	USD'000
Net profit/(loss) for the period (in '000)	<u>19,944</u>	<u>(3,159)</u>	<u>51,813</u>	<u>(8,206)</u>
Weighted average number of shares at the end of the period (in '000)	<u>20,000</u>	<u>221,010</u>	<u>5,195</u>	<u>221,010</u>
Basic and diluted earnings per share (RO/USD)	<u>0.997</u>	<u>(0.014)</u>	<u>2.590</u>	<u>(0.036)</u>

19 Comparative Figures

Certain comparative figures have been reclassified where necessary to conform to the presentation adopted in these condensed interim financial statements.