

Water, Valuable Resource.

2025
ANNUAL REPORT



شركة بركاء لتحلية المياه
Barka Desalination Company



His Majesty
Sultan Haitham bin Tarik





Contents

Board of Directors and Key Executive Officers	4
Board of Directors' Report	6
Auditor's Report on Corporate Governance	8
Corporate Governance Report	10
Description of the Company	22
Description of the Plant	23
Management Discussion and Analysis Report	24
Corporate Social Responsibility Report	27
Audited Financial Statements	29

Board of Directors and Key Executive Officers



MURTADHA AHMED SULTAN

Chairman of the Board



ALEXANDER PETERSON

Deputy Chairman of the Board
Member of the Nomination and
Remuneration Committee



MUNGARA NJOROGE

Member of the Board
Member of the Audit
Committee



YAQOUB HARBI AL HARTHI

Member of the Board
Member of the Nomination and
Remuneration Committee



PASCAL GRANTE

Member of the Board
Chairman of the Nomination
and Remuneration Committee



LATIFA LAHSINE

Member of the Board



MAJDA AL RAWAHI
Member of the Board



HARIB AL KITANI
Member of the Board
Chairman of the Audit Committee



YASMINE SOUISSI
Member of the Board
Member of the
Audit Committee



MOHAMMED AL ABRI
Member of the Board



MOHAMMED AL WAHIBI
Member of the Board

The Executive Management



ASIM AL RASHDI
CHIEF EXECUTIVE OFFICER
(CEO)



ZAIN AHMED SIDDIQUI
CHIEF FINANCIAL OFFICER (CFO)
BOARD SECRETARY

Board of Directors' Report

Dear Shareholders,

On behalf of the Board of Directors (“the Board”) of **Barka Desalination Company SAOG** (the “Company”), I have the pleasure to present the Audited financial statements for the year ended 31 December 2025.

Operational Highlights

The activity of the Company is to develop, finance, design, construct, own, operate and maintain a reverse osmosis desalination plant at Barka in the Sultanate of Oman with a capacity of 281,000m³ per day.

The Company commenced commercial operation on 13 June 2018. Since then, the Company has been supplying potable water to Nama Power and Water Procurement Company in accordance with the Water Purchase Agreement. The Company has supplied 84,506,758m³ of water during the period ended 31 December 2025.

The average scheduled plant availability for the period was over 99.92%, the result of a strict asset management program implemented by the Operator. The Company continues to uphold its reputation as the largest provider of potable water in the Sultanate.

On 18th March 2025, the Plant successfully completed the Annual Performance Test for the Contractual Year 8 (CY8).

Financial Highlights

Revenue has decreased by 2% (by RO 424K) as compared to the same period in the previous year. This is mainly due to slightly lower dispatch.

The cost of sales decreased by 3% (by RO 394K) as compared to the same period in the previous year. This is mainly due to lower dispatch supported by lower Capacity payment to the operator pursuant to the O&M contract.

The administrative and general expenses have decreased by 7% (by RO 30K) as compared to the same period in the previous year. This is mainly due to application of robust cost reduction plans.

Finance expenses have decreased by 10% (by RO 358K) as compared to the same period in the previous year. This is primarily due to the effect of lower SOFR rates on the portion of the long-term loan that remains unhedged, as well as the impact of partial loan repayment.

The current year's profit before tax represents 11% of the revenue.



The current year's profit after tax represents 8% of the revenue.

Based on the financial results, the shareholders to the AGM approved authorizing the Board of Directors to determine and distribute cash dividends to the Company's Shareholders out of the retained earnings as per the Audited Financial Statements for the financial year ended 31 December 2024, the company distributed dividends of 6 Bz per share in May 2025 and 6 Bz per share in November 2025.

Outlook for 2026

The Company is taking an endeavor to ensure that it continues to take reasonable and prudent measures to improve its performance for FY2026, by improving the Plant's reliability and availability, without compromising on HSE matters.

Acknowledgement

I would like to extend my personal thanks to all personnel associated with the operation of the 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 would like to extend our deep appreciation and gratitude to His Majesty Sultan Haitham bin Tarik Al Said and His Government for their continued support and encouragement to the private sector by creating an environment that allows us to participate effectively in the growth of the Sultanate's economy and to dedicate our achievements to the building of a strong nation.

Murtadha Ahmed Sultan
Chairman of the Board





KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

Private and confidential
Our ref.: aud/mc/yi/25203/26

Agreed-Upon Procedures Report on Code of Corporate Governance of Barka Desalination Company SAOG

To the Board of Directors of Barka Desalination Company SAOG

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting the Barka Desalination Company SAOG for submission of agreed upon procedures report on the compliance with the Code of Corporate Governance (the "Code") to Financial Services Authority ("FSA") to assist in compliance of requirements prescribed in the FSA Circular No. E/10/2016 dated 1 December 2016 (together the "Governance Code") and may not be suitable for another purpose. This report is intended solely for the Barka Desalination Company SAOG and the intended users and should not be used by, or distributed to, any other parties.

Responsibilities of the Barka Desalination Company SAOG

The Board of Directors has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Management of Barka Desalination Company SAOG is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioners' Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with Barka Desalination Company SAOG, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.



Practitioners' Responsibilities (continued)

Professional Ethics and Quality Control

We have complied with the relevant ethical requirements including independence requirements of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethical Standards Board for Accountants.

Our firm applies International Standard on Quality Management 1, *which requires the firm to design, implement and operate a system of quality management including policies and procedures* regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Barka Desalination Company SAOG in the terms of engagement dated 18 August 2022, on the compliance with the Code:

S. No	Procedures	Findings
1	We checked that the corporate governance report (the Report) issued by the Board of Directors includes as a minimum, all items suggested by FSA to be covered by the Report as detailed in the Annexure 3 of the Code by comparing the Report with such suggested content in the Annexure 3.	No exceptions noted.
2	We obtained the details regarding areas of non-compliance with the Code identified by the Barka Desalination Company SAOG Board of Directors for the year ended 31 December 2025. With respect to procedure above, we inquired from and obtained written representation from management and those charged with governance for non-compliance with the Code for the year ended 31 December 2025.	No non-compliance with the Code noted during the year.

This report relates only to the items specified above and does not extend to the Barka Desalination Company SAOG financial statements taken as a whole.

Mobeen Chaudhri
 Date 23 February 2026



Enclosures:
 Barka Desalination Company SAOG Corporate Governance Report

Corporate Governance Report

The Board of Directors (the “Board”) of Barka Desalination Company SAOG (the “Company”) hereby presents its Corporate Governance Report for the year ended 31 December 2025 in accordance with the Code of Corporate Governance of Public Listed Companies (the “Code”), clarifications and notifications issued by Financial Services Authority (the “FSA”) from time to time.

Company’s philosophy

The Company follows the principles of good Corporate Governance and has implemented all guidelines issued by the FSA. Effective Corporate Governance assures the shareholders that there is a well-performing management in place that supports the highest standards towards transparency, accountability, continuous improvement of business processes, disclosure, displaying the highest ethical standards, observing compliance with laws, permits, and regulations, and business propriety with the aim of enhancing long term shareholders value and the interest of all stakeholders. Towards this, the Company has put in place effective policies, procedures, and systems to ensure the fair and timely release of material information about the Company to the stakeholders. All the policies and procedures within the Company have been appropriately revised and implemented to ensure their compliance with the new/amended Laws and Regulations.

An Audit Committee and a Nomination & Remuneration Committee are fully operational in line with the provisions of the Code. The Company is being managed with due diligence and care and in the best interest of all shareholders.

In accordance with the FSA rules and guidelines on disclosure, the Company’s Statutory Auditors, KPMG, have issued a separate Report on the Company’s Governance Report for the year ended 31 December 2025.

Board of Directors

In compliance with the Company’s Articles of Association, the Board is constituted of 11 directors. During the Annual General Meeting (the “AGM”) of the shareholders of the Company held on 25 March 2024, the current Board of Directors was elected for a term of 3 years.

a) Composition, category, and attendance of Directors in the year 2025:

All directors are non-executive in accordance with the requirement of the Code.

During the year, the composition of the Board changed as follows:

1. Mr. Brian Marshall (Non-Independent Director) was replaced with Mr. Mungara Njoroge in February 2025.



Details of the Board of Directors meetings held during 2025 and the attendance of the members:

	Name of Directors	Category of Directors	Attendance 2025					
			Board Meetings					AGM
			18 Feb	30 Apr	23 Jul	29 Oct	Total	19 Mar
Incumbent as of Dec 31, 2025	Mr. Murtadha Ahmed Sultan (Chairman)	Non-Independent	✓	✓	✓	✓	4	✓
	Mr. Alexander Peterson (Deputy Chairman)	Non-Independent	✓	✓	✓	✓	4	✓
	Mr. Mungara Njoroge	Non-Independent	n/a	✓	✓	✓	3	x
	Mr. Pascal Grante	Non-Independent	✓	✓	✓	✓	4	✓
	Mr. Yaqoub Al-Harhi	Non-Independent	✓	✓	✓	✓	4	✓
	Ms. Latifa Lahsine	Non-Independent	✓	✓	✓	✓	4	✓
	Mr. Mohammed Al Wahaibi	Independent	✓	✓	✓	✓	4	x
	Mr. Harib Al Kitani	Independent	x	✓	✓	✓	3	x
	Mr. Mohammed Al Abri	Independent	✓	✓	✓	✓	4	✓
	Ms. Yasmine Souissi	Independent	✓	✓	✓	✓	4	✓
Ms. Majda Al Rawahi	Non-independent	✓	proxy	✓	✓	3	✓	
Resigned	Mr. Brian Marshall	Non-independent	✓	n/a	n/a	n/a	1	n/a

^ The category of incumbent directors is based on elections held during the AGM of 25 March 2024.

✓: attend, x: absent, n/a: not in seat

All nominee directors are representatives of equity investors.

- b) Directors holding directorship/ chairmanship in other joint stock companies in Oman as of December 31, 2025

Name of Director	Name of Companies and Position Held
None	None

The profile of Directors and key executive officers is included as an Annexure to the Corporate Governance Report.

Audit Committee

- a) Brief description of terms of reference
- b) The primary function of the Audit Committee is to provide independent assistance to the Board in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community, and other stakeholders relating to:
- (i) The integrity of the Company's financial statements and accounting and financial reporting processes;
 - (ii) The effectiveness of the Company's risk management and internal control systems;

- (iii) The performance of the Company's internal audit function;
- (iv) The qualifications and independence of the external auditors; and
- (v) The Company's compliance with ethical, legal, and regulatory requirements including the changes to the Laws and Regulations, as amended and promulgated by Financial Services Authority.

Consistent with this function, the Audit Committee encourages continuous improvement of, and promotes adherence to, the Company's policies, procedures, and practices for corporate accountability, transparency, and integrity.

In fulfilling its role, it is the responsibility of the Audit Committee to maintain free and open communication with the external auditors, the internal auditor, and the management of the Company and to determine that all parties are aware of their responsibilities.

- c) Composition, position, and attendance in the year 2025.

The Audit Committee is composed of a majority of independent directors as required by the Code.

Details of the Audit Committee meetings held during 2025 and the attendance of the members.

Name of Committee Members	Position	Attendance				Total	
		18 Feb	30 Apr	23 Jul	29 Oct		
Incumbent as of Dec 31, 2025	Mr. Harib Al Kitani	Chairman	x	✓	✓	✓	3
	Mr. Mungara Njoroge	Member	n/a	✓	✓	✓	3
	Ms. Yasmine Souissi	Member	✓	✓	✓	✓	4
Resigned	Mr. Brian Marshall	Member	✓	n/a	n/a	n/a	1

✓ : attend, x : absent, n/a : not in seat

Nomination & Remuneration Committee

a) Brief description of terms of reference

The primary function of the Nomination & Remuneration Committee of the Board is to:

- (i) Assist the general meeting in the nomination of proficient and high-caliber directors;
- (ii) Prepare job descriptions of the directors

including the Chairperson of the Board;

- (iii) Develop a succession plan for the Board or at least the Chairperson and executive management; and
- (iv) Propose proper remuneration and incentives policy to attract competent executive management.

The Committee meets at least twice a year.

b) Composition, position, and attendance in 2025

Details of the Nomination and Remuneration Committee meetings held during 2025 and the attendance of the members:

Name of NRC Members		Position	Attendance		
			18 Feb	18 Mar	Total
Incumbent as of Dec 31, 2025	Mr. Pascal Grante	Chairman	✓	✓	2
	Mr. Yaqoub Al-Harhi	Member	✓	✓	2
	Mr. Alexander Peterson	Member	✓	✓	2

✓ : attend, x : absent, n/a : not in seat

Process of the nomination of the directors

The election of the Board is governed by the Company's Articles of Association. The Company ensures that the election of the Board is held in accordance with the Commercial Companies Law, Regulations, and Rules issued by the Financial Services Authority (FSA).

In accordance with the requirement of the Code and the Articles of Association of the Company, the following shall be observed on the formation of the Board:

- (i) Eleven directors to be elected by the shareholders in general meeting for a term of 3 years;
- (ii) All directors shall be non-executive directors;
- (iii) All directors shall be natural persons;
- (iv) At least one-third of the directors shall be independent;
- (v) The members of the Board of Directors are elected from amongst the shareholders or non-shareholders.

