ANNUAL REPORT 2025

OMAN POWER AND WATER PROCUREMENT COMPANY (SAOC)

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AIVS AUTOMATED INVOICE VERIFICATION SYSTEM
APSR AUTHORITY FOR PUBLIC SERVICES REGULATION
BCM BUSINESS CONTINUITY MANAGEMENT
BST BULK SUPPLY TARIFF
COD COMMERCIAL OPERATION DATE
CSP CONCENTRATED SOLAR POWER
DPS DHOFAR POWER SYSTEM
GCCIA GULF COOPERATION COUNCIL INTERCONNECTION AUTHORITY
GWH GIGAWATT HOUR (1,000 MEGAWATT HOURS)
HSE HEALTH, SAFETY AND ENVIRONMENT
IFRS INTERNATIONAL FINANCIAL REPORTING STANDARD
IGC INTEGRATED GAS COMPANY
IPP INDEPENDENT POWER PROJECT
IT INFORMATION TECHNOLOGY
IWP INDEPENDENT WATER PROJECT
IWPP INDEPENDENT WATER AND POWER PROJECT
LTI LOST TIME INCIDENT
M3 CUBIC METRE(S)
MCM MILLION CUBIC METRE
MEM MINISTRY OF ENERGY & MINERALS
MIS MAIN INTERCONNECTED SYSTEM
MPS MUSANDAM POWER SYSTEM
MTC MEDICAL TREATMENT CASE
MWH MEGAWATT HOUR
NDS NAMA DHOFAR SERVICES
NH NAMA HOLDING
NWS NAMA WATER SERVICES
OETC OMAN ELECTRICITY TRANSMISSION COMPANY
OIA OMAN INVESTMENT AUTHORITY
OMR OMANI RIAL
OQGN OQ GAS NETWORKS
PPA POWER PURCHASE AGREEMENT
PWP NAMA POWER AND WATER PROCUREMENT
PWPA POWER & WATER PURCHASE AGREEMENT
QHSE QUALITY, HEALTH, SAFETY, & ENVIRONMENT
RFP REQUEST FOR PROPOSAL
RFQ REQUEST FOR QUALIFICATION
RTA ROAD TRAFFIC ACCIDENT
RWC RESTRICTED WORK CASE
SCOD SCHEDULED COMMERCIAL OPERATION DATE
SM3 STANDARD CUBIC METRE(S)
NEGC NAMA ELECTRICITY GENERATION COMPANY
TRC TOTAL RECORDABLE CASES
WPA WATER PURCHASE AGREEMENT

ABOUT US

BOARD OF DIRECTORS

Ahmed bin Hamed Al Subhi
Chairman of the Board of Directors
Other Positions: Chairman of the Board of Director Electricity Holding Company (Nama Holding)

Fatma Bint Hamed Al Rashdi
Deputy Chairperson of the Board of Directors
Other Positions: Senior Legal Counsel, Electricity Holding Company (NH)

Aflah Bin Mustafa Al Lawati
Member of the Board of Directors
Other Positions: Vice President-Treasury, OQ SAOC

Ahmed Bin Mohammed Al Hooti
Member of the Board of Directors
Other Positions: Assistant Director General of Budget, Ministry of Finance

Faiza Bint Mohamed Al Harthy
Member of the Board of Directors
Other Positions: Head of Energy and Water Policy, Petroleum Development Oman (PDO)

EXECUTIVE MANAGEMENT

Ahmed Bin Salim Al Abri
Chief Executive Officer

Abdullah Bin Rashid Al Sawafi
Chief Energy Transition Officer

CHAIRMAN'S FOREWORD

Dear Shareholders,

The Board of Directors have the pleasure of presenting the Board Report of PWP for the year 2025

Health, Safety and Environment

At PWP, the health, safety, and environment are considered to be of the utmost significance. The Board places a high priority on maintaining a strong HSE culture and continuously strives for improvement through periodic evaluation of policies, procedures, and practices. PWP is dedicated to continuously promoting a culture that prioritizes health, safety, and the environment in all aspects of its business, and encourages employees to align their behaviour with this commitment. The company is also constantly working to optimize and streamline its processes to ensure maximum HSE performance.

The Board is kept abreast of the HSE performance of PWP, its employees as well as generators and desalinators through periodic HSE updates. These updates enable the Board to support management in its pursuit of a no harm culture.

PWP aims to mitigate any adverse impact on the environment and safeguard it through its stringent contractual terms; whereby all of its power and water projects - which are built, owned, and operated by international and local developers- are required to comply with national and international environmental and emissions standards.

The health, safety, and wellbeing of our staff, and all people affected by PWP's operations, play an essential and ever-increasing role in PWP's behaviour and practices. As highlighted above, the board promotes a company culture conducive to robust health, safety, and environmental practices, and it is embedded in the heart and mind of every PWP employee.

People

The Board attributes the success of the company to the capabilities, expertise, diligence, and work ethic of its employees. Their unwavering commitment and hard work have ensured PWP's compliance with its statutory duties, licence obligations and the achievement of its objectives.

The Board is focused on investing in the development of employees demonstrating its commitment towards the long-term success of the company and its employees. Training, development and knowledge enhancement programs are crucial for keeping employees updated on the latest industry trends and best practices and for ensuring that they have the skills and expertise required to perform their jobs effectively. This includes unlimited access to the Learning Management System (Rawafid) which allows the employees to access wide range of virtual courses to improve both soft skills as well as to build on technical capabilities.

Additionally, the company has a well-structured approach to employee development, as this will help to ensure that the company's investment in training and development is effective and provides the best return on investment including internal knowledge-sharing sessions which creates a supportive and collaborative work environment, where employees feel valued and can share their expertise and experiences with each other.

2025 ACHIEVEMENTS

In 2025, PWP has continued to accelerate the development of renewable energy projects, such as solar and wind energy, to diversify the country's energy generation portfolio. The spot market completed another year of successful market operation as well as completed the Market Management System (MMS) certification. PWP continued with its digitalisation effort and successfully completed AIVS project to automate the review of the power and water monthly invoices.

Financial Highlights

In 2025, the Company generated net cash flows from operations amounting to RO 310 million (2024: RO 240 million), which were utilized to settle the company's obligations. However, the Company's total liabilities exceeded its total assets by RO 111 million (2024: RO 116 million), and its current liabilities surpassed its current assets by RO 116 million (2024: RO 145 million) due to the impact of the IFRS 16 lease accounting. This situation may indicate a material uncertainty regarding the Company's ability to continue as a going concern, as additional funding and financial support will be required to meet its financial obligations as they become due and to sustain operations in the foreseeable future.

In response to this concern, the management has secured confirmation from the Company's shareholders, assuring the provision of adequate financial support to meet liabilities as they fall due and to maintain ongoing operations.

Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments that might arise from this uncertainty.

Corporate Governance

The Board of Directors is committed to upholding the highest standards of corporate governance. The Board Audit and Risk Committee, which reports directly to the Board, plays critical role in overseeing the company's internal controls and risk management. The Board is further supported by the Executive Committee, which assists in facilitating timely decision-making on key matters. Together, these committees reinforce the Board's commitment to accountability, transparency, and the long-term success of the company through strong and effective governance practices.

Future Outlook

The Board is pleased to present an overview of the key priorities and projects that PWP will focus on in 2026. Our goal is to continue delivering reliable, efficient, and sustainable power and water capacity to our customers and support the country's long-term development objectives.

Acknowledgements

The Board wishes to convey its sincerest gratitude to the executive management of PWP and the employees whose commitment and dedication have enabled the company, despite the challenges, to achieve yet another successful year. The Board looks forward to being a part of the continued success of PWP in 2026 as it embarks on new projects and initiatives for the benefit of the electricity and water sector and the Sultanate of Oman as a whole.

The Board wishes to extend its gratitude to the Electricity Holding Company (NAMA Holding), Oman Investment Authority, Ministry of Energy and Minerals, Authority for Public Services Regulation, and other affiliated Government agencies and sector companies for their continuous support and positive collaboration. Furthermore, the Board is also appreciative of the support from PWP's counterparties: the developers of the I(W)PPs, as well as PWP's customers, for their continued contribution to PWP's accomplishments and progress and the Board looks forward to a continued positive relationship with them in the future.

Finally, the Board on behalf of PWP would like to take this opportunity to express its utmost allegiance and devotion to His Majesty Sultan Haitham Bin Tarik and the Government of the Sultanate of Oman for the consistent pursuit of development and improvement in the Sultanate of Oman, including the electricity and water sectors.

CEO'S FOREWORD

Dear Shareholders,

I am pleased to report that PWP had another successful year in fulfilling the mandate placed on the company in a safe and sustainable manner. Our accomplishments in health and safety, renewable energy, water desalination projects, and other initiatives are a testament to our dedication to fulfilling the increasing demands for energy and water in the Sultanate of Oman safely, effectively and sustainably. The health, safety, and wellbeing of our staff, and all people affected by PWP's operations, play an essential and ever-increasing role in PWP's behaviour and practices. The management promotes a company culture conducive to robust health, safety, and environmental practices which are embedded in the heart and mind of every PWP employee. To further enforce these measures and improve the HSE culture within PWP and its stakeholders, PWP has organised an HSE workshop with all the generators and desalinators as well as other stakeholder to promote HSE culture and best practices among all the players.

