

Unaudited Consolidated Financial Statements
For the Six-Month Period Ended 30th June 2025

Board of Directors’ Report

Dear Shareholders,

On behalf of the Board of Directors (“the Board”) of SMN Power Holding SAOG (“the Company”), I have the pleasure to present the Board of Directors' Report for the six-month period ended 30th June 2025.

Corporate Governance

The Company has complied with the Code of Corporate Governance and applicable circulars issued from time to time by the Financial Services Authority (FSA).

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Company’s Operations

The Company continued its excellent performance in Health, Safety and the Environment (“HSE”) as providing a safe working environment is a key priority. The Board is pleased to share that during the Quarter two (“Q2”) of 2025, the HSE performance was excellent with no Lost Time Accident (“LTA”) in line with previous years. At the end of Q2 2025, a total of 5,975 LTA-free days were recorded at the Al Rusail Power Company SAOC (“Al Rusail”), while SMN Barka Power Company SAOC (“SMN Barka”) achieved 6,451 days without any LTA.

The commercial performance of both plants, SMN Barka and Al Rusail, is measured by their reliability, which is the ability to deliver the declared capacity as per the contracts. At the end of Q2 2025, the reliability at SMN Barka Plant was 91.7% (99.21% for the same period in 2024) for power which was mainly due to the steam turbine no. 2 incident and 89.02% (99.31% for the same period in2024) for water which was mainly due to the poor seawater quality. The reliability at Al Rusail Power Plant was 99.71% (99.82% for the same period in 2024) for the same period.

The Company produced an aggregate net power volume of 1,694.47 GWh (1,775 GWh for the same period in 2024) and a total volume of 11,896,288 m³ of potable water was delivered (16,954,336m³ for the same period in 2024).

All necessary maintenance activities for key equipment were performed in accordance with Original Equipment Manufacturers' recommendations, while applying the best industry standards and practices for health & safety and maintenance, during the year.

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Financial Results

Total Revenues in Q2 2025 amounted to RO 33.4 million (RO 39.9 for the same period Q2 2024), representing a decrease of RO 6.5 million compared to 2024. Total Revenues include fixed revenues (Fixed Capacity Fees) and variable revenues (Fuel Charge and Variable Operating & Maintenance Charge). The Company generated a consolidated net profit of RO 1.4 million during Q2 2025 compared to a net profit of RO 3.5 million for the same period of 2024 representing a decrease in net profit of RO 2 million.

The change in financial results highlighted above is mainly due to the following variances compared to the same period in 2024:

Revenue (Decreased by RO 6.5 million): The Company recorded lower capacity charges amounting to RO 4.6 million mainly due to commencement of the new contract for SMN Barka and Al Rusail plants at competitive tariffs as well as RO 1.8 million lower variable revenues due to lower load factors.

Direct costs (Decreased by RO 2 million): Similarly, this is mainly due to lower variable costs from lower load factors.

General and Administrative expenses (Decreased by RO 0.8 million): This is mainly due to savings achieved in Q2 2025 including the savings on Power 2024 and Barka Water 2024 tender-related costs.

- Finance costs (Decreased by RO 0.3 million): This is mainly due to lower interest costs following the scheduled repayments of the term loan facilities for the SMN Barka.
- Other income (Increased by RO 0.55 million): This is mainly due to interest income earned and the accrued income for the insurance claim pertaining to the Steam Turbine 2 incident.
- Income tax expense (Decreased by RO 0.8M): This is mainly due to lower profit before tax.

The reduction in **Non-Current Assets** is driven by the depreciation of the plant (fixed assets).

Future Outlook

The Company will continue its focus on HSE and maintain excellent reliability at both plants.

The decommissioning and dismantling process for Al Rusail, Gas Turbines 1 – 6, which were installed between 1984 to 1986, is ongoing. The dismantling of these units is

expected to be completed by the end of 2025.

SMN Barka and Al Rusail are participating in the spot market, however, such participation has no material impact on the Company's revenue as both SMN Barka and Al Rusail have a Power Purchase Agreement, and revenues are not impacted by participation in the spot market.

The addition of the renewable energy power plants is seen to affect the dispatch regime of the plant which may lead to some technical challenges in the future. The Company is liaising with the relevant authorities to minimize the impact of renewable energy penetration on the thermal asset.

In terms of the dividend distribution and as disclosed on MSX, the Annual General Meeting (AGM) of the Company that was held on 26th March 2025, has approved the distribution of a total dividend of OMR 14.56 million to shareholders (Baiza 73 per share) which has been fully paid in April 2025.

The Company has already received a dividend income of OMR 3 million from Al Rusail which will be available for distribution after satisfying the relevant requirements of the Commercial Companies Law and other applicable legislation.

Furthermore, the Board of Directors of SMN Barka, at its meeting held on 11th August 2025, resolved the distribution of cash dividends of OMR 2 million in September 2025. The dividend distribution is subject to Shareholders' approval at the Extra Ordinary General Meeting to be held in September 2025 and in compliance with the Commercial Companies Law, and other applicable Omani legislation.

The Company should be able to make future dividend distributions subject to the availability of cash, fulfillment of loan covenants in addition to satisfying the relevant requirements of the Commercial Companies Law and other applicable legislation due to successful refinancing of its outstanding debt and removal of any cash sweep restrictions.

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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 OmanPower and Water Procurement Company (OPWP), Integrated Gas Company (IGC), APSR, FSA and other governmental and non-governmental bodies for their guidance and support.

Finally, on behalf of the Board, I would like to extend our deep appreciation and gratitude to His Majesty Sultan Haitham bin Tarik and His Government for their continued support and encouragement to the private sector by creating an environment allowing us to contribute effectively to the growth of the Sultanate of Oman.

Dr. Abdullah Al Yahya’ey

Chairman of the Board