- (vi) No director shall be a member of the Board of more than four joint stock companies or chairperson of more than two joint stock companies. Pursuant to Article 203 of the Commercial Companies Law, a member of the board of directors shall not participate in the management of any other Company which carries out similar business.

Remuneration matters

a) Sitting fees to members of the Board and its sub-committees

As approved by the shareholders, the sitting fees of RO 400 for the members of the Board and RO 200 for the members of the Audit Committee and Nomination & Remuneration Committee are paid. The sitting fee is payable to the members of the Board, the Audit Committee, and the Nomination & Remuneration Committee who attend the meeting either in person or by video conference.

The sitting fees for the year 2025 paid/payable to the directors for attending Board, Audit Committee, and Nomination & Remuneration Committee meetings amounted to RO 16,800 and RO 2,200, and RO 600 respectively.

b) Other payments/ remuneration to directors

There was no other payment/ remuneration to the directors besides the sitting fees.

c) Top officers

The Company paid its top officers an aggregate amount of RO 106,919 which includes salaries, allowances, performance-based bonuses, and other benefits. The remuneration paid is commensurate with their qualification, role, responsibility, and performance.

The performance-based bonus for staff members is based on the following criteria:

- At the beginning of the year, benchmark objectives, which include among other parameters, the financial performance of the Company, Health, Safety, and Environment targets, for each staff member are set.
- At the end of the year, the performance and actual results against each of these objectives are evaluated and most importantly, any extraordinary contribution by the staff member leading to Company's improved performance is duly noted and acknowledged.
- Based on the final score and a transparent process of evaluation, a bonus is worked out and disbursed.

Employees' notice period and severance fees are specified in the standard employment contract entered into by the Company with the staff. Generally, the employment contract carries a one month notice period. A severance

fee is payable to an employee if the employee is terminated with less than the agreed notice period.

Details of non-compliance by the Company

There were no penalties imposed on the Company by the Financial Services Authority ("FSA"), Muscat Stock Exchange ("MSX") or any other statutory authority on any matter related to the Financial Services Authority in the year 2025.

Means of communication with the shareholders and investors

The Company communicates with the shareholders and investors mainly through the MSX website and the Company's website (www.barkadesalination.com) in both English and Arabic. Material information is disclosed immediately, and financial information such as initial quarterly and annual un-audited financial results, un-audited interim financial statements, and annual report including audited financial statements and Management Discussion & Analysis Report are disclosed within the regulatory deadlines. The company holds live interactive sessions, after disclosure of its financial statements after 2nd quarter and annual in coordination with MSX. The Company's executive management is also available to meet its shareholders and analysts as and when required. To comply with the requirements of MSX of appointing an Investors Relation Officer (IRO), the Company has appointed Mrs. Raiya Al Rawahi (Sr. Compliance & Governance Officer) as the IRO of the company.

Market price data

a) High/Low share price and performance comparison during each month in the year 2025:

Month	Price (Baizas)				MSX Index (Service sector)	
	High	Low	Closing	Change from 1st January 2025*	Closing	Change from 1st January 2025
January	121	120	121	1.68%	1,692.27	-2.68%
February	125	125	125	5.04%	1,632.89	-6.09%
March	125	125	125	5.04%	1,599.49	-8.01%
April	124	123	124	4.20%	1,538.02	-11.55%
May	128	125	125	5.04%	1,625.07	-6.54%
June	0	0	128	7.56%	1,599.43	-8.02%
July	135	135	135	13.45%	1,807.93	3.97%
August	136	134	136	14.29%	1,958.31	12.62%
September	137	137	137	15.13%	2,080.92	19.67%
October	149	140	149	25.21%	2,268.68	30.47%
November	144	142	142	19.33%	2,357.79	35.60%
December	152	148	152	27.73%	2,405.16	38.32%

b) Distribution of the shareholding as of December 31, 2025:

Category	Number of shareholders	Number of shares held	Share capital %
5% and above	4	45,313,200	60%
1% to 5%	8	17,778,058	23.537%
Less than 1 %	416	12,430,742	16.463%
Total	428	75,522,000	100.0%

There are no outstanding securities, or any convertible instruments issued by the Company.

Professional profile of the statutory auditor

The shareholders of the Company appointed KPMG as its auditors for 2025. KPMG LLC in Oman was established in 1973 and is part of KPMG Lower Gulf Limited. KPMG in Oman employs more than 160 people, amongst whom are five partners and five directors, including Omani nationals. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. It operates in 143 countries and territories and has 273,000 people working in member firms around the world. KPMG Lower Gulf is part of KPMG International Cooperative's global network of professional member firms.

Acknowledgment by the Board of Directors

1. The Board of Directors accepts the responsibility for accurately preparing accounts and financial statements and confirms that the financial statements for the year 2025 have been prepared in accordance with the applicable International Financial Reporting Standards.
2. The Board of Directors, through the Audit Committee, has reviewed the Company's system of internal controls and assures efficiency and adequacy of the internal control systems including financial management and its related operations, obligation management, and risk management.
3. The Company has a robust business model and contractual framework as explained in detail in the financial statements and, as such, the Board of Directors confirms that they believe there are no material matters which may affect the continuation of the Company and its ability to continue its operations during the next financial year.



Chairman



Director

Brief Profiles of Directors

Name	Murtadha Ahmed Sultan
Position	Chairman
Year of Joining	2016
Education	Diploma in Sales and Marketing Management
Experience	<p>Mr. Sultan is a Director of W J Towell and Co. LLC, one of the largest privately owned companies in the Sultanate of Oman with a diversified portfolio ranging from real estate, FMCG, automotive, construction, engineering, industry and services. The Group is headquartered in Oman and also has offices in UAE and Kuwait.</p> <p>Having joined W J Towell in 1975, Mr Murtadha Ahmed Sultan has built a wealth of experience working in Oman at a Board level. His responsibilities within W J Towell include acting as Chairman for a number of companies, including Towell Auto Centre LLC, Towell Mattress & Furniture Industry, Husetex/Royalton. Mr. Sultan also has extensive experience working with SAOG companies, with directorships in United Power Company and Gulf International Chemicals. He was also a member of many Omani government organisations.</p>

Name	Alexander Peterson
Position	Deputy Chairman
Year of Joining	2023
Education	Mr. Peterson holds J.D. and LL.M. degrees from Cornell Law School, USA, as well as B.A. degrees from both Ritsumeikan University, Japan, and American University, USA.
Experience	An attorney qualified in Washington State, USA, Mr. Peterson has served in various private practice, in-house, and public sector legal roles. A long-time employee of ITOCHU Corporation focusing on developing and managing various infrastructure investment projects around the world, Mr. Peterson currently serves as Senior Manager, Concessions / PPP, in the Infrastructure Projects Department of ITOCHU Middle East LLC, based in Dubai, UAE.

Name	Brian Marshall
Position	Deputy Chairman (Resigned)
Year of Joining	2016
Education	Mr. Marshall holds a Bachelor of Science. Degree in Civil Engineering from University of Glasgow, UK and holds Master's degree in Marine Technology from University of Strathclyde, UK. Mr. Marshall also has an MBA in Finance from City University London, UK. Mr. Marshall is a member of the Institution of Civil Engineers in the UK.
Experience	<p>Brian Marshall graduated as a civil engineer in 1978 and spent ten years in the UK construction industry and the oil and gas sectors working for Exxon and British Gas.</p> <p>Mr. Marshall spent a further twenty years in the banking sector providing financial advice and raising funding for infrastructure projects with Bank of America, BZW/Barclays Capital and Macquarie Bank.</p> <p>Mr. Marshall joined Itochu Europe in 2009 where he was initially head of Itochu's European Business Development team responsible for supporting Itochu's business divisions in relation to mergers, acquisitions and project financing. Since 2018 Mr. Marshall has been part of I- Environment Investments Ltd(IEI), a wholly owned subsidiary of Itochu Corporation, working to develop and manage water and environment projects in the Middle East.</p>

Name	Yaqoub Harbi Al Harthi
Position	Board Member
Year of Joining	2023
Education	Mr. Yaqoub holds a B. Eng. degree in mechanical engineering from Sultan Qaboos University (Oman). Also, he has a Master degree in Mechanical engineering from Sultan Qaboos University (Oman) in progress.
Experience	Mr. Al Harthi has been associated with power plant operations and management in various power plants of ENGIE for over 23 years. He currently holds the position of Chief Executive Officer of Suez-tractabel Operation and Maintenance Oman. Prior to this he was the CEO of Sohar Power Company SAOG. In 2017 he was appointed as CEO of Al Batinah Power Company SAOG. In 2015 he was appointed as CEO of Al Kamil Power Company SAOG. Prior to that he was the General Manager of Al Kamil Construction and Services LLC from early 2014. He has also worked in Rusail Power Station and Sohar 1 Power and Water Plant as Operations Manager for several years.

Name	Mohammed Al Wahibi
Position	Board Member
Year of Joining	2021
Education	Mr. Al Wahibi holds a Bachelor's Degree in Civil Engineering, a Higher Diploma in Civil Engineering and A Higher Diploma in Non-Standard Engineering.
Experience	Mr. Al Wahibi's last position was working with the Project Follow-up Experts Officer of Muscat Municipality, and he had a career with the Muscat Municipality spanning over 30 years. Mr. Al Wahibi has also been involved in the management of a private construction company.

Name	Harib Al Kitani
Position	Board Member
Year of Joining	2021
Education	Mr .Al Kitani holds a Master’s Degree in Business Administration and a Bachelor or Engineering Degree in Chemical and Biochemical Engineering.
Experience	Mr .Al Kitani has previously held many senior positions in Oman Oil and Gas Industry ,including working for Oman LNG for 25 years - firstly in the role of Vice President of Marketing and thereafter as CEO for 17 years between Qalhat and Oman LNG .Mr .Al Kitani has also worked for 13 years at Oman Refinery Company and has previously held directorships on the Board of Oman Tourism Development Company SAOC) ,Omran ,(Oman Trading International LLC) OTI ,(International Maritime College ,Senboku Power Company) Osaka ,Japan (and the Oman Cancer Awareness Association. Currently a Board member of Maysan RE LLC and Chairman of Excellence Center for Development LLC.

Name	Mohammed Al Abri
Position	Board Member
Year of Joining	2021
Education	Prof. Al Abri holds a Ph.D in Chemical Engineering from the University of Nottingham (UK), awarded in June 2007, in addition to a Bachelor of Engineering Degree in Chemical Engineering also from the University of Nottingham (UK), awarded in June 2003.
Experience	Prof. Al Abri is currently a Professor in the Department of Petroleum and Chemical Engineering, College of Engineering at Sultan Qaboos University, Sultanate of Oman, and Director of the Nanotechnology Research Centre, also at Sultan Qaboos University, Sultanate of Oman. From September 2014 to July 2015 Dr. Al Abri was also a visiting academic at the School of Chemical Engineering, Faculty of Engineering, Architecture and Information Technology at the University of Queensland, Australia.

Name	Yasmine Souissi
Position	Board Member
Year of Joining	2024
Education	Dr. Yasmine holds an Engineering Degree in Applied Sciences and Technologies from National Institute of Applied Sciences and Technology (Tunis). Also, she got MSc in Sciences, Technologies and Health from Claude Bernard University, Lyon (France). And PhD in Chemistry and Environmental Sciences from Ecole Polytechnique, Paris (France).
Experience	Dr. Yasmine Souissi has more than 16 years of working Experience in Engineering, Sciences and Technologies. Yasmine Souissi is currently working as University Academic, Director of the Research and Consultancy Office and Associate Deputy Rector for Research and Innovation at the German University of Technology in Oman.