2025 Achievements

The year 2025 marked a year of successful achievement for PWP. PWP successfully undertook and completed numerous projects and initiatives, including but not limited to the following:

Renewable Energy Projects:

In alignment with Oman Vision 2040 and the renewable energy targets established for 2030 and 2040, PWP continues to make significant strides in diversifying its energy generation portfolio and advancing the development of renewable energy projects. The year 2025 has proven to be a pivotal period, during which several renewable energy projects were both tendered and completed, with others achieving their Commercial Operation Date, some of these key highlights are summarised as follows:

- **Solar Energy Projects:**

  In 2025, the two solar energy projects, Manah I and Manah II, successfully achieved their Commercial Operation Date in line with the approved project timeline and targeted completion date. This achievement reflects disciplined execution, effective project governance, and strong coordination among stakeholders.

  PWP continues to expand its solar energy portfolio with significant progress on multiple fronts.

  The Company has successfully executed a 20-year Power Purchase Agreement (PPA) for the **Ibri III** Solar IPP, a 500 MW solar PV plant integrated with a 100 MWh Battery Energy Storage System (BESS)—PWP's first project to incorporate utility-scale energy storage.

  In addition, PWP has tendered a new 500 MW solar PV project and has received highly competitive bids. The project is targeted for award in Q1 2026, with a scheduled Commercial Operation Date (COD) in Q2 2027.

- **Wind Energy Projects:**

  PWP has completed the qualification process for five wind IPP projects across various regions of the Sultanate. Among these, two projects have progressed significantly: Jalan Bani Bu Ali Wind IPP – with a capacity of 123 MW, targeting COD in Q2 2027.Dhofar 2 Wind IPP – with a capacity of 120 MW, also targeting COD in Q2 2027.Both projects have successfully achieved Commercial Close through the signing of their respective Power Purchase Agreements (PPAs), marking a major milestone in advancing Oman's renewable energy pipeline.

  Furthermore, three additional wind IPP projects located in Duqm, Mahoot, and Sadah—representing a combined capacity of approximately 1,200 MW—have been allocated to the National Champion for Renewable Energy.

  This allocation marks a significant milestone in strengthening national capabilities in the renewables sector and substantially enhancing In-Country Value (ICV). A key component of this initiative is the planned supply of wind turbines by a local manufacturer, which further reinforces domestic industrial development and supports Oman's long-term energy transition objectives.

Water Desalination Projects:

PWP's unwavering dedication to developing water projects underscores its commitment to addressing the increasing water demand in the country.

- **Qurayyat IWP:**

  Qurayyat IWP achieved the Commercial Operation Date in 2025, with a total capacity of 200,000 m³/day, significantly enhancing water security in Muscat and supporting the region's growing demand for reliable and sustainable water supply.

- **Ghubrah III IWP:**

  Construction of Ghubrah III IWP, with a capacity of 300,000 m³/day, is progressing steadily and efficiently. The plant is scheduled to start its startup testing during 2026, with a targeted Commercial Operation Date in Q1 2027. PWP continues to closely supervise all construction activities to ensure timely and effective delivery.

Other initiatives:

In addition to the renewable energy projects and water desalination projects, PWP continues to focus on other key and strategic initiatives that includes planning for the future capacity and grid requirements, progress in the electricity sector and a focus on improving processes.

- **Misfah and Duqm IPPs**
  Driven by the growing demand from industrial customer, PWP, completed the qualification and tendering process for both Misfah and Duqm IPPs. Both project were awarded in 2025 with a targeted Commercial Operation Date in Q2 2029. This tender was completed in an aggressive timeline yet with an excellent response from the developers.

- **Power and Water 2027**
  Following the release of the Power and Water 2027 Tender in 2024—aimed at securing capacity from the expired power and water assets of Sembcorp Salalah—PWP has successfully completed the procurement process, culminating in the signing of a 10-year PWPA. This achievement represents a significant milestone for both PWP and the project developers. By capitalizing on existing infrastructure, PWP ensures continued security of supply at optimized cost levels, while developers are provided with a structured framework to recover the remaining value of their assets. This outcome demonstrates PWP's capability to design commercially agile procurement strategies that balance system needs with market sustainability.

- **Power 2028 -2029**

  Building on the successful completion of the Power and Water 2027 procurement process, PWP continues to capitalize on existing generation assets by launching the Power 2028–2029 tenders.These tenders were issued to the existing generators whose original PPAs are due to expire in 2028 and 2029, namely Barka 3 IPP, Sohar 2 IPP, and Sur IPP. PWP has received competitive bids with a target award date of Q1 2026.
  This initiative ensures continuity of supply, maintains cost efficiency through optimized use of existing infrastructure, and supports a smooth transition within the generation fleet as Oman advances toward its long-term energy transition and capacity-optimization goals.

- **Electricity Spot Market**

  The spot market has now completed four years of continuous operation since its launch in January 2022. The Market Operator has effectively completed all the required market activities and incompliance with Market Rules. The overall compliance of market participants has also improved by 30% compared to 2024. The annual audit for 2024 has been also completed to provide assurances to all the stakeholders. Additionally, the Market Management system achieved an overall availability of 100% in 2025. Also, The market efficiently registered new Pool Based Power Contract plants contracted in 2024, including BARKA1, SOHAR1, and MANAH1 (Solar Plant).

- **Demand Response Study**

  PWP completed the first phase of a strategic study with key stakeholders, focusing on the impact of demand response—especially from large customers—on system demand. The initial phase, which reviewed models relevant to Oman's electricity sector, concluded in 2024. Stage two began in 2025, centring on programme development and innovative approaches to shape Oman's energy sector. Here, PWP created the Demand Side Methodology, gained Authority approval, and will launch a Pilot Demand Response Programme in summer 2026.

  These steps highlight our commitment to sustainable energy and our leadership in Oman's energy future. We will continue to prioritise innovation, collaboration, and long-term value for all stakeholders.

- **International Renewable Energy Certificates (I-RECs)**

  In 2025 PWP played an active role in supporting national decarbonisation efforts, through the conduct of an auction for the sale of International Renewable Energy Certificates (I-RECs) generated from Dhofar Wind IPP, Manah I Solar IPP and Manah II Solar IPP, as well as engaging in direct sales of these certificates to local companies in strategic sectors. Through the sale of these certificates, strategic sectors—such as aluminium, manufacturing and telecommunications—are enabled to credibly account for renewable energy use and reduce the carbon intensity of their operations, in line with recognised international standards. This initiative supports broader national and decarbonisation objectives while enabling stakeholders to demonstrate measurable progress toward their sustainability targets.

FUTURE OUTLOOK

I am pleased to provide an overview of the key priorities and projects that PWP will focus on in 2025. Our goal is to continue to provide reliable and efficient power and water capacity and output to our customers while promoting sustainable energy development in the country.

HSE:
Health, Safety, and Environment (HSE) will continue to be a primary focus for PWP. We are committed to implementing proactive measures to achieve zero harm across all operations.

Renewables Energy Projects:

- Supervise the construction activities for Ibri III Solar IPP and Al Kamil I Solar IPPs
- Supervise the construction activities for Dhofar II Wind IPP and Jalaan Bani Bu Ali Wind IPP.
- Award of three wind projects and issuing of RFP for three wind projects.
- Release of three tenders of solar PV plants with combined capacity of 2500 MW two of which may include energy storage from Battery Energy Storage System.
- Engage with the National Champion for development of a 280MW solar PV to decarbonise the Marsa LNG project.
- PWP continue to expand the renewable energy project by maximising the utilising the proven technology wind, solar and BESS all co located in one site aimed to deliver round the clock renewable energy with highly annual capacity factor of >70% delivering 1000MW. The is remarkable project that is targeted to be awarded in 2026.
- Continues exploring the opportunity of further advancing utility scale energy storage solutions integration within the mix enabling the expansion of renewable energy projects.
- Initiate the implementation of the outcome of the optimum energy mix and energy storage options study.

Water Desalination Projects:

- Supervise the construction activities for Ghubrah III IWP
- Commence procurement of two water Desalination Projects with Desalination capacity of 150,000 m3 per day each.

Other Projects:

- Conducting the spot market audit for the 2025 activities as per the Market Rules.
- Completion of Demand response study and proof of concept.
- Completion of the roll out of the Automated Invoice Verification System (AIVS)
- Continued focus on building local capabilities within the company to strengthen sustainability and business continuity.

