

**Board of Directors Report and
Unaudited Financial Statements
for the period ended 30th June 2025**

Dear Shareholders,

On behalf of the Board of Directors of Sharqiyah Desalination Company SAOG (the “Company”), I am pleased to present the unaudited financial statements of the company for the period ended 30th June 2025.

Operational Highlights

The Sur Independent Water Plant (‘the Plant’) has produced and delivered volumes of water amounting to 12,316,744 m³ compared to 17,207,264 m³ in the same period (1st January to 30th June) of the last year, which is a decrease of 28.42% due to lower dispatch instructions. However, the contractual arrangement with the O&M contractor protects the company’s profitability even with any reduction in the water dispatch.

The average scheduled plant availability for the year reached 96%. This consistently high availability is the result of a strict maintenance program followed and implemented by the operation & maintenance team, as well as improved coordination with Nama Water services. The Company continues to maintain its excellent reputation as a provider of potable water to the Sharqiyah region.

On March 12, 2025, the Plant successfully completed the Annual Performance Test for the contractual year 17 (CY17). The demonstrated water capacity during the test was equal to 5,493.225 m³/h

The Solar Farm project was set in commercial operation on 16 April 2023 and contributes to reducing our carbon footprint. The Project is designed to save around 32 Millions Kwh per year corresponding to a saving of 27,200 Metric Tons CO₂ Equivalent (equal to 6,000 gasoline-powered passenger vehicles driven for one year).

Financial information

Revenue is RO 5.5 million compared to RO 6.4 million for the same period of previous year which has decreased by 13.18% (RO 837,629). This is mainly due to lower finance income and water output.

The cost of sales has decreased by 14.17% as compared to the same period of previous year RO 615,797 mainly due to lower water output and electricity cost.

Current year profit after tax reached RO 262,582 that represents 4.76% of the revenue compared to 4.71% the last year of the same period.

The total cash received from customers during the period (1st January to 30th June) was RO 8.2 million compared to RO 8.8 million and net cash generated from operation was RO 2.5 million compared to RO 2.7 million in the same period 2024.

Internal Control and Corporate Governance

The Management of the Company believes in a strong internal control system, overseen by our Internal Auditor in compliance with regulations prescribed by the Financial Services Authority (FSA) and The International Professional Practices Framework (IPPF).

The Company has in place high standards of corporate governance overseen by our Compliance and Governance Officer, which are compliant with the Code of Corporate Governance promulgated by the FSA.

Acknowledgements

As Chairman of the Board, I would like to thank our shareholders, not only for their confidence, but also for their continued support and for the expertise they bring to the Company.

The Board of Directors expresses its gratitude to NPWP, OWWSC (Nama Water Services), the Authority for Public Services Regulation, Muscat Clearing and Depository, the Financial Services Authority and the Government of Oman for their tremendous support in regulating and developing the water sector, and for their assistance, which comforts the smooth functioning of our operations.

Finally, we would like to extend our deep appreciation and gratitude to His Majesty Sultan Haitham bin Tarik bin Taimour for his wise leadership; we pray to Almighty to shower him with blessings, keep him in good health and give him a long life.

Thank you and kind regards,

Mr. Denis Le-Maout
Chairman