Name	Pascal Grante
Position	Board Member
Year of Joining	2022
Education	2004 - Executive Management Program INSEAD Fontainebleau (France) 1992 - Master in Business Administration Nancy University France 1983 - Degree in Commerce and Technical (Electro-Mechanical), Paris Lycée Raspail (France)
Experience	03/2022 to present: Veolia - Dubai UAE Chief Executive Officer- Near and Middle East 2019 to 2022 - SUEZ - Dubai UAE Head of Business Development for the Middle East Head of Waste Division and Board Member for both UAE and KSA: 2017 to 2019 French O&M Director of Wastewater Network Cleansing and Inspection: 2011 to 2016- MASA Marafiq SAUR O&M JV - Saudi Arabia Executive General Manager 2008 to 2011: SAUR Group France Waste Management Division Deputy General Manager 2004 to 2008 SUEZ GROUP - SITA MOS - Lyon France Managing Director, member of the board SITA Lorraine, members of the board of Suez subsidiaries 2000 to 2004 - SUEZ Group - SITA Lorraine - Metz France Managing Director, member of the board SITA Lorraine, members of the board of six subsidiaries 1999 to 2000 - SUEZ Group Sanitra IDF - Asnieres France Deputy General Manager 1995 to 1999 - SUEZ Group - SITA Corporate Malaysia Regional Director of Malaysia/ Singapore/ Brunei 1991 to 1995- SUEZ Group - SITA Lorraine- Vosges France Business Unit Manager 1986 to 1991 - DEXEL, Nanterre France Business Unit Manager

Name	Latifa Lahsine
Position	Board Member
Year of Joining	2022
Education	M.S (Chemical Engineering, Technologies and Health) 2006 Paris Sud University of Sciences (Orsay, France) B.S (Chemical Engineering) - Major: Organic Chemistry - Environment 2004 Paris Sud University of Sciences (Orsay, France) Chemical Engineering 2003 National School of Chemistry, Physics and Biology (Paris XIII, France)B.S (Chemical Engineering) - Major: Organic Chemistry - Environment 2004 Paris Sud University of Sciences (Orsay, France) Chemical Engineering 2003 National School of Chemistry, Physics and Biology (Paris XIII, France)
Experience	2005 - 2006 : Environmental Research Engineer in ENGIE (Previously GDF SUEZ) 2007 - 2014: Business Development Activities - Market Intelligence in SUEZ (Previously Degrémont Middle East LLC) 2007 - 2015: Proposal Manager in SUEZ 2018 - Present: Vice-President Engineering and Technical Support Group in ENGIE AMEA

Name	Majda Al Rawahi
Position	Board Member
Year of Joining	2023
Education	University of Wales, Lampeter – major in BA Hons. Management
Experience	12+ years of dynamic leadership experience in people, culture and organizational strategy within the human resources industry in the Energy and Environmental sector. Including extensive knowledge in performance, change management, corporate strategic direction, investment in human capability and corporate identity

Name	Mungara Njoroge
Position	Board Member
Year of Joining	2025
Education	Mr. Njoroge holds a Bachelor of Science degree in Economics from the London School of Economics and a Master’s degree in Accounting and Finance also from the London School of Economics. Mr. Njoroge is also a Chartered Accountant and holds an MBA from INSEAD.
Experience	<p>Mr. Njoroge started his career at EY in London where he spent 4 years in a tax consulting role before joining UBS Investment Bank in London for almost 5 years in a finance role.</p> <p>After 18 months with private equity firm Actis in Nairobi, Mr. Njoroge went to pursue his MBA at INSEAD after which he joined global emerging markets private equity firm the Abraaj Group in Dubai as an investment professional in the firm’s infrastructure team.</p> <p>After 5 years with the Abraaj Group, Mr. Njoroge joined Mitsubishi Corporation in Dubai for 2 years focusing on renewable energy project development in Africa and the Middle East.</p> <p>Mr. Njoroge is currently employed by ITOCHU Middle East (subsidiary of Japan’s ITOCHU Corporation) as a Senior Business Development Manager in the Infrastructure Projects Department. Mr. Njoroge focuses on the development of infrastructure projects in the Middle East region, particularly water and waste management projects.</p>

Brief Profiles of Key Executive Officers

The senior management team has been empowered by the Board of Directors for the day-to-day operations of the Company.

Name	Asim Ali Al Rashdi
Position	Chief Executive Officer
Year of Joining	2024
Education	Diploma in Process Operation Technology, International, Maritime College Oman (IMCO).
Experience	With more than 14 years of experience in the environmental services, Previously working as contract manager for BP Khazzan RWTP, STP & WMA plants. Part of the leading experts in the environmental services for Veolia Oman, in the water department as well as sustainable energy.

Name	Zain Ahmed Siddiqui
Position	Chief Financial Officer
Year of Joining	2023
Education	1) BSC (Hons.) in Applied Accounting from Oxford Brookes University, Oxford, United Kingdom 2) Fellow Chartered Certified Accountant (FCCA) from ACCA, Glasgow, United Kingdom.
Experience	<p>Mr. Zain Ahmed Siddiqui started his Career with Pricewaterhouse Coopers (PwC) in Pakistan where he stayed for 4.5 years and led client engagements across various industries such as Pharmaceutical, Textile, Banking and Print Media.</p> <p>He was also part of Alibaba Group in Pakistan, namely Daraz Pakistan, one of the country's largest e-Commerce platforms, looking after Management Reporting at Group Consolidation level for 5 Countries.</p> <p>Previously in the Sultanate of Oman he was associated with the Oman Antimony Roasting plant situated in Sohar, looking after Management and Financial Reporting of the Company.</p> <p>He has been appointed as the Chief Financial Officer (CFO) for Barka Desalination Co. SAOG.</p>

Description of the company

The Company's core business activity is to develop, own and operate the Barka Independent Water Project, a sea water reverse osmosis (SWRO) plant with a production capacity of 281,000 m³/d (61.8 MIGD) located in Barka, South Batinah Governorate, Sultanate of Oman. The Plant has been in commercial operation since 13 June 2018.

The Company currently generates its revenues pursuant to a 20-year term WPA with NPWP, which is indirectly wholly owned by the Government. The desalinated water from the Plant is fully contracted to NPWP and used to meet the growing water demand of the country during the term of the WPA and beyond. As the largest SWRO plant in the Sultanate of Oman, the contracted water capacity of the Plant represents approximately 25% of the operating capacity in the Main Interconnected System as per OPWP's 7 years statement (2023-2029).

Electricity is supplied to the Company by Nama Electricity Supply Company (NESO) pursuant to the ESA. The Company, as System User has entered into the ECA to secure connection to the Transmission System over the contracted WPA period. The potable water is delivered to PAEW, now Nama Water Services, reservoirs adjacent to the Plant. The Operator VES SPC is a company controlled by one of the Project Founders.

The Plant is located in heart of the MIS close to major demand zones. The following map displays the approximate location of the Plant:



Description of the Plant

The Plant is located 50 km west of Muscat on the Gulf of Oman, west of existing Barka I, II and III Plants, adjacent to the existing Batinah Coastal Highway, Al Batinah South Governorate, Sultanate of Oman and was developed under BOO scheme. The Plant has been in commercial operation since 13 June 2018. The Plant has a capacity of 61.8 MIGD (281,000 m³/day) and comprises offshore intake towers, submerged sea water intake and outfall pipelines, sea water pumping station, SeaDAFTM System, dual media gravity filters for pretreatment, cartridge filters, a double pass SWRO system, post treatment with carbon dioxide and lime dosing remineralization system plus chlorination and fluoridation and all other related auxiliary systems. SWRO is a relatively simple technology with no large moving parts which assists in reducing operational risks.

The following picture display the Plant's water facility in operation:



Management Discussion and Analysis Report

Industry structure and development

85% of potable water demand in Oman is met from seawater which is desalinated by plants located throughout the country. Oman's water system is divided into regional systems including the Main Interconnected System (MIS), the largest part of the system covering the highly populated northern area of Oman.

Barka Desalination Company's ("BDC" or "Company") core business activity is to develop, own and operate the Barka Independent Water Plant, the largest SWRO desalination plant in Oman with a contracted capacity of 281,000 m³/d which caters to about 20% of the water demand in the Sultanate as per OPWP's 7-year statement (2023-2029). The Plant is strategically located at Barka, South Batinah Governorate, and is thereby a key water supply unit for Muscat city. The Plant has been in commercial operation since 13 June 2018.

The Company has entered into a 20-year WPA (expires in April 2038) with NPWP, a government-owned entity. Nama Power and Water Procurement Company (NPWP) is the single buyer of water for all IWPP and IWP projects and is responsible for meeting the growing demands. With a long-term WPA, the Company has a well-established contractual framework and receives capacity charges from NPWP based on the Plant's availability irrespective of the quantity of water dispatched. This makes the Company resilient to water demand fluctuations during the WPA period.

Opportunities & Challenges

Barka Desalination Company benefits from a long-term income stream and strengths including the following:

- Well-established contractual framework with the long-term purchase agreement, ensuring cash flow protection against adverse events such as buyer risk events and force majeure.
- Stable and predictable cash flows, resilient to potential shocks in electricity prices and water demand during the term of the WPA.
- Proven long-term reliable RO desalination technology.
- Experienced Project Founders with an established track record of ensuring the transfer of skills and know-how.
- Fully operational Project.
- Experienced international operator comprising experts and skilled operational personnel.
- Continuous demand for water, with opportunities for incremental growth in revenue after the expiry of the current off-take contract.

Risks associated with the project

Operational Risks

The Company has the following arrangements to mitigate risks:

The Company has taken out insurance



policies against property damage/machinery breakdown, business interruption, terrorism and/or sabotage, and public/product liability.

The Company has entered into the O&M agreement with the Operator, whose employees have experience managing similar plants internationally. Under the O&M Agreement, the Operator ensures continuous operation and minimal downtime for repairs.

A substantive portion of the Plant's operational and maintenance risk is transferred to the Operator under the O&M Agreement.

Performance Risk

The Company is required to carry out periodic performance tests to demonstrate the available Plant capacity. If the Plant is unable to achieve the required targets, then the Company may no longer be eligible to receive the projected Water Capacity Charges as provided under the WPA, until such time as the Plant successfully achieves the targets in a subsequent performance test.

However, the Plant has successfully passed all the tests required under the WPA prior to COD and all the performance tests since COD. It has also been operated satisfactorily since the most recent test was conducted in March 2025.

Availability of skilled personnel

The Company depends to a significant degree on the continued services of key personnel, both employed by it and those employed by the Operator. Their skills and experience are crucial

elements to the success of the Company's business. The Company has a limited number of employees, as the labour-intensive operation and maintenance are outsourced to the Operator.

The loss of any member of the Management or the loss of any other key employees may result in a loss of organisational focus, poor execution of operations, or an inability to identify and execute potential strategic initiatives. However, if the Company was exposed to a loss of senior executives and employees, it would be able to pool resources from and rely on the support of the Project Founders, and this serves to mitigate the risk faced by the company in this respect.

Operational Highlights

Health, Safety and Environment performance.

In 2025 and since COD, there has not been any lost-time accident. Health and Safety is a core value of BDC. The Operator is continually setting objectives and targets to improve performance and maintain the work site as a safe place to work and visit.

The plant is obligated to an environmental inspection done by a 3rd party. Including lab analysis on marine environment, noise monitoring, and waste management data. Compliance with government standards and regulations is also inspected. The plant was compliant in 2025 on all parameters. In addition, the Plant has developed energy efficient solutions, resulting in a record low consumption per m³ produced. The carbon emissions are also followed and effort made

to reduce the environmental impact and to contribute to circular economy,

Business continuity

The Plant has achieved excellent operating performance with efficient Plant operation since its Commercial Operation Date (COD) with high commercial reliability which evidences efficient plant operation. The approval plan to do the performance tests number nine will be in March 2026, with the latest one having been completed in March 2025. In all the completed performance tests, the Plant has been able to demonstrate performance parameters that were inline or better than the contractual parameters. In 2025, the plant availability recorded was more than 99%, excluding the scheduled unavailability period as per the terms of the WPA. The SWRO process does not require any input but electricity to operate and the Plant contains a pre-treatment system, designed to remove solids from seawater which enables the Plant to operate at full capacity during unforeseen algal blooms and other potential adverse events.

During 2025, the Plant produced a total of 84,506,758 m³ of potable water with a utilization factor averaging 82.4% of total plant capacity and 4.02% of scheduled unavailability. Plant production is determined by the daily dispatch instruction issued by NWS. Overall, total forced outages in 2025 were 0.07% against 0.07% for 2024.

The water quality throughout 2025 has been within contractual range and Omani Standards for all water delivered to the governmental reservoir.

To comply with the high plant availability requirements imposed by the Water Purchase Agreement, the Asset Management has been aligned to the level of requirements of the ISO 55000:2014. Asset Risk & Condition assessments are carried out at regular intervals to plan the equipment maintenance

The Energy Management System has been structured to align with the requirements of ISO 50001:2018. Energy performance and efficiency evaluations are conducted on a daily basis to maintain optimal equipment operation and maintenance activities. This proactive approach enables real-time monitoring of energy consumption patterns and swift identification of any deviations from established benchmarks. Furthermore, the system facilitates continuous improvement through regular energy audits, implementation of energy-saving initiatives,

and ongoing staff training to foster a culture of energy consciousness throughout the organization.

The Plant benefits from extensive management expertise and operational knowledge accumulated through decades of experience. The management is strongly supported by a highly trained Plant staff of approximately 54 employees, of which 52 employees are Omani citizens. The Project has achieved an overall Omanisation ratio of 98% as of 31 Dec 2025.

Financial and Operational Performance

Revenue has decreased by 2% (by RO 424K) as compared to the same period in the previous year. This is mainly due to slightly lower dispatch.

The cost of sales decreased by 3% (by RO 394K) as compared to the same period in the previous year. This is mainly due to lower dispatch supported by lower Capacity payment to the operator pursuant to the O&M contract.

The administrative and general expenses have decreased by 7% (by RO 30K) as compared to the same period in the previous year. This is mainly due to application of robust cost reduction plans.

Finance expenses have decreased by 10% (by RO 358K) as compared to the same period in the previous year. This is primarily due to the effect of lower SOFR rates on the portion of the long-term loan that remains unhedged, as well as the impact of partial loan repayment.

The current year's profit before tax represents 11% of the revenue.

The current year's profit after tax represents 8% of the revenue.

Based on the financial results, the shareholders to the AGM approved authorizing the Board of Directors to determine and distribute cash dividends to the Company's Shareholders out of the retained earnings as per the Audited Financial Statements for the financial year ended 31 December 2024, the company distributed dividends of 6 Bz per share in May 2025 and 6 Bz per share in November 2025.

Outlook for 2026

The Company will endeavor to ensure that it continues to take reasonable and prudent measures to improve its performance for FY2026, by improving the Plant's reliability and availability, without compromising on HSE matters.

Corporate Social Responsibility Report

Society

Supporting 100 low-income families and those laid off from education by providing a set of basic food items that the government distributes to needy families and beneficiary individuals.