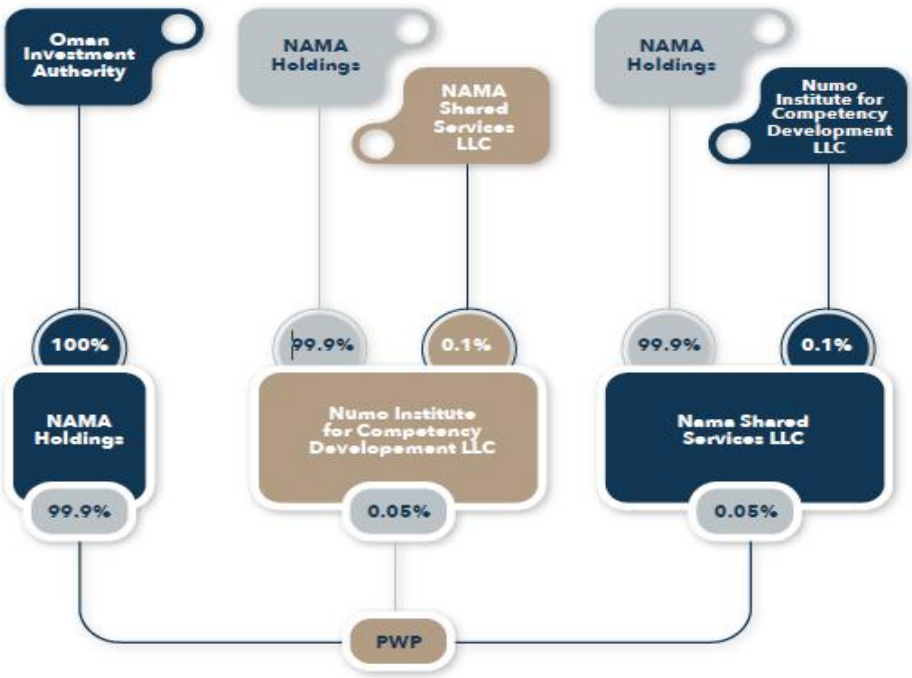
The management is confident that the company will achieve its goals, objectives and priorities with the continuing support of PWP shareholders and its relevant stakeholders.

COMPANY PROFILE

SHAREHOLDERS' STRUCTURE

Oman Power and Water Procurement Company SAOC (a member of Nama Group) was established as a closed joint stock company (SAOC) in 2003. The Law for the Regulation and Privatization of the Electricity and Related Water Sector (the Sector Law) promulgated by Royal Decree no. (78/2004) states the functions and duties of the Company. The Company has a capital of OMR 8,100,000 (Eight Million and One Hundred Thousand Omani Rials) divided into Eight Million and One Hundred Thousand shares, each with a nominal value of one Omani Rial. The Company is wholly owned by the Government of the Sultanate of Oman through Oman Investment Authority with 100% of the Company's shares held directly and indirectly by the Electricity Holding Company on behalf of the Government.

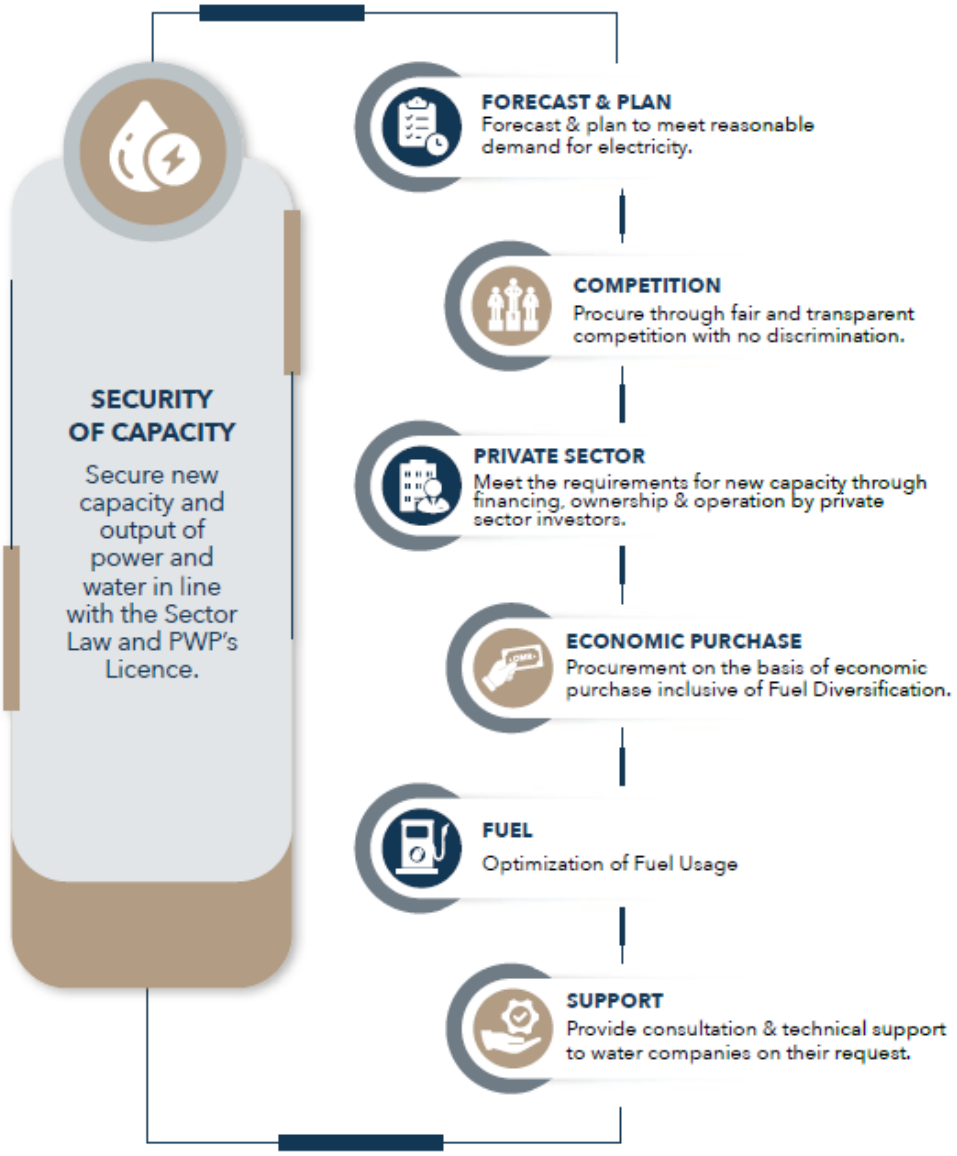
Figure 1 Shareholder's Structure



LICENCED ACTIVITIES

The Company is carrying out the activities as stated in its licence and in accordance with the Sector Law.

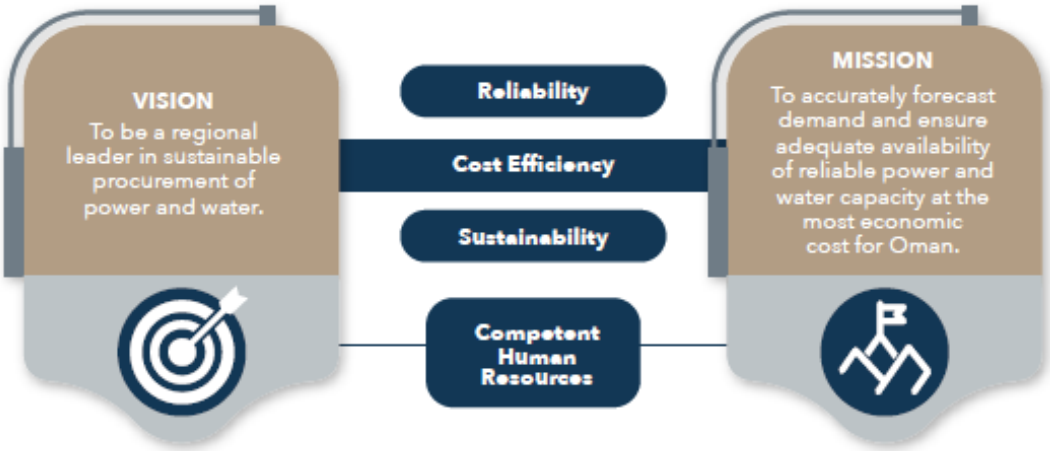
Figure 2 Licenced Activities



COMPANY'S STRATEGY

VISIONS & MISSION STATEMENTS

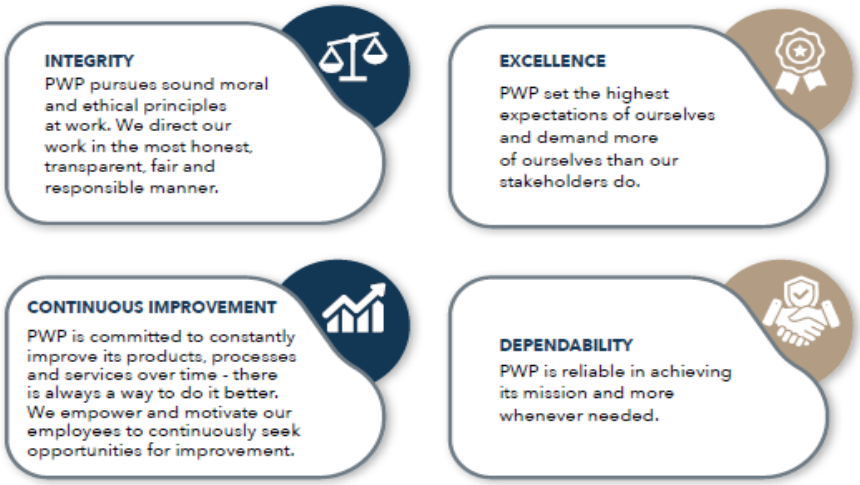
Figure 3 Visions & Mission Statements



VALUES

In addition to the group values, the company is committed to achieve its mission through the following governing values:

Figure 4 Values



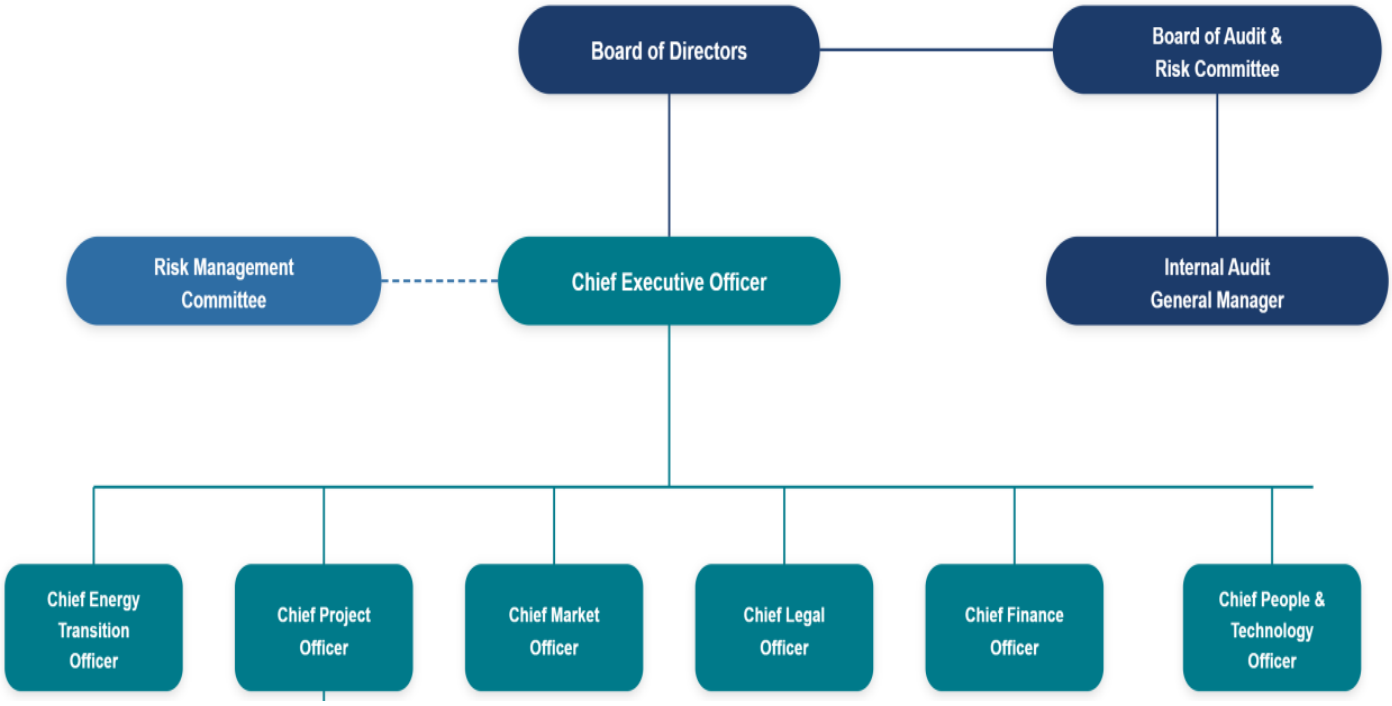
STRATEGIC OBJECTIVES

Figure 5 Strategic Objectives

ORGANIZATION STRUCTURE & FUNCTIONS

PWP has configured its organization structure to implement the strategic objectives and initiatives most efficiently and effectively.

Figure 6 Organization Structure



CORE FUNCTIONS

Energy Transition Department

Planning and Economics (PE) is responsible for several tasks, including forecasting demand for electricity, planning for new capacity and output to meet the generating security planning standard set out in the PWP license, forecasting gas requirements for electricity sector, as well as determining and publishing the Bulk Supply Tariffs for Electricity and Water. Additionally, it conducts various strategic studies to meet its forecasting and planning needs and support the government on related policy matters. The PE function also participates in project feasibility studies and related economic analysis during the procurement and project development process. It maintains the system simulation models that are used to conduct these studies, project electricity and water procurement costs for budgeting purposes and consider various scenarios toward understanding risk impacts.

Project Development (PD) team is responsible for developing/structuring power and water capacity requirements into generation and water desalination projects and procuring these projects through fair and transparent competition open to local and foreign investors. The PD function initiates the development of the project based on the direction of the PE function. The PD function also ensures that the procurement complies with the Economic Purchase Obligation (as defined in the Sector Law) and that all relevant contracts are in place before the project moves to the implementation phase.

Energy Transition (ET) team is responsible for leading and coordinating PWP's initiatives to transition Oman's power sector toward a low-carbon, sustainable, and flexible system. The team undertakes responsibilities including the planning, analysis, and integration of renewable energy resources, development and deployment of energy storage solutions, identification and assessment of decarbonization pathways, and evaluation of emerging energy technologies. The Energy Transition team also collaborates with internal and external stakeholders to ensure effective implementation of these initiatives, conducts strategic studies to support the sector's decarbonization objectives, and provides technical input to policy development and sector planning. Additionally, the team monitors global trends and advancements in energy transition to ensure alignment with international best practices and supports the government in meeting national sustainability targets.

Projects Department

Project Implementation team is responsible for overseeing the project implementation stage (construction phase) and ensuring that the projects have been delivered as per the requirements of the respective PPAs/WPAs in a safe and timely manner. The team monitors the project implementation through site visits, HSE inspection/audits, review of project progress reports, frequent meetings with the project team to assess the progress and escalate any critical issues or challenges. The team also supports obtaining approval and consent from various government authorities/departments during the implementation phase. After the achievement of commercial operation, the project documents are handed over to the Contracts Management function to manage the contracts for the remaining term of the agreement.

Contracts Management team serves as the operational oversight body responsible for managing all Power Purchase Agreements (PPAs), Water Purchase Agreements (WPAs), and Power and Water Purchase Agreements (PWPAs) throughout the contractual term following the commercial operation of the projects. The department plays a critical role in monitoring the performance and operational compliance of Independent Power Projects (IPPs), Independent Water Projects (IWPs) and Independent Water Power Projects (IWPPs) to ensure that project companies fulfil their contractual obligations and maintain the required performance standards under the respective agreements. This includes addressing operational and contractual matters, reviewing claims submitted by project companies, witnessing plant tests required under the agreements, and reviewing and certifying the monthly invoices relating to power generation and potable water production. The department also serves as a key coordination and communication channel between project companies and sector stakeholders, including APSR, NWS, MEM, IGC, OQGN, EA, NDS, and OETC, to ensure effective coordination, regulatory alignment, and the continued reliable operation of Oman's power generation and desalination assets.
QHSE team plays a crucial role in maintaining high standards throughout PWP's operations. They develop clear policies aligned with international standards such as ISO 9001, ISO 14001, and ISO 45001. Regular monitoring, thorough audits, and collaboration across departments help improve efficiency, manage risks effectively, and foster a strong culture of ongoing improvement.

Market Operator

The spot market continues to play an important role in advancing the sector's liberalization objectives and delivering pricing signals within the electricity market. Since its launch in January 2022, the spot market has been operating successfully for four consecutive years. All essential activities - including trading, scheduling, and settlement - have been executed in strict compliance with the Market Rules. Detailed results are consistently published on the market website which is available to all prospective generators and investors as well. Also, the annual audit for 2025 has been completed and results are published as per Market Rules. Also, a third-party audit has been completed to confirm compliance with the separation requirements between the Market Operator and the Power Procurer set by the Authority. In Addition, the Market Management System (MMS) maintained 100% availability throughout 2025. Furthermore, the market has effectively facilitated the registration of the new Non-Pool Based Power Contract plants. These projects include Wadi Noor Solar Power Company SAOC (MANAH1 SOLAR), Barka Water & Power Company SAOG (BARKA1), and Sohar Power Company SAOG (SOHAR1). In 2025, market monitoring capabilities within the Oman Electricity Market with the support of the Authority were substantially enhanced. The Market Operator prioritized the advancement of analytical tools and the incorporation of additional monitoring indices, alongside improvements to the scope, frequency, and quality of market reporting throughout the wholesale electricity sector.The Market Operator publishes an independent annual report detailing its activities, in accordance with the requirements set forth by the Market Rules

SUPPORT FUNCTIONS

Regulatory & Compliance

The Regulatory and Compliance department carries out four main functions: compliance, governance, legal and project advisory. Governance The team supports the company's governance framework by providing company secretarial services to the Board, Audit and Risk Committee, and Executive Committee. It ensures that governance processes, documentation, and decision-making are conducted in accordance with established corporate governance standards and applicable statutory standards of governance. Compliance The team ensures the company's compliance with license conditions, regulatory obligations, and applicable statutory requirements. It also monitors adherence to internal policies and reports compliance status to shareholders and other relevant stakeholders. Legal The team manages legal matters related to the PPA, WPA, and PWPAs, including addressing claims and resolving disputes with counterparties. It works proactively with stakeholders to mitigate legal risks and protect PWP's interests. Project Advisory The team provides legal and regulatory advisory support during project development for water and/or power capacity projects to ensure that contractual and regulatory considerations are effectively addressed throughout the project lifecycle.

