

BOARD OF DIRECTORS’ REPORT

Dear Shareholders,

On behalf of the Board of Directors of Al Suwadi Power Company SAOG (the “Company”), I have the pleasure to present the Directors’ Report of the Company for the six months ended June 2025.

Operational Results

The operational performance of the plant during this period was excellent. The consistently high plant’s reliability and technologically superior fuel-efficient operations of the plant continues to place it at the higher end of the merit order list for dispatch.

The plant achieved an excellent reliability of 99.7%. The plant delivered 2486 GWh to the Omani grid as compared to 2460 GWh delivered in H1 2024.

All operating equipment and the balance of plant equipment were serviced as per the agreed annual maintenance program. Consistent level of high plant availability is a testament of efficient and timely plant upkeep and periodic maintenance as per the equipment suppliers’ manual and ‘condition-based’ monitoring.

The Plant’s good operational performance was achieved with no Lost Time Accidents to any of our staff, thereby clocking 5,111 Lost Time Accident-free days since inception, and is reflective of our continued internal focus on Health, Safety, Environment and Quality Management.

Financial Results

	6 months 2025 RO'000s Unaudited	6 months 2024 RO'000s Unaudited	Percentage change
Revenues	44,355	43,147	2.8%
Direct costs	(32,528)	(31,341)	(3.8)%
Gross profit	11,827	11,806	0.2%
Profit before interest and tax	11,636	11,608	0.2%
Finance cost		(2,684)	18.7%

	(2,181)		
Profit before tax	9,463	8,976	5.4%
Net profit for the period	8,066	7,704	4.7%

The financial results for the six months of the current year are better than the corresponding period for the year 2024. The increase in revenue during H1 2025 as compared to H1 2024 was mainly in (i) Fuel Charge income due to annual gas price increase and higher power generation and (ii) Capacity Charge income due to annual indexation. The increase in direct costs during H1 2025 as compared to H1 2024 was mainly due to higher dispatch and higher gas price. The gross profit marginally increased by 0.2% during H1 2025 as compared to H1 2024 due to higher indexation and lower plant insurance cost which were mostly offset by higher heat rate loss and lower Capacity charge in the current year, previous year being a leap year.

Good reduction in finance costs during the period has increased the net financial results. The net profit and earnings per share have increased by 4.7% as compared to H1 2024.

The Company distributed dividends in June 2025 and will also be able to make future dividend distributions subject to the availability of cash and fulfillment of other covenants agreed within the Finance Documents.

Corporate Social Responsibility

Within its CSR initiative, the Company contributed 20% of its CSR budget to Oman Charitable Organisation. The remaining budget will be utilized to implement Student Cybersecurity Initiative by training school students in basic cybersecurity skills, Installing Solar Panels in schools to create awareness amongst the students for clean energy, and various other initiatives which have high impact on the community and in line with our vision and policy. The earmarked funds are expected to be spent in Q3 to Q4 of the current year.

Medium term Outlook

During H1 2025, routine maintenance of all plant equipment have been accomplished. All reasonable measures are being taken by the management to maintain high reliability level. Consequently, we expect a steady progress in the Company’s financial performance.

Acknowledgement

I would like to extend my personal thanks to all personnel associated with the operation of the power 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 heartily extend our best wishes to His Majesty Sultan Haitham Bin Tariq Bin Taimur Al Said. We thank the Government of Oman for creating an environment that allows us to participate effectively in the growth of the Sultanate’s economy. We commit our efforts to the building of a strong Oman.