Supporting orphans on the occasion of Eid al-Fitr by meeting their basic needs for the holiday. The initiative seeks to meet the needs of orphans in various areas, such as nutrition, clothing, psychological and social support.





Iftar initiative for 186 people every day throughout the holy month, which is the second in a row, and the food basket initiative targeting 90 families



Supporting the Oman Charitable Organization

Barka Desalination Company allocates 20% of its budget to its social responsibility program, which includes: Providing financial assistance (10%), housing assistance such as home repairs and maintenance (10%), medical assistance (5%), educational assistance, in addition to sponsoring orphans, distributing food aid (Iftar meals), and disaster relief.



Omani Environmental Society Membership Initiative

Barka Desalination Company is a member of the Omani Environmental Society for corporate membership which (founded in 2004) is the leading and only non-profit civil organization in the Sultanate of Oman concerned with conserving nature and protecting the environment. The society works to raise environmental awareness, promote sustainable behaviors, conduct field research studies, and protect biodiversity (such as turtles and whales) through volunteer initiatives and international and local partnerships.

Electric Wheelchairs

Initiative to Support People with Disabilities with Electric Wheelchairs Barka Desalination Company will support the community (people with disabilities) by providing them with advanced electric wheelchairs.





KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

Independent Auditors' Report

To the Shareholders of Barka Desalination Company SAOG

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Barka Desalination Company SAOG ("the Company"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Sultanate of Oman. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Continued on page 4



Continued from page 3

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of non-financial assets

See Note 3, 4 and 5 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2025 the Company has non-financial assets with impairment indicators amounting to 87.546 million. Non-financial assets comprising the carrying value of property, plant and equipment (87.62 million) and right of use assets(0.512 million) minus the related lease liability (0.586 million), are considered as one cash generating unit (CGU).</p> <p>The impairment testing of the non-financial assets of the Company is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgment required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGU, has been derived from discounted forecast cash flow model (value in use). These models use several key assumptions, including estimates of future fixed and variable income, operating costs and the weighted-average cost of capital (discount rate).</p> <p>Refer to note 3 (Summary of material accounting policies), note 4 (critical accounting judgement and key sources of estimation uncertainty) and note 5 (Property plant and equipment) of the financial statements for further details.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • Obtained an understanding of the impairment assessment methodology and key assumptions followed by management in determining the recoverable amount; • Evaluated the design and implementation of key internal controls over the impairment assessment and recoverable amount calculations; • Involved our own valuation specialist to assist in evaluating the appropriateness of the discount rates applied; • Evaluated the appropriateness of the assumptions applied to key inputs such as estimate of future fixed and variable income, operating costs, which included comparing these inputs with our own assessments based on our knowledge of the company and the industry; • Tested the mathematical accuracy of the discounted cash flow model; • Performed a retrospective review of management’s prior year cash flow forecasts by comparing forecasted cash flows and key assumptions used in earlier impairment assessments with actual historical performance for the relevant periods; • Performed our own sensitivity analysis, which included assessing the impact of reasonably possible change in the discount rate and reductions in forecast cash flows, to evaluate the effect on the currently estimated headroom of the non-financial assets.;and • Evaluated the adequacy of the financial statement disclosures in accordance with the applicable financial reporting framework.

Continued on page 5



Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' Report, Management Discussion and Analysis Report and Corporate Governance Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the relevant requirements of the Financial Services Authority and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Continued on page 6



Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, we report that these financial statements as at and for the year ended 31 December 2025, comply, in all material respects, with the:

- relevant requirements of the Financial Services Authority; and
- applicable provisions of the Commercial Companies Law of 2019.

Mobeen Chaudhri
23 February 2026


KPMG LLC



STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 ±'000	2024 ±'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	87,620	90,774
Right-of-use assets	6	512	527
Derivative instruments	11	4,329	6,003
Total non-current assets		92,461	97,304
Current assets			
Derivative instruments	11	506	373
Trade and other receivables	7	1,837	2,057
Short term deposits	8	-	1,320
Cash and cash equivalents	8	2,440	848
Total current assets		4,783	4,598
Total assets		97,244	101,902
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	7,552	7,552
Legal reserve	10	788	628
Retained earnings		5,280	4,689
Hedging reserve	11	4,110	5,420
Shareholder loan reserve	13	367	425
Total equity		18,097	18,714
Non-current liabilities			
Long term loan	12	61,476	65,612
Shareholders' loan	13	3,036	3,429
Lease liabilities	14	580	585
Provision for decommissioning obligation	15	1,254	1,176
Deferred tax liabilities	21	5,939	5,675
Total non-current liabilities		72,285	76,477
Current liabilities			
Long term loan	12	4,268	4,133
Shareholders' loan	13	448	507
Lease liabilities	14	6	6
Trade and other payables	16	2,140	2,065
Total current liabilities		6,862	6,711
Total liabilities		79,147	83,188
Total equity and liabilities		97,244	101,902
Net asset value per share (±)	27	0.240	0.248

The financial statements were authorised for issue and approved by the Board of Directors on 18 February 2026 and were signed on their behalf by:



Chief Executive Officer




Chief Financial Officer

The attached notes from page 38 to 78 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
For the year ended 31 December 2025

	Notes	2025 €'000	2024 €'000
Revenue	17	19,503	19,927
Operating costs	18	(13,771)	(14,165)
Gross profit		5,732	5,762
Other income		24	40
General and administrative expenses	19	(381)	(411)
Operating profit		5,375	5,391
Finance income	20	76	64
Finance costs	20	(3,317)	(3,663)
Profit before tax		2,134	1,792
Income tax expense	21	(535)	(549)
Profit for the year		1,599	1,243
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Fair value of cash flow hedge adjustment – gross	11	(487)	2,077
Reclassification to profit or loss – gross		(1,054)	(1,640)
Deferred tax on fair value adjustment		231	(65)
Other comprehensive income for the year		(1,310)	372
Total comprehensive income for the year		289	1,615
Basic and diluted earnings per share			
Basic earnings per share (€)	26	0.0212	0.0165

The attached notes from page 38 to 78 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share Capital £'000	Legal reserve £'000	Retained earnings £'000	Hedging Reserve £'000	Shareholder loan reserve £'000	Total equity £'000
At 1 January 2024	7,552	504	4,408	5,048	493	18,005
Net profit for the year	-	-	1,243	-	-	1,243
<i>Other comprehensive income, net of income tax</i>						
Fair value of cash flow hedge adjustment - gross	-	-	-	2,077	-	2,077
Reclassification to profit or loss - gross	-	-	-	(1,640)	-	(1,640)
Deferred tax on fair value adjustment	-	-	-	(65)	-	(65)
Total comprehensive income for the year	-	-	1,243	372	-	1,615
Transaction with shareholder directly recorded in equity						
Dividend distribution (Note 9)	-	-	(906)	-	-	(906)
Transfer of shareholder loan reserve to retained earnings (Note 13)	-	-	68	-	(68)	-
<i>Other movement</i>						
Transfer to legal reserve	-	124	(124)	-	-	-
At 31 December 2024	7,552	628	4,689	5,420	425	18,714

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025

	Share Capital €'000	Legal reserve €'000	Retained earnings €'000	Hedging Reserve €'000	Shareholder loan reserve €'000	Total equity €'000
At 1 January 2025	7,552	628	4,689	5,420	425	18,714
Net profit for the year	-	-	1,599	-	-	1,599
<i>Other comprehensive income, net of income tax</i>						
Fair value of cash flow hedge adjustment - gross	-	-	-	(487)	-	(487)
Reclassification to profit or loss - gross				(1,054)		(1,054)
Deferred tax on fair value adjustment				231		231
Total comprehensive income for the year	-	-	-	(1,310)	-	(1,310)
Transaction with shareholders directly recorded in equity						
Dividend distribution (Note 9)	-	-	(906)	-	-	(906)
Transfer of shareholder loan reserve to retained earnings (Note 13)	-	-	58	-	(58)	-
<i>Other movement</i>						
Transfer to legal reserve	-	160	(160)	-	-	-
At 31 December 2025	7,552	788	5,280	4,110	367	18,097

The attached notes from page 38 to 78 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 £'000	2024 £'000
Cash flows from operating activities			
Profit for the year before tax		2,134	1,792
Adjustments for:			
Unwinding of interest on decommissioning cost	15	78	74
Depreciation on property, plant and equipment	5	3,233	3,239
Depreciation on right-of-use assets	6	15	17
Amortisation of deferred finance cost	12	133	143
Finance costs		3,100	3,446
Finance income	20	(76)	(64)
Operating cash flows before working capital changes		8,617	8,476
Changes in			
Trade and other receivables	7	182	(150)
Trade and other payables	16	126	(30)
Cash generated from operating activities		8,925	8,476
Interest on long term loans	12	(4,048)	(4,867)
Interest rate swap	12	1,181	1,675
Finance cost paid on lease liability	14	(36)	(36)
Shareholders loan interest paid	12	(194)	(183)
Finance income received	20	76	64
Net cash from operating activities		5,904	5,120
Cash flows from investing activity			
Addition in property plant and equipment	5	(79)	-
Investments in short term deposits	8	-	(6,920)
Proceeds from maturity of short term deposits	8	1,320	7,220
Net cash flows generated from investing activity		1,241	300
Cash flows from financing activities			
Repayment of long term loans	12	(4,134)	(3,901)
Repayment of shareholders loan	12	(508)	(574)
Dividends paid	9	(906)	(906)
Lease liability payments	14	(5)	(5)
Net cash used in financing activities		(5,553)	(5,386)
Net change in cash and cash equivalents		1,592	34
Cash and cash equivalents at the beginning of the year		848	814
Cash and cash equivalents at the end of the year (note 8)		2,440	848

The attached notes from page 38 to 78 form an integral part of these financial statements.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Barka Desalination Company SAOG (the “Company”/“BDC”) was registered and incorporated as a closed Omani joint stock company established on 21 January 2016 under the Commercial Companies Law of Oman. The shareholders at the Company’s Extraordinary General Meeting held on 31 May 2021 approved the conversion of the Company from a closed joint stock company (SAOC) to a public joint stock company (SAOG) by offering its shares for the public subscription. The Company was listed on the Muscat Stock Exchange (“MSX”) on 27 February 2022 and became a listed public company. There is no parent and ultimate parent of the company.

The objectives of the Company are to develop, finance, design, construct, own, operate, maintain a desalination facility at Barka (the “Barka IWP”) in the Sultanate of Oman. The registered address of the Company is at PO Box 252, Postal Code 103, Al Qurm, Bousher, Muscat, Sultanate of Oman.

2. SIGNIFICANT AGREEMENTS

Water purchase agreement

Water Purchase Agreement (“WPA”) dated 2 March 2016 with Oman Power and Water Procurement Company (“OPWP”) for a period 20 years from the scheduled Commercial Operation Date (“COD”), as defined in the WPA. Currently the name changed to Nama Power and Water Procurement (“NPWP”).

Obligation of BDC

BDC as per the WPA shall sell or deliver water produced at the Barka IWP plant only to NPWP. Further, NPWP shall pay BDC for the available water capacity and purchase the water output delivered.

During the construction period, BDC shall construct the seawater desalination facilities (“Plant”), in strict compliance with the terms of the WPA and comply with the applicable requirements during the construction period.

In addition, BDC shall not remove, decommission, dismantle, replace, change, amend or modify any part of the Plant that would affect its obligations under the WPA.

Termination

NPWP has the right to terminate the WPA by serving written notice to BDC in the event of insolvency of BDC, on a material default or on other terms as mentioned in the WPA.

Land agreement

Usufruct Agreement for the plant site dated 2 March 2016 was signed with the Ministry of Housing and Urban Development for grant of exclusive right to use and benefit from the site area for an initial period of 25 years from its execution date. The lease term can be extended for an additional 25 years at the request of the Company, during which the Company has the right to cancel the usufruct agreement, once there is no future benefit to continuing the usufruct agreement.

Engineering Procurement and Construction Contract

Turnkey Engineering Procurement and Construction Contract (“EPC Contract”) dated 3 March 2016 was signed with Vigie Groupe ((formerly Suez Groupe SAS (as novated by Suez International SAS) (formerly Degremont SAS)) to perform the engineering, procurement and construction of the Barka IWP plant.

Operation and Maintenance Contract

Operation and Maintenance Contract (“O&M Contract”) was signed dated 3 March 2016 with Veolia Environment Services SPC (formerly Suez SPC / Suez LLC / Degremont Middle East LLC) for a period of 20 years from the scheduled COD of 1 April 2018.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) including the rules and guidelines on disclosures issued by the Financial Services Authority (FSA) (Formally known as The Capital Market Authority) and the applicable requirements of the Commercial Companies Law of 2019.

Basis of measurement

These financial statements have been prepared on a historical cost basis except for derivative financial instruments which are measured at fair value.

These financial statements are presented in Rial Omani (RO) which is considered as the currency of the primary economic environment in which the Company operates ('the functional and presentation currency'). All amounts have been rounded to the nearest thousand, unless otherwise indicated.

3.2 CHANGES IN ACCOUNTING POLICIES

a) New standards or amendments for 2025 and forthcoming requirements

A number of new standards, amendments to standards and interpretations are effective for the periods beginning on or after 1 January 2025. Those, which are relevant to the Company, are set out below:

- Lack of Exchangeability - Amendment to IAS 21.