People and Technology

People and Technology department is primarily responsible for various HR-related matters, including recruitment, training and development, Omanisation policy and initiatives, payroll, and employee performance. Additionally, the department oversees administration, document control, IT functions, and corporate communication.

Finance

The Finance team is responsible for all accounting and financial activities within the company. Its core responsibilities include ensuring sufficient cash flow to meet contractual commitments, as well as managing business planning, pricing control, budgeting, and management reporting. Additionally, the department prepares statutory and regulatory financial statements to ensure compliance with legal and licensing requirements. Furthermore, it is responsible for maintaining robust internal controls, ensuring compliance with applicable accounting standards, and safeguarding the company's financial assets. The Finance Department also collaborates with external auditors, regulators, and stakeholders, while supporting continuous improvement initiatives and enhancing financial systems and processes to drive efficiency and accuracy.

The Procurement Team operates within the Finance Department of PWP and functions in alignment with the Company's overall corporate governance framework, in accordance with the Code of Governance for OIA Entities and applicable OIA-issued policies. The team conducts procurement activities in a controlled, transparent, and accountable manner, consistent with recognized best practices, approved internal controls, delegated authorities, and the principles set out in the Local Content and Procurement and Tendering Policy for OIA Entities, including integrity, transparency, fairness, efficiency, equal opportunity, and accountability. The Procurement Team ensures compliance, safeguards PWP's economic purchasing obligations under its License and the Sector Law and supports national objectives through the systematic integration of In Country Value (ICV) requirements, including adherence to the OIA Mandatory List and effective monitoring of contractual and reporting obligations throughout the procurement lifecycle.

BUSINESS REVIEW

PWP remains committed to achieving ambitious goals to diversify the sources of electricity generation and support the government commitment to achieve net zero emissions by 2050. New solar and wind projects are projected to contribute to around 9.4% of electricity production by 2025, and efficient utilization of gas consumption will continue to improve over the planning horizon. PWP completed another year of electricity spot market operation successfully which will provide confidence to the market participants, drive further efficiency improvements and provide a means for generation capacity that is not contracted to PWP to sell power into the national grid. PWP will continue to add water desalination projects to meet the growing demand for water in the Sultanate of Oman. In addition, PWP is persistently working towards automating its business processes and making enhancements to boost its operational efficiency and effectiveness. PWP's achievements and priorities are towards achieving its goals and objectives.

SIGNIFICANT ACHIEVEMENTS OF THE YEAR 2025

In 2025, PWP continued to advance Oman's renewable energy ambitions through the development of various renewable projects and the successful completion of several strategic initiatives, including but not limited to the following:

RENEWABLE ENERGY PROJECTS

Consistent with the goals of Oman Vision 2040 and the milestones set for 2030 and 2040, PWP is actively expanding its energy generation mix through the development of renewable energy projects. The company emphasizes the diversification of renewable resources by leveraging the country's natural resource potential and reinforcing its sustainability commitments. The favorable economics of wind and solar PV technologies continue to drive renewable project deployment.

- **Solar Energy Projects** the COD for Manah I Solar IPP and Manah II Sholar IPP has been successfully achieved in Q1 2025 and Q2 2025 respectively. PWP has successfully awarded the fourth solar project in Q2 2025, Ibri III Solar IPP, with a capacity of 500 MW PV equipped with battery storage units with capacity size of 25 MW for a duration of 4 hours daily. Additionally, PWP has progressed with the procurement of the fifth solar project, Al Kamil Solar IPP, with a capacity of 500 MW. PWP received two bids and they are currently in the evaluation stage.

- **Wind Energy Projects** PWP has successfully awarded two wind projects in Q4 2025, JBB Ali and Dhofar II Wind IPPs, with a combined capacity of 230 MW. Additionally, in Q4 2025, PWP released Request for Offer (RFO) for three wind projects: Duqm, Mahoot, and Sadah Wind IPPs, which collectively have a total capacity of around (1120-1260) MW.

WATER DESALINATION PROJECTS

- **Qurayyat IWP** achieved the Commercial Operation Date in 2025, with a total capacity of 200,000 m³/day, significantly enhancing water security in Muscat and supporting the region's growing demand for reliable and sustainable water supply.

- **Ghubrah III Independent Water Project**
  PWP continued to supervise the construction activities of Ghubrah III Independent Water Project, which has a production capacity of 300,000 m3/day, with a targeted scheduled commercial operation date in Q1 2027.

Other Initiatives

These include planning for the future capacity and grid requirements, progress in the electricity sector and a focus on improving processes:

- **Power and Water 2027**
  In Q3 2025, PWP has successfully completed the procurement process of existin capacities from Sembcorp Salalah Power and Water Company, culminating in the signing of a 10-year PWPA with a power capacity of 465 MW and water capacity of 68,191.35 m3/day.

- **Power 2028 -2029**
  In Q2 2025, launched the Power 2028–2029 tenders. PWP issued three separate RFOs to the existing generators who's original PPAs are due to expire in 2028 and 2029, namely Barka 3 IPP, Sohar 2 IPP, and Sur IPP. PWP has received competitive bids for a total power capacity of 3,500 MW with a target award date of Q1 2026.

- **Thermal Projects**
  In Q4 2025, PWP awarded two thermal power projects, Misfah Independent Power Project and Duqm Independent Power Project, with the power purchase agreements signed during the same period. Misfah Independent Power Project will have a total plant capacity of 1,700 MW, including 1,203 MW of early power capacity. Early power is scheduled to commence in Q2 2028, with the full plant scheduled to achieve commercial operation in Q2 2029. Duqm Independent Power Project will have a total plant capacity of 877 MW, including 555 MW of early power capacity. Which is scheduled to commence in Q2 2028, with the full plant scheduled to achieve commercial operation in Q2 2029

- **Demand response**
  Between Q3 2024 and Q3 2025, a structured progression was achieved in advancing Demand Response within Oman's power system. In Q3 2024, models relevant to Oman's electricity sector were reviewed, alongside international benchmark experience, to assess the applicability and potential of Demand Response. In Q1 2025, a detailed program framework was developed, including the incentive mechanism design, operational models, implementation roadmap, regulatory review, and overall readiness for full-scale deployment. This effort culminated in Q3 2025 with the approval of the program framework by APSR, including the incentive mechanism design, with implementation of a pilot program planned for summer 2026.

- **Automated Invoice Verification System (AIVS)**
  PWP has completed the development and testing of the automated invoice verification system (AIVS) that is used to automate the process of verifying the monthly invoices received from the Power and Water Project Companies and currently it is in the process of rolling out the system.

2026 KEY PRIORITIES

PWP is pleased to outline the key priorities and projects it will focus on in 2026. Our objective is to continue providing reliable and efficient power and water capacity and output to customers while advancing sustainable energy development across the country.

HSE

Health, Safety, and Environment will remain a top priority for PWP, and the company will continue to take proactive measures to achieve zero harm across all its activities. PWP will further strengthen HSE requirements for new power and water projects. In addition, annual HSE audits for projects under construction and in operation will continue to be conducted to address ongoing issues and implement preventive measures to mitigate potential risks.

RENEWABLES ENERGY PROJECTS

- Release of Request for Proposal (RFP) for a large-scale Round-the-Clock (RTC) renewable energy project integrating solar PV, wind, and Battery Energy Storage Systems (BESS) to deliver dispatchable renewable energy with a target capacity of around 1000 MW and annual capacity factor exceeding 70%, with award planned in 2026.

- Release of RFP for a ~280 MW Solar PV Independent Power Project dedicated to decarbonising the Marsa LNG project in coordination with the National Champion, supporting industrial decarbonisation and Oman's energy transition objectives.

- Award of Al Kamil I Solar IPP and three wind IPPs located in Duqm (Ras Madrakah), Mahoot, and Sadah, contributing to the expansion of renewable energy capacity and diversification of wind resources across strategic locations.

- Release of RFPs for Al Kamil II Solar IPP, Dhofar Solar IPP, Sinaw Solar IPP, and Adam Solar IPP as part of a broader solar programme with a combined capacity of approximately 2500 MW, including selected projects incorporating Battery Energy Storage Systems to enhance grid stability and renewable energy dispatchability.

- Release of Request for Qualification (RFQ) for Duqm III Wind IPP, Al Jazir Wind IPP, and Shaleem Wind IPP to advance the development pipeline and prequalify developers for future competitive procurement phases.

- Continued supervision of construction activities for Ibri III Solar IPP, Al Kamil I Solar IPP, Dhofar Wind IPP, and Jalaan Bani Bu Ali Wind IPP to ensure compliance with contractual, technical, and HSE requirements and alignment with project timelines.

- Initiation of pre-development activities for future solar projects under the Solar 2030 programme, including early-stage planning, site identification, and grid integration considerations to support long-term capacity expansion.

- Continued exploration and advancement of utility-scale energy storage solutions and their integration within the power system to enable higher penetration of renewable energy and improve system flexibility and reliability.

- Initiation of implementation activities based on the outcomes of the optimum energy mix and energy storage options study to support strategic planning and future energy system development.

Water projects

Commence the procurement of two water desalination projects, with capacities of 80,000 m^3/day and 150,000 m^3/day, to be located in the Dhofar Zone and Northern Al Batinah, respectively.

Financial Highlights

UNDER REGULATORY FRAMEWORK

Table 1 Inflow of Funds

OMR'000	2025	2024
Bulk Supply Revenue (Power)	1,005,384	907,170
Bulk Supply Revenue (Water)	125,620	135,952
Finance and other Revenues	1,329	149
Total	**1,132,333**	**1,043,271**

Figure 7 Inflow of Funds

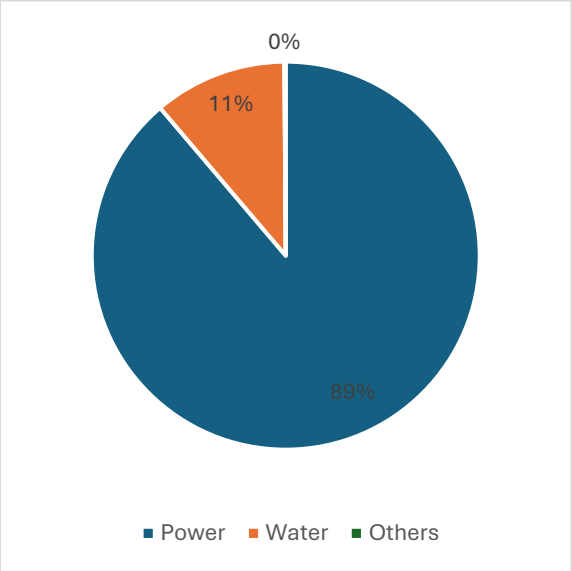
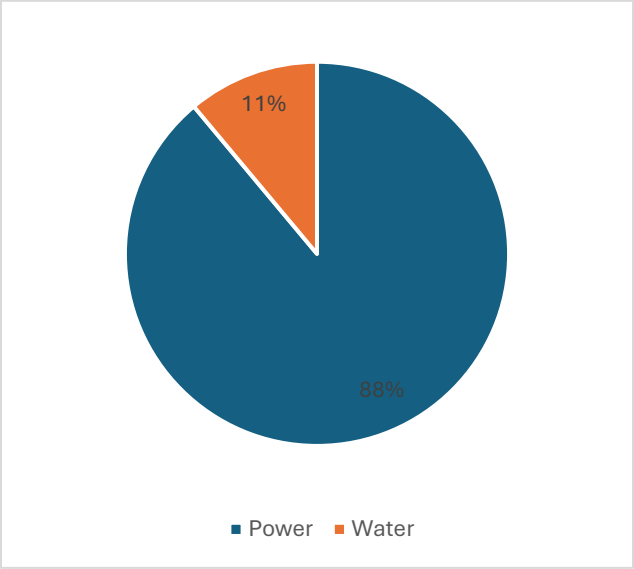


Table 2 Outflow of Funds

OMR'000	2025	2024
Power purchase	989,654	892,796
Water purchase	123,296	133,578
OPEX and Finance cost	**13,421**	13,465
Other Cost (Others)	4,393	2,873
Total	**1,130,764**	**1,042,712**
Profit/loss before Tax – Regulatory framework	1,569	559
Net implications of IFRS 9 and IFRS 16	4,454	(3,951)
Profit/loss before tax - IFRS	6,023	(3,392)

Figure 8 Outflow of Funds



PWP is a party to several long-term power and water purchase agreements. From 2019 onwards, these contracts are treated as finance leases under IFRS 16, meaning that the leases assets and lease liabilities must be capitalized. The leased assets are amortized on a straight-line basis over the contract period, while the lease liabilities are amortized based on the incremental borrowing rate. Additionally, the bulk supply agreement with water departments is recognized as a sub-lease under IFRS 16. However, the regulatory framework recognizes the contractual payment obligations under long term power and water purchase agreements as the costs that can be recovered through bulk supply revenue under the price control. In the financial statements, PWP records revenue for electricity for the MIS and DPS system based on the payment obligations approach set by the price control. However, it records costs based on finance lease accounting, including depreciation on leased assets and interest in lease liabilities. The loss in the income statement and accumulated losses in the balance sheet result from the inconsistency in the accounting for revenues and costs for electricity. For water, both the revenue and cost are recognized based on the lease and sub-lease accounting, respectively under IFRS 16 and do not impact net profit. The electricity revenue and costs for Musandam IPP are also recognized as lease and sub-lease under IFRS 16 and do not impact on the bottom line of the income statement. The chart below reflects the profitability position measured based on the two frameworks over the seven years. In 2024, the company made a net profit before tax of OMR 1.569 million according to the regulatory framework.

Figure 9 Profit Before Tax - Regulatory Framework

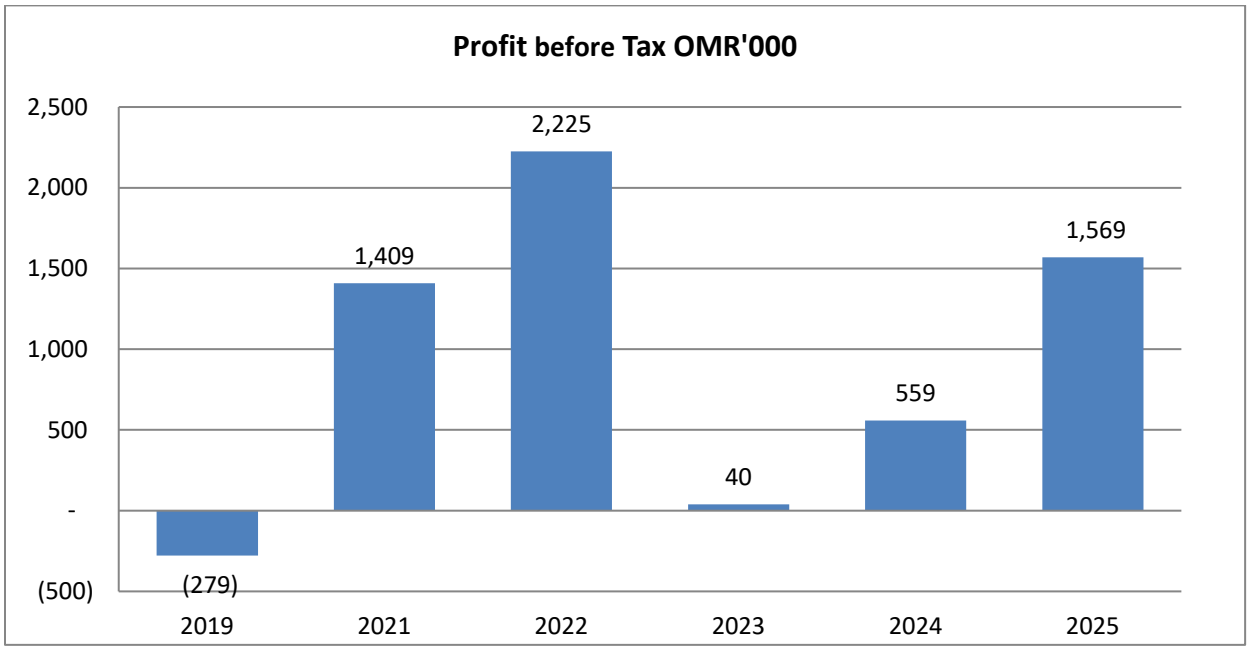
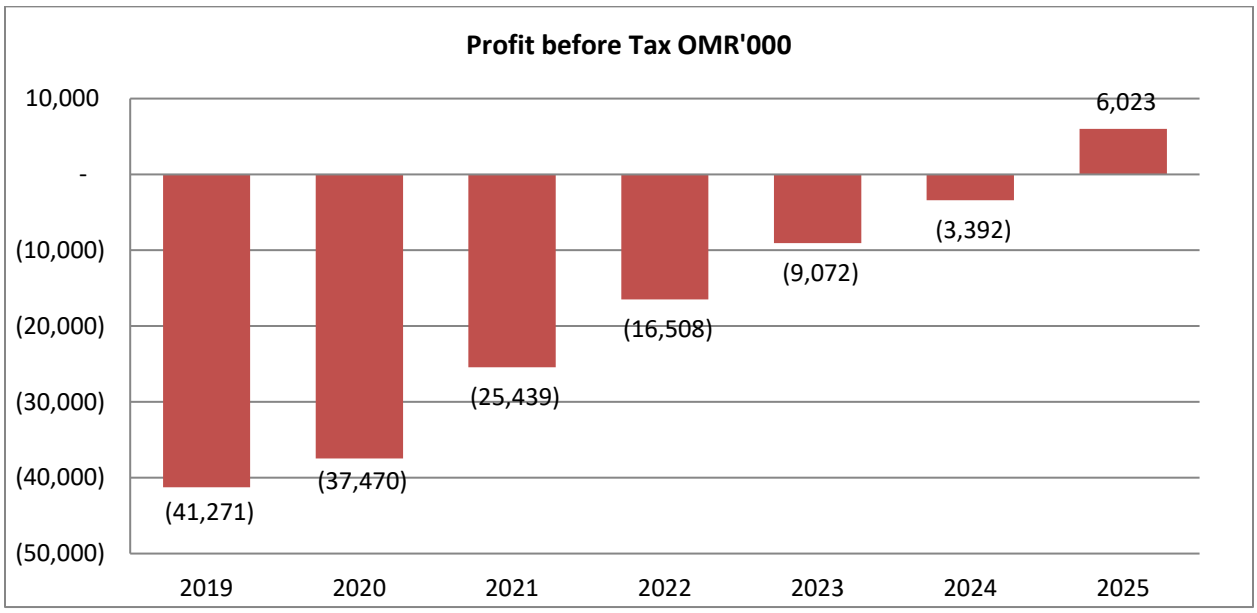


Figure 10 Profit Before Tax – IFRS



CREDIT RATINGS

Moody's Investors Service has assigned a stable outlook with a Baa3 rating. The credit rating agency has acknowledged the treatment of the long-term agreements under IFRS 16 –Leases in the PWP books, they have determined that it does not impact the company's ability to fulfil its obligations under the legal and regulatory framework.