The change in accounting policy has no impact on the Company's financial statements as at and for the year ending 31 December 2025.

b) New and revised IFRS in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

New accounting standards or amendments	Effective for annual periods beginning on or after
Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7	1 January 2026
<i>Annual Improvements to IFRS Accounting Standards - Volume 11</i>	1 January 2026
IFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Available for optional adoption / effective date deferred indefinitely

There are no other IFRS standards, amendments or interpretations that are expected to have a material impact on the Company.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

3.3 MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses if any. Cost includes the amount of cash and cash equivalents paid and the fair value of other consideration given to acquire an asset at the date of acquisition or construction. Each component of an item of property, plant and equipment with a cost that is significant in relation to the item's total cost is depreciated separately. Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised.

The cost of self-constructed assets includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of overheads and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Gains and losses on disposal of property, plant and equipment are determined as a difference between sales proceeds and carrying amount of the asset and is recognized in profit or loss. Repairs are charged to profit or loss when the expense is incurred.

Depreciation

Depreciation is calculated so as to write off the cost of property and equipment (other than capital work in progress) on a straight-line basis over their estimated useful lives after taken into consideration residual value of assets and is recognized in profit or loss. The estimated useful lives for this purpose are:

	Years
Civil and structural works	40
Plant and machinery	20 - 40
Pipelines	40
IT systems and office equipment	3
Furniture and fixtures	3
Transportation equipment	3

The useful lives, depreciation method, and residual values of property, plant and equipment are assessed by the management at reporting date and adjusted if appropriate. Membrane, cartridge filters and other tools were capitalised along with useful life of plant, as this will remain as a part of plant till the end of plant's life without any further cost.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits associated in the item of property and equipment. All other maintenance expenditure is recognized in profit and loss as an expense as and when incurred.

Capital work-in-progress

Capital work in progress is measured at cost and is not depreciated until it is transferred into one of the above categories, which occurs when the asset is ready for intended use.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

3.3 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss unless it reverses a previous revaluation that was credited to equity, in which case it is charged to equity.

The recoverable amount of the cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the plant.

The management determines whether there are any indications of impairment to carrying value of property, plant and equipment on an annual basis because of the difference between the duration of the contracted cash flows and accounting depreciation of assets. This requires an estimation of the value in use of the cash generating unit. Estimating the value in use requires the Company to make an estimate of the residual value of the cash generating unit at the end of the term of the WPA considering the expected future cash flows for the period beyond the term of the WPA and also a suitable discount rate in order to calculate the present value of those cash flows.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

3.3 MATERIAL ACCOUNTING POLICIES (continued)

Right-of-use assets

The Company recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

	Years
Site rent	42

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'operating expenses' in the statement of profit or loss.

Lease liabilities

At the commencement date of the lease, lease liabilities is measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g, a changes in future payments resulting from a change in index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

3.3 MATERIAL ACCOUNTING POLICIES (continued)

Company as a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Financial instruments

IFRS 9 Financial Instruments has principle-based requirements for the classification of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. The classification of financial assets under IFRS 9 is generally based on the business model in which the financial asset is managed and contractual cash flows characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade receivables and debt securities are recognised when they are originated. The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

1. Trade and other receivables;
2. Cash and cash equivalents;
3. Short term deposits;
4. Long term loans;
5. Shareholders' loan
6. Trade and other payables;
7. Lease liabilities;
8. Derivatives.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

3.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Recognition and initial measurement

Financial assets

On initial recognition, a financial asset (unless it is trade receivable without a significant financing components) is classified as measured at amortised cost; fair value through other comprehensive income – debt instruments; fair value through other comprehensive income – equity instruments; or fair value through profit or loss account. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss account:

It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to prevent subsequent changes in the investments fair value through other comprehensive income. This election is made on an investment-by-investment basis.

Debt instruments where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

Financial assets at fair value through profit or loss account

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss account.

This category only includes debt instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to classify upon initial recognition or transition. The Company classified its debt instruments at FVTOCI. Debt instruments at FVTOCI are not subject to an impairment assessment under IFRS 9.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

3.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Recognition and initial measurement (continued)

Financial liabilities

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss account. A financial liability is classified as at fair value through profit or loss account if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities, at initial recognition, may be designated at fair value through profit or loss if the following criteria are met:

- (i) The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;
- (ii) The liabilities are part of a group of financial liabilities which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or
- (iii) The financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities at fair value through profit or loss account are measured at fair value and net gains and losses, including any interest expense, are recognised in the profit or loss account.

Subsequent measurement of financial assets

Financial assets

Financial assets carried at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss account. Any gain or loss on derecognition is recognised in the profit or loss statement.

Financial assets carried at fair value through other comprehensive income (FVTOCI)

i) Debt instruments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the profit or loss account. Other net gains and losses are recognised in the statement of other comprehensive income. On derecognition, gains and losses accumulated in the statement of other comprehensive income are reclassified to the profit or loss account.

ii) Equity instruments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in the statement of other comprehensive income and are never reclassified to the profit or loss account.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

3.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Subsequent measurement of financial assets (continued)

Financial assets carried at fair value through other comprehensive income (FVTOCI) (continued)

iii) Financial assets carried at fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit or loss account. However, see note Derivative financial instruments and hedging for derivatives designated as hedging instruments.

Subsequent measurement of financial liabilities

The Company categorises its financial liabilities into two measurement categories: FVTPL and amortised cost.

The Company designates a financial liability as measured at FVTPL when it meets the definition of held for trading or when they are designated as such on initial recognition using the fair value option.

Gains and losses on financial liabilities designated as at FVTPL are split into the amount of change in fair value attributable to changes in credit risk of the liability, presented in other comprehensive income, and the remaining amount in profit or loss.

The Company recognises the full amount of change in the fair value in profit or loss only if the presentation of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. That determination is made at initial recognition and is not reassessed.

Cumulative gains or losses presented in other comprehensive income is subsequently transferred within equity.

Financial liabilities not held at FVTPL are subsequently measured at amortised cost using the effective interest method.

The Company's financial liabilities include accounts payable, due to related parties, fair value of derivatives, short term borrowings and term loans.

Except for fair value of derivatives which is measured at fair value, all other financial liabilities of the Company are measured at amortised cost.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

3.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- (i) The rights to receive cash flows from the asset have expired; or
- (ii) The Company retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- (iii) The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in the statement of other comprehensive income is recognised in the profit or loss account.

Any cumulative gain/loss recognised in the statement of other comprehensive income in respect of equity instrument designated as fair value through other comprehensive is not recognised in the profit or loss account on derecognition of such instrument. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss account.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

3.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets

The Company recognises the loss allowances for 'expected credit loss' ('ECL') on all financial assets at amortised costs. The Company also recognises ECLs on lease receivables, which are part of trade and other receivables.

The Company measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since the initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECL are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from possible default events within the 12 months after the reporting date.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Credit-impaired financial assets

The Company assesses whether there is objective evidence that financial assets carried at amortised cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer, default or delinquency by an issuer, indications that an issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a Company of assets such as adverse changes in the payment status of issuers. or economic conditions that correlate with defaults in the Company.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

3.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derivative financial instruments and hedge accounting

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk.

A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

- (i) There is formal designation and documentation of the hedging relationship at the inception of hedge;
- (ii) there is an economic relationship between the hedged item and hedging instrument;
- (iii) the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- (iv) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of hedge item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

As part of risk management strategies, the Company uses derivative financial instruments, such as interest rate swaps, to hedge interest rate sensitivities. These derivative financial instruments qualify for hedge accounting and are designated as cash flow hedges. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company adjusts the effective portion of the cash flow hedge reserve in equity to the lower of the following:

- (i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and
- (ii) the cumulative change in fair value of the hedged item from inception of the hedge.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

3.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Effectiveness testing, rebalancing and discontinuation

The Company performs prospective assessment of effectiveness of its cash flow hedges at each reporting date. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and any remaining gain or loss is hedge ineffectiveness which is recognised in profit or loss.

When the Company discontinues hedge accounting for a cash flow hedge, the amount that has been accumulated in the cash flow hedge reserve remains in equity if the hedged future cash flows are still expected to occur, until such cash flows occur. If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified to profit or loss.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Company discontinues hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after any rebalancing). This includes instances when the hedging instrument expires or is sold, terminated or exercised.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position when and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Presentation of expected credit losses

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and is charged to the statement of profit or loss.

Write - off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or portion thereof. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances, short-term deposits with an original maturity of three months or less from date of placement.

Deposits

Deposits are balances with banks with an original maturity exceeding three months from date of placement.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

3.3 MATERIAL ACCOUNTING POLICIES (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds, other balances representing a residual interest in the Company's net asset are also presented within the equity.

Legal reserve

In accordance with the Article 132 of the Commercial Companies Law of 2019, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one third of the value of the Company's paid-up share capital. This reserve is not available for distribution.

Dividend

The Board of Directors takes into account appropriate parameters including the requirements of the Capital Market Authority while recommending the dividend. The Company recognises a liability to pay a dividend when the Company has an obligation to pay dividend.. A corresponding amount is recognised directly in equity.

Basic and diluted earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Interest bearing loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless these are subject to the Company's right at the reporting date to defer settlement for at least 12 months after the reporting date.

Deferred financing costs

The cost of obtaining loan is deferred and amortised over the term of the respective loans using the effective interest rate method. Deferred financing costs less accumulated amortisation are offset against the drawn amount of the loan.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

3.3 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits

End of service benefits are accrued in accordance with the terms of employment of the Group employees at the reporting date, having regard to the requirements of the applicable law. Employee entitlements to annual leave and leave salary are recognised when they accrue to employees and an accrual is made for the estimated liability as a result of services rendered by employees up to the reporting date. These accruals are disclosed in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the applicable law and are recognised as an expense in the statement of comprehensive income as incurred.

Provision for decommissioning obligation

The provision for asset retirement obligation is recognised when there is a present obligation as a result of assets constructed on land under usufruct contracts with the Ministry of Housing, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of provision can be measured reliably. The estimated future obligations include the costs of removing the facilities and restoring the affected areas. A corresponding asset is recognised as part of plant and machinery in property, plant and equipment and depreciated accordingly.

The provision for decommissioning obligation is a best estimate of the present value of expected costs required to settle the obligation, at the reporting date based on the current requirements of the Usufruct agreement, using estimated cash flows. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the asset retirement obligation. The unwinding of the discount is expensed as incurred and recognised in the profit or loss and as a finance cost.

The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are dealt with prospectively and reflected as an adjustment to the provision and corresponding decommissioning asset recorded as property, plant and equipment. If there is an indication that the new carrying amount of the asset is not fully recoverable, the asset is tested for impairment and an impairment loss is recognised where necessary.

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow estimated to settle the present obligation, the carrying amount is the present value of those cash flows.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

3.3 MATERIAL ACCOUNTING POLICIES (continued)

Revenues

The Company's revenue stream comprises of capacity charges, fixed operation and maintenance charge, electricity and water output charges calculated in accordance with the agreement with Nama Power and Water Procurement Company SAOC for sale of desalinated water.

Capacity charge includes investment charge. Capacity charge compensates the Company for capital and related costs of the Plant. Capacity charge is paid on the basis of Demonstrated Water Capacity made available to the Buyer by the Company, in accordance with contractual terms stipulated in WPA agreement. Capacity charge is recognised on a straight line basis over the term of agreement.

Revenue from operations and maintenance charges, electricity and water charges are recognized overtime when the services are provided.

The Company has a long-term agreement with NPWP which determines performance obligation, transaction price and allocates the transaction price to each of the separate performance obligations. The Company does not adjust any of the transaction prices for time value of money as the period between the transfer of the promised output to the customer and payment by the customer does not exceed one month and the sales are made with agreed credit terms which is in line with the industry practice. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.

The Water Purchase Agreement provides that the company will make available and sell to NPWP all water output of the plant.

Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Income tax is calculated as per the fiscal regulations of the Sultanate of Oman. Current tax is the expected tax payable on the taxable income for the period, using the tax rates ruling at the reporting date.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

3.3 MATERIAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax (continued)

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to extent that it is probable that future taxable profits will be available against which they can be used. Further, taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then the future taxable profits, adjusted for reversals of existing temporary differences are considered based on the business plans of the company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would flow from manner in which the company expects at the reporting date to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer. The chief executive officer, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic decisions maker.

The Company's operating activities are disclosed in note 1 to the financial statements. The strategic business unit offers similar products and services and is managed as one segment. Performance is measured based on the profit before income tax, as included in the internal management reports. The management considers the business of the Company as one operating segment and monitors accordingly.

Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Foreign exchange gains and losses are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in statement of profit or loss or statement of other comprehensive income are also recognised in statement of profit or loss or statement of other comprehensive income, respectively).

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and in future periods, if the revision affects both current and future periods.

Critical judgements

Management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification of desalination plant as operating lease

Judgement is required to ascertain whether the WPA agreement with NPWP is a concession arrangement as per IFRIC 12: Service Concession Arrangements or contains a lease as per IFRS 16: Leases and if the agreement contains a lease, judgement is required to classify the lease as an operating lease or a finance lease as per IFRS 16 Leases. Management has evaluated the applicability of IFRIC12: Service Concession Arrangements and concluded that IFRIC12 is not applicable to the arrangement as the useful life of the asset significantly higher than the duration of the WPA and the residual interest is controlled by the Company and not NPWP. Therefore, the Company will be able to continue to generate revenue through use of PPE outside the country as there are no restrictions in the transfer of PPE post the 20 years of WPA..