OPERATIONAL HIGHLIGHTS

PURCHASE COST – MIS, DPS AND MPS

The cost per MWh for MIS in 2025 reflects a 5% annual increase in fuel costs whereas for DPS it has improved by 1% mainly driven by the increase in energy supply. There is an improvement in the average cost per unit for MPS. From 2022 onwards, the purchase cost for the rural area from Tanweer is charged back to Nama Supply and NDS for their respective regions, as per the approved tariff.

Table 3 Electricity Purchase cost

Main Interconnection System (MIS)	Units	2025	2024	Variance (%)
Cost of Purchase	OMR '000	731,392	656,388	11
Units Purchased	GWh	43,826	40,949	7
Dhofar Power System (DPS)				
Cost of Purchase	OMR' 000	146,221	135,977	8
Units Purchased	GWh	5,475	5,016	9
Musandam Power System (MPS)				
Cost of Purchase	OMR' 000	19,431	18,400	6
Units Purchased	GWh	395	367	8
Tanweer				
Cost of Purchase	OMR' 000	92,610	82,031	13

REVENUE – MIS, DPS AND MPS

PWP sells electricity to the supply companies based on the bulk supply tariffs determined annually by PWP and approved by APSR. The bulk supply tariff enables PWP to recover its purchase and procurement costs in accordance with the price control formula provided in the licence. Any excess or shortfall in revenue above or below the maximum allowed is carried forward and adjusted as a correction factor in the following year. Therefore, the bulk supply tariff and average revenue per unit in any given year are influenced by purchase costs of that year, as well as any over or under-recovery from the previous year. The bulk supply tariff for MIS and DPS is determined by combining the costs of MIS and DPS. In contrast, the cost of Musandam is ringfenced and separately recovered through the bulk supply tariff for Musandam.

Table 4 Electricity Bulk supply revenue

Main Interconnection System (MIS)	Units	2025	2024	Variance (%)
Bulk Supply Revenue for MIS (Power)	OMR' 000	737,247	710,313	4
Units Sold	GWh	43,824	40,279	9
	Export			
Revenue from Export	OMR' 000	20,476	-	-
	Dhofar Power System (DPS)			
Bulk Supply Revenue for DPS (Power)	OMR' 000	94,545	89,153	6
Units Sold	GWh	5,475	5,016	9
	Musandam Power System (MPS)			
Bulk Supply Revenue for MPS (Power)	OMR' 000	18,226	18,966	(4)
Units Sold	GWh	395	367	8
	Tanweer			
Revenue from Rural (Power)	OMR' 000	92,610	82,031	13

WATER – COST AND REVENUE

PWP sells water to Nama Water Services (NWS) in MIS and Nama Dhofar Services (NDS) in DPS. The prices charged for the bulk supply of water are determined annually by PWP and approved by APSR. The bulk supply tariff allows PWP to recover its purchase and procurement costs as per the price control formula in its licence. If the bulk supply revenue exceeds or falls short of the maximum allowed amount, the excess or shortfall can be carried forward and adjusted as a correction factor in the following year. Therefore, bulk supply tariff and average revenue per unit in any given year are influenced by purchase costs of that year and the carry forward over/under-recovery from the previous year.

Table 5 Water – Purchase Cost and Revenue

	Units	2025	2024	Variance (%)
Cost of Purchase	**OMR' 000**	123,296	133,578	(8)
Average Cost per m3	**OMR**	0.294	0.316	(7)
Bulk Supply Revenue (Water)	**OMR' 000**	114,235	136,256	(16)

OPERATIONAL PERFORMANCE

PWP purchases electricity and desalinated water in accordance with the Power Purchase Agreements (PPAs), Power and Water Purchase Agreements (PWPAs), and Water Purchase Agreements (WPA) with various generators and desalination companies. The terms of the PPAs and PWPAs contracts range between 15 years and 20 years.

Table 6 Long Term Power & Water Purchase Agreements

Project Name	Project Company	Type	Status	Start Operation	Contract Expiry	Net power Capacity (MW)	Water (m3/day)
IPPs							
Barka II IPP	SMN Barka Power Company (SAOC)	PPA	Operational	2024	2033	722	
Barka III IPP	Al Suwadi Power Company (SAOC)	PPA		2013	2028	750	
Dhofar Wind IPP	Rural Area Electricity Company (SAOC)	PPA		2019	2034	49	
Ibri IPP	Ad Dhahira Generating Company (SAOC)	PPA		2019	2034	1557	
Ibri II Solar IPP	Shams Ad Dhahirah Generating Company (SAOC)	PPA		2019	2034	500	
Manah IPP	Manah Power Company	PPA		2024	2033	265	
Manah I Solar IPP	Wadi Noor Solar Power Company (SAOC)	PAA		2025	2045	500	
Manah II Solar IPP	Sembcorp Jinko Shine (SAOC)	PPA		2025	2045	500	
Musandam IPP	Musandam Power Company	PPA		2016	2031	123	
Rusail IPP	Rusail Power Company (SAOC)	PAA		2024	2030	192	
Salalah II IPP	Dhofar Generating Company (SAOC)	PPA		2013	2032	715	
Sohar I IWPP	Sohar Power Company (SAOG)	PPA		2024	2034	416	
Sohar II IPP	Al Batinah Power Company (SAOC)	PPA		2013	2028	750	
Sohar III IPP	Shinas Generating Company (SAOC)	PPA		2019	2034	1748	
Sur IPP	Phoenix Power Company (SAOC)	PPA		2014	2029	2018	

Project Name	Project Company	Type	Status	Start Operation	Contract Expiry	Net power Capacity (MW)	Water (m3/day)
IWPPs							
Barka I IWPP	Barka Water and Power Company SAOG	PWPA	Operational	2024	2033	422	91,200
Salalah IWPP	Sembcorp Salalah Power and Water Company (SAOC)	PWPA		2012	2027	445	68,190
IWPs							
Asilah IWP	Al Asilah Desalination Company (SAOC)	WPA	Operational	2021	2041		80,000
Barka II IWP	SMN Barka Power Company (SAOC)	PPA		2024	2033	-	120,000
Barka IV IWP	Barka Desalination Company (SAOC)	WPA		2018	2038		280,992
Barka V IWP	Barka Desalination Company	WPA		2024	2044	-	100,008
Ghubrah II IWP	Muscat City Desalination Company (SAOG)	WPA		2014	2034		190,920
Salalah III IWP	Dhofar Desalination Company	WPA		2020	2040		113,650
Sohar IV IWP	Myah gulf Oman Desalination Company (SAOC)	WPA		2018	2048		250,000
Sur II IWP	Al Sharqia Desalination Company (SAOG)	WPA		2014	2029		131,837
Qurayyat IWP	Qurayyat Desalination Company (SAOC)	WPA	Operational (but not achieved COD)	2025	2046		200,000

For MIS, Contracted capacities are shown at 45°C, adjusted from the reference condition of 50°C using contractually agreed upon correction factors and as reported as net of plant auxiliaries. For DPS, Contracted Capacities are rated on a net basis (i.e. after allowing for auxiliary consumption inside the plants) at 35°C ambient temperatures output.

CAPACITY UTILISATION – POWER & WATER

PWP procures capacity to meet the demand as per its statutory obligations. The following table shows the capacity utilization at the time of system peak of 2025.