Based on management's evaluation, the WPA with NPWP is considered as a lease within the context of IFRS 16 Leases and has been classified as an operating lease under IFRS 16 Leases since significant risks and rewards associated with the ownership of the plant lies with the Company and not with NPWP.

Significant judgement in determining the lease term of contracts with renewal and termination options - Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate (e.g., a change in business strategy, construction of significant leasehold improvements or significant customization to the leased asset).

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key estimates

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment in the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful life and residual value of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful life and residual value of the desalination plant. The useful life of the plant has been determined by the management taken into account various consideration such as appropriate level of componentization, comprehensive maintenance and replacement program in place and technical assessment carried out by the consultant.

Decommissioning obligation

Site restoration costs are based on management's technical assessment of the probable future costs to be incurred in respect of the decommissioning of the plant facilities. The significant uncertainty in estimating the provision is the cost that will be incurred and the applicable discount rate. The expected cost of decommissioning has been determined on the basis of a study by an independent contractor and discounted over 40 years using risk free adjusted discount rate (Note 15).

Hedge accounting

The Company's hedge accounting policies include an element of judgement and estimation. Estimates of future interest rates and the general economic environment will influence the availability and timing of suitable hedged items, with an impact on the effectiveness of the hedge relationships.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2025

5. PROPERTY, PLANT AND EQUIPMENT

	Civil and structural works £'000	Plant and machinery £'000	Pipeline equipment £'000	Office equipment £'000	Furniture and fixtures £'000	Transportation equipment £'000	Capital Work in Progress £'000	Total £'000
Cost								
1 January 2025	42,882	42,099	26,983	41	28	18	-	112,051
Additions	-	-	-	-	-	-	79	79
31 December 2025	42,882	42,099	26,983	41	28	18	79	112,030
Accumulated depreciation								
1 January 2025	(6,970)	(9,834)	(4,386)	(41)	(28)	(18)	-	(21,277)
Charge for the year (note 18)	(1,064)	(1,500)	(669)	-	-	-	-	(3,233)
31 December 2025	(8,034)	(11,334)	(5,055)	(41)	(28)	(18)	-	(24,510)
Net book value								
31 December 2025	34,848	30,765	21,928	-	-	-	79	87,620
Cost								
1 January 2024	42,882	42,099	26,983	41	28	18	-	112,051
31 December 2024	42,882	42,099	26,983	41	28	18	-	112,051
Accumulated depreciation								
1 January 2024	(5,905)	(8,331)	(3,716)	(40)	(28)	(18)	-	(18,038)
Charge for the year (note 18)	(1,065)	(1,503)	(670)	(1)	-	-	-	(3,239)
31 December 2024	(6,970)	(9,834)	(4,386)	(41)	(28)	(18)	-	(21,277)
Net book value								
31 December 2024	35,912	32,265	22,597	-	-	-	-	90,774

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2025

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	2025 ±'000	2024 ±'000
Depreciation for Civil and structural works, Plant & machinery and Pipeline form part of Operating cost (note 18)	3,233	3,238
Depreciation for IT systems and office equipment, Furniture and fixtures and Transportation equipment form part of General & administrative cost (note 19)	-	1
	<u>3,233</u>	<u>3,329</u>

The above assets consisting of civil and structural work, plant and machinery and pipeline are subject to operating lease as per Water Purchase Agreement (“WPA”) dated 2 March 2016 with Power and Water Procurement Company (“PWP”) for a period 20 years. As per the management assessment, the Company controls the residual interest of the assets for its remaining useful life after the expiry of WPA. Depreciation on the majority of the above assets under operating lease is calculated for the period of 40 years, except for certain items which are depreciated over the period of 20 years based on the respective components useful life.

The long term loan facilities are secured by a comprehensive legal and commercial mortgage on all the property, plant and equipment of the Company (note 12).

During 2025, the Company carried out an impairment testing for the plant using the discounted cash flow method in which the Company considered the present value of the net cash flows expected to be generated from the plant facility, taking into account the budgeted EBITDA. The expected net cash flows are discounted using a risk adjusted discount rate of 7.8%. Based upon impairment testing, no impairment loss recognized as non-financial assets of the Company have lower carrying value as compared to the recoverable amount. Management has also evaluated the sensitivity of key assumptions, including estimates of future fixed and variable income, operating costs and discount rate, and determined that a 1% increase or decrease in these assumptions would not result in an impairment loss.

6. RIGHT-OF-USE ASSETS

The land on which the plant is constructed has been leased from the Government of the Sultanate of Oman (represented by the Ministry of Housing) for a period of 25 years from 2 March 2016. The lease term can be extended by an additional 25 years at the request of the Company. Company calculated both right of use and lease liability for the period of 42 years.

Details of right-of-use assets (ROU) of usufruct contract is as under:

	2025 ±'000	2024 ±'000
Cost		
1 January	620	620
As at 31 December	<u>620</u>	<u>620</u>
Less: Depreciation		
1 January	(93)	(76)
Charge for the year (note 18)	(15)	(17)
As at 31 December	<u>(108)</u>	<u>(93)</u>
Carrying value		
As at 31 December	<u>512</u>	<u>527</u>

The above right-of-use assets are not part of the assets which are secured against the comprehensive legal and commercial mortgages for the term loan facilities (note 12).

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2025

7. TRADE AND OTHER RECEIVABLES

	2025 A'000	2024 A'000
Trade receivables	1,609	1,631
Due from related parties (note 22)	11	5
Prepayments	67	118
Other receivables	150	303
	<u>1,837</u>	<u>2,057</u>

Trade receivables is amount due from NPWP, the only customer of the company the amount is not past due and the related ECL is immaterial to the financial statement.

8. CASH AND CASH EQUIVALENTS AND SHORT TERM DEPOSITS

	2025 A'000	2024 A'000
Cash at bank	2,440	848
Cash and cash equivalents	2,440	848
Short term deposits (maturity exceeding 3 months) (i)	-	1,320
	<u>2,440</u>	<u>2,168</u>

(i) Bank balances and deposit accounts are placed with reputed financial institutions in Sultanate of Oman and in London with currencies denominated in Rial Omani and USD and carrying interest rate ranging between 3.00% to 4.00%. The management believes that the ECL is immaterial to the financial statements as a whole.

9. SHARE CAPITAL

The Company's authorized, issued and paid-up capital consists of 75,522,000 shares of Baisa 100 each. The details of the shareholders are as follows:

	Percentage of share holding	Number of shares	2025 A	Percentage of share holding	Number of shares	2024 A
I-Environment Investments Middle East Ltd	21.6	16,312,752	1,631,275	21.6	16,312,752	1,631,275
Vigie Groupe (formerly Suez Groupe SAS)	16.2	12,234,564	1,223,457	16.2	12,234,564	1,223,457
Kahrabel FZE	16.2	12,234,564	1,223,456	16.2	12,234,564	1,223,456
W J Towell & Co LLC	6	4,531,320	453,132	6	4,531,320	453,132
Shareholders with less than 5% shareholding	40	30,208,800	3,020,880	40	30,208,800	3,020,880
		<u>75,522,000</u>	<u>7,552,200</u>		<u>75,522,000</u>	<u>7,552,200</u>

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

9. SHARE CAPITAL (continued)

Movement in number of shares issued

	2025 Numbers in '000	2024 Numbers in '000
At 1 January	75,522	75,522
Increase in issued and paid up number of shares	-	-
At 31 December	<u>75,522</u>	<u>75,522</u>

On 25 February 2021, the Extra-ordinary General Meeting (EGM) of the Company approved the nominal value of the Company's shares to become Baisas 100 instead of one Omani Rial for each share and increasing the authorised capital from 2,000,000 to 7,552,200. EGM also approved increasing Company's issued share capital from ₪ 500,000 to ₪ 7,552,200, each share of a value of 100 Baisa by issuing new shares as a partial settlement of the Shareholders' loans given to the Company by conversion of ₪ 7,052,200 received by the Company under the loans into shares in the Company. On 6 December 2021, Vigie Groupe (formerly Suez Groupe) acquired 20,390,940 shares of the Company from Suez International.

Pursuant to the Extra Ordinary General Meeting held on 31 May 2021, for conversion of the Company to become a Public Joint Stock company (SAOG), the existing shareholders at the time of IPO sold their 40% shares in the Company to the new investors. The Company was listed on the Muscat Stock Exchange ("MSX") on 27 February 2022 and became a listed public company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Dividend

The Board of Directors, at its meeting held on 18 February 2025, resolved the distribution of cash dividends in May and November 2025 subject to shareholder's approval, to the Company's Shareholders who are registered in the Company's register, out of retained earnings of the company as reflected in the Company's audited financial statements for the financial year ended 31 December 2024, provided that the aggregate amount of the dividends shall not exceed 12 Baiza per share in total amount of ₪ 906,264 (2024: ₪ 906,264). This dividend distribution was approved by the shareholders at the Annual General Meeting to be held on 19 March 2025 and which was in compliance with the Commercial Companies Law, other applicable Omani legislation and also covenants stipulated in term loan facilities agreements.

On 30 April 2025, the Board of Directors approved for the release of payment pertaining to cash dividend of Baizas 6 per share amounting to ₪ 453,132 (2024: ₪ 453,132) to the shareholders of the Company registered with Muscat Clearing and Depository Company (MCDC) as on 5 May 2025.

On 29 October 2025, the Board of Directors approved for the release of payment pertaining to cash dividend of Baizas 6 per share amounting to ₪ 453,132 (2024: ₪ 453,132) to the shareholders of the company registered with Muscat Clearing and Depository Company (MCDC) as on the 2 November 2025.

The Directors proposed a dividend of 12 Baiza per share for the year ended 31 December 2025 amounting to ₪ 906,264. This is subject to approval of the Company's shareholders at the Annual General Meeting to be held on 29 March 2026.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2025

10. LEGAL RESERVE

The Commercial Companies Law requires 10% of a Company's net profit to be transferred to a non-distributable legal reserve until the amount of the legal reserve becomes equal to one-third of the Company's fully paid share capital. During the period, RO 160,000 (2024: 124,000) was transferred to the legal reserve.

11. HEDGING RESERVE

Derivative instruments assets (liabilities) were as follows:

	2025	2024
	±'000	±'000
<i>Interest rate swaps:</i>		
Term loans (note 12)		
MUFG Securities EMEA plc	3,322	4,283
Credit Agricole Corporate & Investment Bank	1,513	2,093
Total fair value of interest rate swaps	<u>4,835</u>	<u>6,376</u>
Deferred tax (liability)	(725)	(956)
Fair value of interest rate swaps net of tax	<u>4,110</u>	<u>5,420</u>
Opening reserve - On 01 January	5,420	5,048
Fair value of cash flow hedge adjustment - gross	(487)	2,077
Reclassification to profit or loss - gross	(1,054)	(1,640)
Deferred tax on fair value adjustment	231	(65)
Closing reserve - On 31 December	<u>4,110</u>	<u>5,420</u>
Fair value of interest rate swaps	4,835	6,376
Less: current portion	(506)	(373)
Non-current portion	<u>4,329</u>	<u>6,003</u>

The table below shows the fair values of the interest rate swaps, which are equivalent to the market values, together with the net exposure analyzed by the term to maturity.

	Fair value	Notional amount	Net exposure by term to maturity		
			1 - 12 month	More than 1 up to 5 years	More than 5 years
	±'000	±'000	±'000	±'000	±'000
31 December 2025					
Interest rate swaps	<u>4,835</u>	<u>38,281</u>	<u>4,008</u>	<u>9,895</u>	<u>24,378</u>
31 December 2024					
Interest rate swaps	<u>6,376</u>	<u>40,662</u>	<u>2,380</u>	<u>11,404</u>	<u>26,878</u>

All of these interest rate swaps are designated as effective cash flow hedges and the effective portion of fair value thereof has been recognised in other comprehensive income within equity.

The Company applies hedge accounting and the mismatch between the hedging instrument and the hedged item is recognised into profit or loss. As of 31 December 2025, hedge ratio for tranche A is 77% (2024: 77%).

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

11. HEDGING RESERVE (continued)

Long term loan

The long-term loan facilities – tranche A (note 12) of the Company bears interest at SOFR plus applicable margins.

In accordance with the Facilities Agreement, the Company is required to enter into interest rate hedging agreements to mitigate exposure to fluctuating interest rates. Tranche B carries a fixed interest rate of 2.21% per annum plus the fixed margin. Additionally, for this facility, there is no hedge agreement in place.

The Company has entered into an interest rate swap agreement with Mitsubishi UFJ Securities International plc and Credit Agricole Corporate and Investment Bank related to the long-term loan facility – tranche A at the fixed rate of 1.1425% per annum.

The fair value movement of Negative to ₪1,310,000 (31 December 2024: Positive ₪ 372,000) has been included in other comprehensive income, net of deferred tax.

The interest rate swaps have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Company applies hedge accounting to remove the accounting mismatch between the hedging instrument and the hedged item since all critical terms matched during the period and the economic relationship was effective. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate loans.

Hedge ineffectiveness for interest rate swaps may occur due to:

- (i) the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- (ii) differences in critical terms between the interest rate swaps and loans.

Derivatives are only used for economic hedging purposes and not as speculative investments.

12. LONG TERM LOAN

	2025 ₪'000	2024 ₪'000
Long term loan – tranche A	49,939	53,039
Long term loan – tranche B	16,646	17,680
Less: un-amortised transaction costs (i)	<u>(841)</u>	<u>(974)</u>
	65,744	69,745
Less: current portion	<u>(4,268)</u>	<u>(4,133)</u>
Non-current portion	<u>61,476</u>	<u>65,612</u>

The Company has entered into an agreement dated 3 March 2016 to obtain term loan facilities up to ₪ 96,569,734 (USD 251,156,655) composed of Tranche A with floating interest rate at a rate of USD LIBOR changed from LIBOR to SOFR plus applicable margin and Tranche B with fixed interest rate of 2.21% per annum plus applicable fixed margin. The Company only hedged interest rate exposure for long term loan – tranche A.

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

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

12. LONG TERM LOAN (continued)

The term loan facilities contain certain covenants pertaining to, amongst other things, liquidation and merger, entering into material new agreements, negative pledge, disposal of asset, granting of loan and guarantee, acquisition of capital assets, debt service coverage ratio, change of business, etc., which the Company is required to comply.

The facilities agreements contain certain covenants relating to liquidity. These include restrictions on the debt / equity ratio, the debt service coverage ratio. The Company satisfied these covenants for the interest period in 2025. The Company expects to comply with the covenants for at least 12 months after the reporting date.

The term loan facilities are repayable in bi-annual installments due from 30 September 2018 until 30 September 2037.

In July 2017, the United Kingdom Financial Conduct Authority ('FCA'), which regulates the London Interbank Offered Rate ('LIBOR'), announced that 6 month USD Libor would cease after June 2023. In a process of LIBOR transition to new bench mark, the Company entered into Amendment Agreement on 13 March 2024, by which, the Company changed the benchmark from LIBOR to SOFR plus ISDA fallback Credit Adjustment Spread.

(i) The un-amortised transaction costs are commitment and upfront fees that are directly attributable to the acquisition of aforementioned credit facility. The Company has included these transaction costs in the loan amount initially recognized dated 3 March 2016 and amortize these costs over the life of the credit facility using effective interest rate.

The movement in unamortized transaction costs is as follows:

	2025 £'000	2024 £'000
At the beginning of the year	974	1,117
Amortised during the year	<u>(133)</u>	<u>(143)</u>
At the end of the year	<u>841</u>	<u>974</u>

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2025

12. LONG TERM LOAN (continued)

Reconciliation of cash flows

A reconciliation between opening and closing balances in the statement of financial position for liabilities that result in cash flows is presented below:

	At 1 January	Repayments/ Received during the year	Non-cash changes	At 31 December
	₪'000	₪'000	₪'000	₪'000
2025				
Loan from shareholders	3,934	(508)	58	3,484
Long term loans	69,745	(4,134)	133	65,744
Lease liabilities	591	(41)	36	586
Interest on long term loans	1,161	(4,048)	3,836	949
<i>Interest rate swap</i>	(393)	1,181	(1,054)	(266)
Interest on loan from shareholders	35	(194)	189	30
	<u>75,073</u>	<u>(7,744)</u>	<u>3,198</u>	<u>70,527</u>
2024				
Loan from shareholders	4,440	(574)	68	3,934
Long term loans	73,503	(3,901)	143	69,745
Lease liabilities	596	(41)	36	591
Interest on long term loans	1,235	(4,867)	4,793	1,161
Interest rate swap	(428)	1,675	(1,640)	(393)
Interest on loan from shareholders	38	(183)	180	35
	<u>79,384</u>	<u>(7,891)</u>	<u>3,580</u>	<u>75,073</u>

13. SHAREHOLDERS' LOAN

The Company has entered into an agreement with WJ Towell & Co LLC dated 3 March 2016 to obtain unsecured shareholder loan facility. The Company has also entered into agreements with I-Environment Investments Middle East Ltd, Vigie Groupe (formerly Suez Groupe SAS) (as novated by Suez International SAS) and Kahrabel FZE on 9 September 2019 for unsecured shareholder loan facilities.

	2025	2024
	₪'000	₪'000
Proceeds from shareholders' loan (note 22)	3,851	4,359
Fair value adjustment	(367)	(425)
	<u>3,484</u>	<u>3,934</u>
Less: current portion	(448)	(507)
Non-current portion	<u>3,036</u>	<u>3,429</u>

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

13. SHAREHOLDERS' LOAN (continued)

These loans are repayable by the Company as per the terms and conditions of the Financing Documents (timing of repayment will take into account availability of cash flows). Interest on the facilities is charged at a fixed rate of 4.6%. The Company measures its shareholders' loan at fair value at initial recognition.

The fair value differential, being the difference between the proceeds of shareholders' loan received and its fair value, is recognized as shareholder loan reserve within equity with a corresponding increase in shareholders' loan liability. Subsequently, these loans are amortized using market effective interest rate and the differential between contractual interest and markup charged to profit or loss is adjusted from shareholders loan reserve to retained earning within equity. Accumulated interest as at 31 December 2025 is ₺ 30,000 (31 December 2024: ₺ 34K).

14. LEASE LIABILITIES

The Company has entered into a lease agreement with Ministry of Housing and Urban Development, on 2nd March 2016 in respect of the land used for the plant, which is valid for the period of 25 years (refer note 1.1). The lease term can be extended for additional 25 years at the request of the Company. Also, the Company has the right to cancel the usufruct agreement once there is no future benefits to continue in the usufruct agreement. Company calculated both right of use and lease liability for the period of 42 years

	2025 ₺'000	2024 ₺'000
Gross lease liability related to right-of-use assets	1,385	1405
Future finance charges on finance leases	(799)	(814)
Present value of lease liabilities	586	591
The maturity of lease liabilities is as follows:		
Current	6	6
Non-Current	580	585
At the beginning of the year	591	596
Finance cost	36	36
Less: lease rentals paid	(41)	(41)
At the end of the year	586	591

i. Amounts recognized in profit or loss:

	2025 ₺'000	2024 ₺'000
Finance cost (note 20)	36	36
Depreciation for the year (note 6)	15	17

ii. Amounts recognised in statement of cash flows:

	2025 ₺'000	2024 ₺'000
Total cash outflow for leases	41	41

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2025

15. PROVISION FOR DECOMMISSIONING OBLIGATION

	2025 ±'000	2024 ±'000
At the beginning of the year	1,176	1,102
Unwinding of discount during the year (note 20)	78	74
At the end of the year	<u>1,254</u>	<u>1,176</u>

In accordance with the Usufruct Agreement, the Company is required to restore the plant site to its original condition before the expiry of the Usufruct term. The initial term of usufruct agreement is for 25 years from 2 March 2016 and is subject to renewal for a further period of 25 years. Accordingly the provision is calculated on an assumption of decommissioning on the year 2058 which match with the end of useful life of the plant.

Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the cost that will be incurred. The Company has assumed that the site will be restored using technology and materials that are currently available. The Company has been provided with a range of reasonably possible outcomes for the total cost, reflecting different assumptions about pricing of individual components of the costs. The estimate has been made on the basis of an independent report by a professional consultant.

The provision has been calculated by the Company using a discount rate of 5.8% per annum which is a risk free rate.

At the reporting date, management assess that there are no significant changes as compared to the last independent study conducted as at 31 December 2022 on the Asset retirement obligation and hence the management amortized the retirement cost accordingly.

16. TRADE AND OTHER PAYABLES

	2025 ±'000	2024 ±'000
Due to related parties (note 22)	389	362
Accrued interest on term loans	949	1,128
Other accrued expenses	802	575
	<u>2,140</u>	<u>2,065</u>

17. REVENUE

	2025 ±'000	2024 ±'000
Water capacity charges	8,268	8,292
Operating and maintenance charges	3,719	3,708
Water output charges	1,254	1,319
Electricity charge	6,262	6,608
	<u>19,503</u>	<u>19,927</u>

All the revenue of the company is generated from only one external customer i.e., NPWP. All the revenue from external customer and all the assets of the company are attributable to the company's country of domicile i.e., Sultanate of Oman.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2025

18. OPERATING COSTS

	2025 ₹'000	2024 ₹'000
Electricity cost	6,134	6,512
Operating and maintenance capacity fee	2,748	2,764
Operating and maintenance contract variable fee for plant operation	1,435	1,446
Depreciation on property, plant and equipment (note 5)	3,233	3,238
Insurance plant related	165	162
Depreciation on right-of-use assets (note 6)	15	17
Other operating costs	41	26
	<u>13,771</u>	<u>14,165</u>

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2025 ₹'000	2024 ₹'000
Staff costs (see below)	132	143
Professional and consultancy fees (a)	64	59
Director sitting fees	20	25
Agency fees	25	26
Director & Officers Insurance	7	9
Depreciation on property, plant and equipment (note 5)	-	1
Other general and administrative expenses	133	148
	<u>381</u>	<u>411</u>

19. GENERAL AND ADMINISTRATIVE EXPENSES (continued)

(a) Professional Services

This includes remuneration paid to auditors' for the year 2025, which amounts to ₹ 20,600 for audit services and ₹ 2,500 for non-assurance services, which includes ₹ 500 for Arabic translation and ₹ 2,000 for agreed-upon procedures, and ₹ 1,350 for tax-related services.

Staff costs are as follows:

	2025 ₹'000	2024 ₹'000
Salaries, wages, and other benefits	123	139
Contributions to Omani Social Insurance Scheme	9	4
	<u>132</u>	<u>143</u>

There are no expat employees on the company's payroll.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2025

20. FINANCE EXPENSE

	2025 ±'000	2024 ±'000
Finance Costs		
Interest on long term loans	3,869	4,761
Interest on shareholders' loan	249	282
Interest (income) on interest rate swap	(1,054)	(1,640)
Amortization of deferred finance cost (note 12)	133	143
Unwinding of interest on decommissioning cost (note 15)	78	74
Interest expense on lease liability (note 14)	36	36
Others	6	7
	<u>3,317</u>	<u>3,663</u>
Finance income		
Interest income-short term deposit	76	64
	<u>76</u>	<u>64</u>

21 TAXATION

Tax expense recognised in the statement of profit or loss:

The Company is liable for income tax at the rate of 15% as per the Omani tax laws. The taxation charge for the period is comprised of:

	2025 ±'000	2024 ±'000
Current taxation		
- Current period	-	-
- Prior period	40	-
	<u>40</u>	<u>-</u>
Deferred taxation (Origination and reversal of temporary difference)		
- Current period	504	549
- Prior period	(9)	-
	<u>495</u>	<u>549</u>
	<u>535</u>	<u>549</u>

The following is a reconciliation of income tax on the accounting profit with the tax expenses at the applicable tax of 15% (2024:15%):

	2025 ±'000	2024 ±'000
Profit before tax	<u>2,134</u>	<u>1,792</u>
Income tax @ 15%	320	269
Prior year tax	40	-
Tax effect on non-deductible expenses	66	37
Deferred tax asset not recognised on tax losses	118	243
Prior period deferred tax	(9)	-
	<u>535</u>	<u>549</u>

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

21 TAXATION (continued)

The tax rate applicable to the Company is 15% (2024 15%). For the purpose of determining the taxable results, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both incomes and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices.

Deferred income taxes are calculated on all temporary differences using a principal tax rate of 15% (2024: 15%). Deferred tax (assets) and liabilities and deferred tax charge / (credit) in the statement of comprehensive income are attributable to the following items:

	1 January 2025 ₹'000	Recognised in income ₹'000	Recognised in OCI ₹'000	31 December 2025 ₹'000
Decommissioning cost	24	12	-	36
Carry forward tax losses	593	-	-	593
Right of use asset	-	(77)	-	(77)
Lease liability	-	88	-	88
Property, plant and equipment	(5,336)	(518)	-	(5,853)
Fair value adjustment of interest rate swap	(956)	-	231	(725)
Net deferred tax liability	(5,675)	(495)	231	(5,939)

	1 January 2024 ₹'000	Recognised in income ₹'000	Recognised in OCI ₹'000	31 December 2024 ₹'000
Decommissioning cost	13	11	-	24
Carry forward tax losses	593	-	-	593
Property, plant and equipment	(4,776)	(560)	-	(5,336)
Fair value adjustment of interest rate swap	(891)	-	65	(956)
Net deferred tax liability	(5,061)	(549)	(65)	(5,675)

Status of tax returns

The tax returns for the year 2016 to 2020 have been assessed by the Secretariat General of Taxation at the Ministry of Finance. Whereas the returns for 2021 to 2024 have not yet been assessed. The management is of the opinion that the final tax liability for the years from 2021 to 2024 would not be material to the Company's financial position as at 31 December 2025.

The Company has recognized deferred tax asset of ₹ 593,000 on tax losses of ₹ 3,950,561 for the year 2020. Government of Oman declared Economic Stimulus Plan (ESP) allowing to carry forward the losses for unlimited period. The Company considers it is probable that future taxable profits would be available against which such losses can be used and therefore, the related deferred tax asset can be realised.

Tax Losses Carried forward

Tax losses for which no deferred tax assets recognised expire as follows

	2025 ₹'000	Expiry Date	2024 ₹'000	Expiry Date
Expire	10,968	2026-2030	8,959	2025-2029

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2025

22. RELATED PARTIES

The company enters into transactions with companies and parties that fall within the definition of a related party as contained in IAS 24 Related Party Disclosures. These transactions are entered on mutually agreed terms. The Company maintains balances with these related parties which arise in the normal course of business from commercial transactions and are entered into on mutually agreed terms and conditions. Outstanding balances at reporting date are unsecured and settlement occurs in cash. These balances are unsecured.

Following are the outstanding balances with the entities having significant influence over the Company:

Nature of Relationship		2025 ±'000	2024 ±'000
Balances			
Due from related parties (note 7)			
Veolia LLC	Subsidiary of shareholder having significant influence	<u>11</u>	<u>5</u>
Balances			
Due to related parties (note 16)			
Veolia LLC	Subsidiary of shareholder having significant influence	14	-
Operational activities (i) Veolia Environment Services SPC (O&M)	Subsidiary of shareholder having significant influence	345	328
Accrued interest on shareholders' loan (note 13)			
I-Environments Investments Middle East Ltd	Shareholder having significant influence	11	12
Vigie Groupe (formerly Suez Groupe SAS)	Shareholder having significant influence	8	9
Kahrabel FZE	Shareholder having significant influence	8	9
W J Towell & Co	Shareholder having significant influence	3	4
		<u>389</u>	<u>362</u>

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2025

22. RELATED PARTIES (continued)

- (i) Operation and Maintenance Contract (“O&M Contract”) was signed dated 3 March 2016 with Veolia Environment Services SPC (formerly Suez SPC / Suez LLC / Degremont Middle East LLC) for a period of 20 years from the scheduled COD of 1 April 2018.

	2025 ±'000	2024 ±'000
Shareholders' loan (Shareholder having significant influence)		
I-Environments Investments Middle East Ltd	1,386	1,569
Vigie Groupe (formerly Suez Groupe SAS)	1,040	1,177
Kahrabel FZE	1,040	1,177
W J Towell & Co	385	438
	3,851	4,361

Transactions with related parties during the period are as follows:

Vigie Groupe (formerly Suez Groupe SAS) (Shareholder having significant influence)		
Shareholder loan repayment (including interest)	137	155
DSRA Fees	-	5
Interest expense	67	76
I-Environments Investments Middle East Ltd (Shareholder having significant influence)		
Shareholder loan repayment (including interest)	183	207
Interest expense	89	101
Itochu Corporation (Subsidiary of shareholder having significant influence)		
DSRA fees	2	2
Kahrabel FZE (Shareholder having significant influence)		
Shareholder loan repayment (including interest)	137	155
Interest expense	67	76
W J Towell & Co LLC (Shareholder having significant influence)		
DSRA Fees	-	1
Shareholder loan repayment (including interest)	51	57
Interest expense	25	28

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

22. RELATED PARTIES (continued)

	2025 ₹'000	2024 ₹'000
Veolia LLC (Subsidiary of shareholder having significant influence)		
Services rendered	(30)	(43)
Shared services received	99	97
	<u>69</u>	<u>55</u>
Veolia Environment Services SPC (formerly Suez SPC) (Subsidiary of shareholder having significant influence)		
Operating costs (capacity and variable operating fees including owners' risks)	4,183	4,210

None of the above transactions contain a financing component, except for those related to shareholders' loans.

Key Management benefits

Key management personnel are those having authority for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

Total compensation paid to the top two employees, including key management personnel for the year ended 31 December are as follows:

	2025 ₹'000	2024 ₹'000
Key management benefits		
Short term employee benefits	72	107
Director sitting fee	20	25

23. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management is carried out in order to identify, evaluate, mitigate and monitor financial risks.

The Board of Directors has overall responsibility for establishing and overseeing the Company's risk management framework. The Board has entrusted the management with the responsibility of developing and monitoring the Company's risk management policies and procedures and its compliance with them.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

The potential risk in respect of amounts receivables is limited to their carrying values as management regularly reviews these balances whose recoverability is in doubt.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

23. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. The exposure to credit risk at the reporting date was on account of:

	2025 ₹'000	2024 ₹'000
Derivative instruments (note 11)	4,835	6,376
Trade receivables (note 7)	1,609	1,631
Other receivables (note 7)	150	303
Due from a related party (note 22)	11	5
Short term deposit (note 8)	-	1,320
Cash and cash equivalents (note 8)	2,440	848
	<u>9,045</u>	<u>10,483</u>

The exposure to credit risk for trade receivables at the reporting date was due entirely from NPWP.

Age analysis of trade receivables as at 31 December was:

	2025 ₹'000	2024 ₹'000
Not past due	1,609	1,631
Past due 0 < 3 months	-	-
Past due > 3 months and < 1 year	-	-
	<u>1,609</u>	<u>1,631</u>

There is no impairment of receivables at the reporting date.

The table below shows the balances with banks categorized by short-term credit ratings as published by Moody' Service at the reporting date:

	Rating	2025 ₹'000	2024 ₹'000
Bank			
Bank balances:			
Oman Arab Bank	Ba1	2,397	815
SMBC Bank International	A1	43	33
		<u>2,440</u>	<u>848</u>
Derivative instruments			
The Bank of Tokyo-Mitsubishi, Ltd	A1	3,322	4,381
Crédit Agricole Corporate and Investment Bank (CACIB)	Aa3.	1,513	1,995
		<u>4,835</u>	<u>6,376</u>
Trade receivables			
NPWP	Ba1	1,609	1,631
Short term deposits			
Oman Arab Bank	Ba1	-	1,320

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2025

23. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company limits its liquidity risk by ensuring that a working capital facility is available, when required.

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

The following are the contractual maturities of financial liabilities, including interest payments:

	Carrying amount ±'000	Contractual cash flows ±'000	Up to 1 year ±'000	1 to 5 year ±'000	Above 5 year ±'000
31 December 2025					
Long term loan	65,744	95,399	8,257	31,234	55,908
Shareholders' loan	3,484	6,161	624	1,375	4,162
Lease liabilities	586	1,385	41	154	1,190
Trade and other payables	2,140	2,140	2,140	-	-
	<u>71,954</u>	<u>105,085</u>	<u>11,062</u>	<u>32,763</u>	<u>61,260</u>
31 December 2024					
Long term loan	70,719	87,841	8,634	26,337	52,870
Shareholders' loan	3,936	6,859	760	1,375	4,724
Lease liabilities	591	1,405	41	165	1,199
Trade and other payables	2,065	2,065	2,065	-	-
	<u>77,311</u>	<u>98,170</u>	<u>11,500</u>	<u>27,877</u>	<u>58,793</u>

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

1 Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Company is exposed to foreign exchange risk arising from currency exposures primarily with respect to the US Dollar. The foreign currency risk is minimal as the US Dollar is effectively pegged to the Rial Omani.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2025

23. FINANCIAL RISK MANAGEMENT (continued)

2 Interest rate risk

At the end of the reporting period the interest rate profile of the Company's interest-bearing financial instruments was:

	Interest rate %	2025 ±'000	2024 ±'000
Floating rate instruments			
Long term loans - tranche A	SOFR + margins	49,939	53,039
Effect of interest rate swap		(38,281)	(40,662)
		<u>11,658</u>	<u>12,377</u>
Fixed rate instruments			
Long term loans - tranche B		16,646	17,680
Shareholders' loan		3,853	4,361
		<u>20,499</u>	<u>22,041</u>

The Company's borrowings with floating interest rate are exposed to changes in market interest rates. The Company has hedged this interest rate risk through interest rate swaps.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Company does not designate hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

Fair value sensitivity analysis for variable rate instruments (tranche A)

The Company has hedged this cash flow risk through interest rate swaps at 77%.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss 100 bps Increase ±'000	100 bps Decrease ±'000	Equity, net of tax 100 bps Increase ±'000	100 bps Decrease ±'000
31 December 2025				
Variable rate instrument	424	(424)	-	-
Interest rate swap	(214)	214	1,058	(1,058)
	<u>255</u>	<u>(255)</u>	<u>1,058</u>	<u>(1,058)</u>
31 December 2024				
Variable rate instrument	451	(451)	-	-
Interest rate swap	(238)	238	1,272	(1,272)
	<u>213</u>	<u>(213)</u>	<u>1,272</u>	<u>(1,272)</u>

Adoption of amendments to IFRS 9 and IFRS 7 Interest Rate Benchmark Reform

The company completed its transition to alternative benchmark rates, the interest rate benchmark reform (IBOR reform), in 2024. The Company's remaining IBOR exposures as at 31 December 2024 - corporate debt securities indexed to the US dollar London Inter-bank Offered Rate (LIBOR) - have appropriate fallback clauses. These clauses automatically switch the instrument from USD LIBOR to the Secured Overnight Financing Rate as and when USD LIBOR ceases. As announced by the Financial Conduct Authority, the one-, three- and six-month synthetic USD LIBOR settings will cease on 30 September 2024.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

23. FINANCIAL RISK MANAGEMENT (continued)

2 Interest rate risk (continued)

Fair value of financial instruments

The management believes that the fair value of the financial assets and liabilities are not significantly different from their carrying amounts as shown in the financial statements at the reporting date.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Level 2	Valuation technique	Significant un-observable inputs
Derivative instruments (assets / (liabilities))	Market comparison technique: fair value is calculated by the respective financial institutions	Not applicable

There are no other financial assets at fair value at the reporting date. Further, there were no transfers between Level 1, Level 2 and Level 3 during the period.

Embedded derivatives

The following agreements contain embedded derivatives:

- i. The WPA between the Company and NPWP contains embedded derivatives in the pricing formula that adjusts the charge rates to reflect changes in USD / RO currency exchange rates and changes in US price index and the Oman price index.
- ii. The O&M Agreement contains embedded derivatives in the pricing formula that adjust the payments to reflect changes in USD / RO currency exchange rates and changes in US price index and the Oman price index.

These embedded derivatives are not separated from the host contract, the WPA and the O&M Agreement, and is not accounted for as a standalone derivative under IFRS 9, as the management believes that the economic characteristics and risks associated with the embedded derivatives are closely related to those of the host contracts. The assessment is same as at 31 december 2025.

Equity price risk

The Company does not have investments in securities and is not exposed to market price risk.

Capital management

The capital of the Company comprises paid-up capital, retained earnings, shareholder loan reserve and hedging reserve. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and benefit other stakeholders. The management's policy is to maintain a strong capital base so as to sustain future development of the business. Capital requirements are prescribed by the Commercial Companies Law of Sultanate of Oman and the loan agreements.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2025

24. COMMITMENTS

Operation and maintenance commitment

As per the O&M Agreement, Veolia Environment Services SPC will operate and maintain the Company's plant until 31 March 2038. Under the O&M agreement, the Company has to pay the fixed operating fee subject to availability.

The minimum future payments under the O&M agreement are as follow:

	2025 €'000	2024 €'000
Less than one year	2,904	2,802
One to two years	3,051	2,927
Two to three years	3,012	3,106
Three to four years	3,426	2,930
Four to five years	3,585	3,714
More than five years	26,249	28,832
	<u>42,227</u>	<u>44,311</u>

25. OPERATING LEASE ARRANGEMENT WHERE THE COMPANY ACTS AS A LESSOR

As disclosed in note 1 to these financial statements, the Company has entered into a WPA with NPWP for a substantial element of the production of water based on availability. As disclosed in note 4, management has determined that the WPA with NPWP is covered under IFRS 16 Leases and such arrangement in substance represents an operating lease under IFRS 16 Leases. The agreement expires 20 years after the Scheduled Commercial Operation Date of 1 April 2018.

Below is the maturity analysis of undiscounted total contractual cashflows to be received on an annual basis under the WPA:

	2025 €'000	2024 €'000
Less than one year	12,136	12,073
One to two years	12,201	12,136
Two to three years	12,300	12,201
Three to four years	12,402	12,300
Four to five years	12,514	12,402
More than five years	94,380	106,894
	<u>155,933</u>	<u>168,006</u>

NOTES TO THE AUDITED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2025

26. BASIC AND DILUTED EARNINGS PER SHARE

Basic and Diluted earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

	2025	2024
Net profit for the period (₪'000)	1,599	1,243
Weighted average number of shares outstanding during the period ('000s) (i)	<u>75,522</u>	<u>75,522</u>
Basic and diluted earnings per share (₪)	<u><u>0.0212</u></u>	<u><u>0.0165</u></u>

(i) Weighted average number of shares outstanding during the period

	2025 Numbers in '000	2024 Numbers in '000
At 1 January	75,522	75,522
Increase in issued number of shares	-	-
At 31 December	<u><u>75,522</u></u>	<u><u>75,522</u></u>

The company has no potentially dilutive instruments, the dilutive earnings per share are same as basic earnings per share as per note 26.

27. NET ASSETS PER SHARE

The calculation of net asset value per share is based on net assets and the number of ordinary shares at the end of the year as follows:

	2025	2024
Net assets (₪ in '000)	18,097	18,714
Number of shares outstanding at year end ('000s)	<u>75,522</u>	<u>75,522</u>
Net asset value per share (₪)	<u><u>0.240</u></u>	<u><u>0.248</u></u>

28. APPROVAL OF THE AUDITED FINANCIAL STATEMENTS

The audited financial statements were approved by the Board of Directors and authorised for issue in their meeting held on 18 February 2026.