Table 7 Peak Capacity Utilization (Power) – 2025

Project	%
MIS System	**2025**
Barka II IWPP (Power)	49
Barka III IPP	104
Sur IPP	96
Manah IPP	112
Manah I solar IPP	100
Manah II solar IPP	125
Barka I IWPP	117
Ibri IPP	99
Sohar I IPP	73
Sohar II IPP	122
Sohar III IPP	95
Ibri II Solar IPP	111
Rusail IPP	32
Dhofar System	
Sembcorp IWPP (Power)	71
Salalah II IPP - DGC	93
Salalah II IPP - New	90
Dhofar II Wind IPP	99
Musandam IPP	
Musandam IPP	65

CAPACITY UTILISATION – WATER

The overall capacity utilization of water during 2025 is as under:

Table 8 Average Capacity Utilisation (Water) – 2025

Project	%
Water MIS	2025
Ghubrah II IWP	85
Barka I MSF IWP	8
Barka II IWPP (Water)	80
Qurayyat IWP	80
Sur IWP and Extension	51
Barka IV IWP	82
Sohar IV IWP	65
Aseelah IWP	73
Barka V IWP	95
Water Dhofar	
Salalah III IWP	61
Sembcorp IWPP (Water)	84

PURCHASE AND SALE OF POWER AND WATER DURING 2025

Figure 11 MIS - Purchase and Sale of Electricity & Water

Purchase from Generation Companies:		
Plant	**Power**	**Water**
Al Rusail IPP	425 GWh	
Manah IPP	178 GWh	
Sohar I IPP	380 GWh	
Sohar II IPP	4674 GWh	
Barka III IPP	4976 GWh	
Sur IPP	10415 GWh	
Ibri IPP	6537 GWh	
Sohar III IPP	6969 GWh	
Ibri II Solar IPP	1579 GWh	
Manah I Solar IPP	1428 GWh	
Manah II Solar IPP	1405 GWh	
Barka I IWPP	1015 GWh	1.6 MCM
Barka II IWPP	3048 GWh	34.7 MCM
Others	(161) GWh	
Sur II IWP		24.7 MCM
Ghubrah II IWP		59.0 MCM
Barka IV IWP		84.5 MCM
Sohar IV IWP		53.9 MCM
Qurayat IWP		52.6 MCM
Aseelah IWP		21.3 MCM
Barka V IWP		34.7 MCM

PWP	
Total Power	42,867 GWh
Total Water	418 MCM

Bulk Supply Quantity	
Muscat	14,556 GWh
Dhakiliya	3,565 GWh
North Sharqiyah	1,671 GWh
South Sharqiyah	1,953 GWh
Al Wusta	405 GWh
South Al Batinah	5,969 GWh
North Al Batinah	12,308 GWh
Al Buraimi	955 GWh
Ad Dhahira	1,482 GWh
NWS	418 MCM

Figure 12 DPS - Purchase and Sale of Electricity & Water

Purchase from Generation Companies:		
Plant	**Electricity**	**Water**
Salalah IPP (DGC)	834 GWh	
Salalah IPP (New)	2118 GWh	
Dhofar Wind IPP	127 GWh	
Salalah IWPP	2391 GWh	20.9 MCM
Salalah III IWP		25.5 MCM
Others*	5 GWh	

PWP	
Total Power	5475 GWh
Total Water	46.3MCM

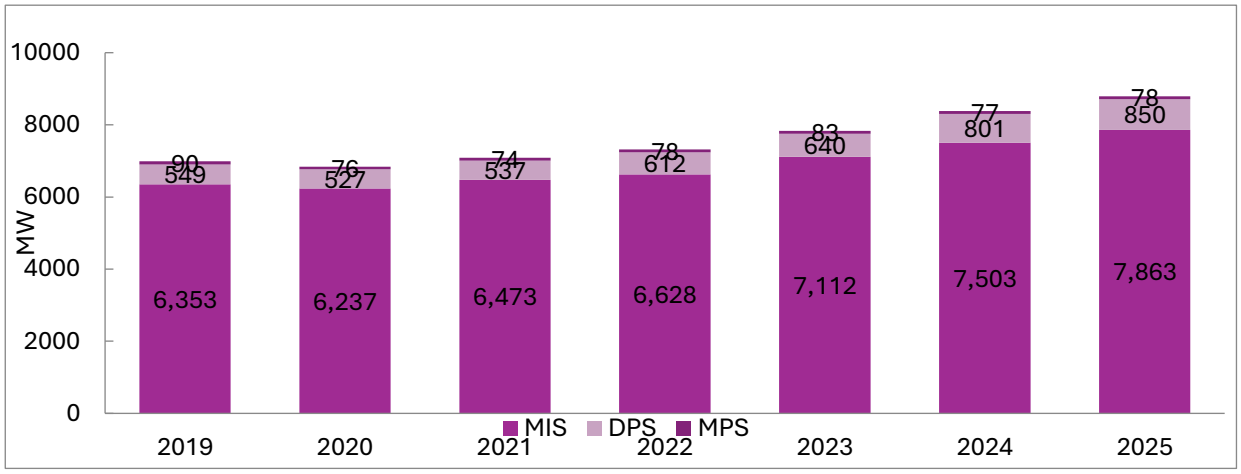
Bulk Supply Quantity	
NDS	5475 GWh
NDS	46.3MCM

Figure 13 MPS – Purchase and Sale of Electricity

Purchase from Generation Companies:	
Plant	**Electricity**
Musandam IPP	395 GWh
PWP	
Total Power	395 GWh
Bulk Supply Quantity	
NS Musandam	395 GWh

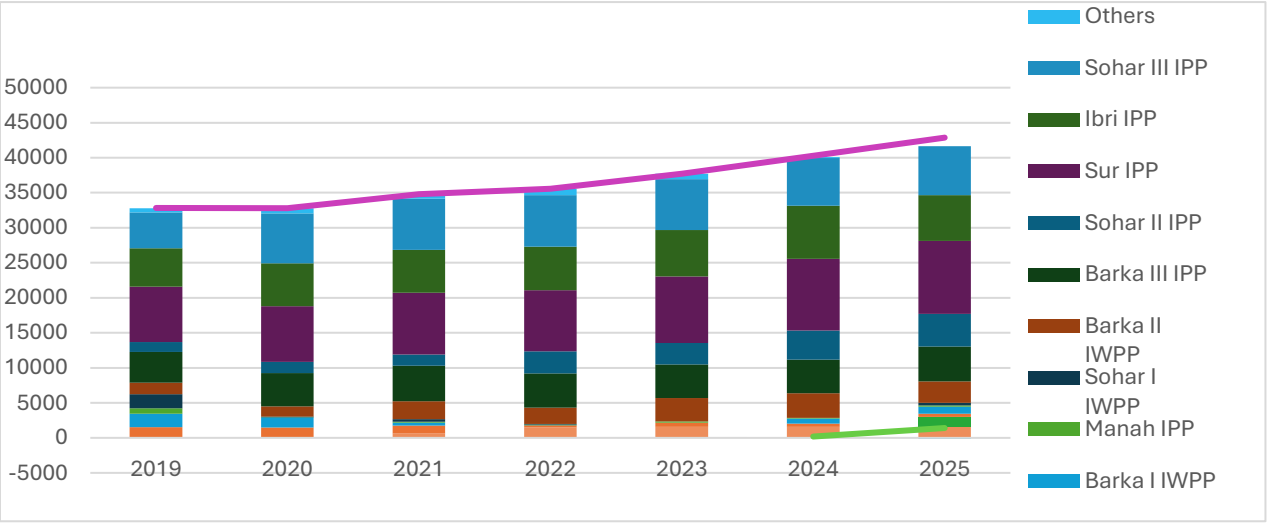
ELECTRICITY DEMAND AND GENERATION RESOURCES (2019-2025)

Figure 14 Power Peak Demand in MIS, DPS and MPS (2019-2025)



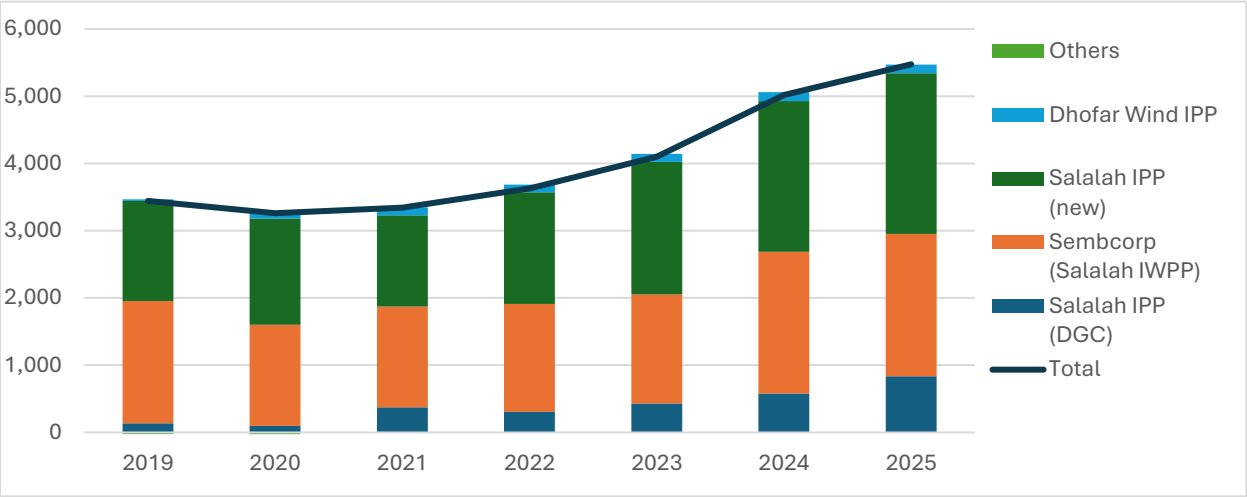
The peak demand in the MIS has increased from 6,353 MW in 2019 to 7,863 MW in 2025 at an average annual growth rate of about 4% for MIS (as well as an increase of 5% in 2025 against 2024). The peak DPS has increased at an average annual growth rate of 8% (an increase of 6% in 2025 compared to 2024). In Musandam, peak demand decreases by 1% in 2025 compared to 2024

Figure 15 Electrical Energy Delivered to MIS (2019-2025)



The figure shows an increase in electrical energy at an average annual growth rate of 5% during 2019- 2025 (with an increase of 6% in 2025 compared to 2024).

Figure 16 Electrical Energy Delivered to DPS (2019-2025)

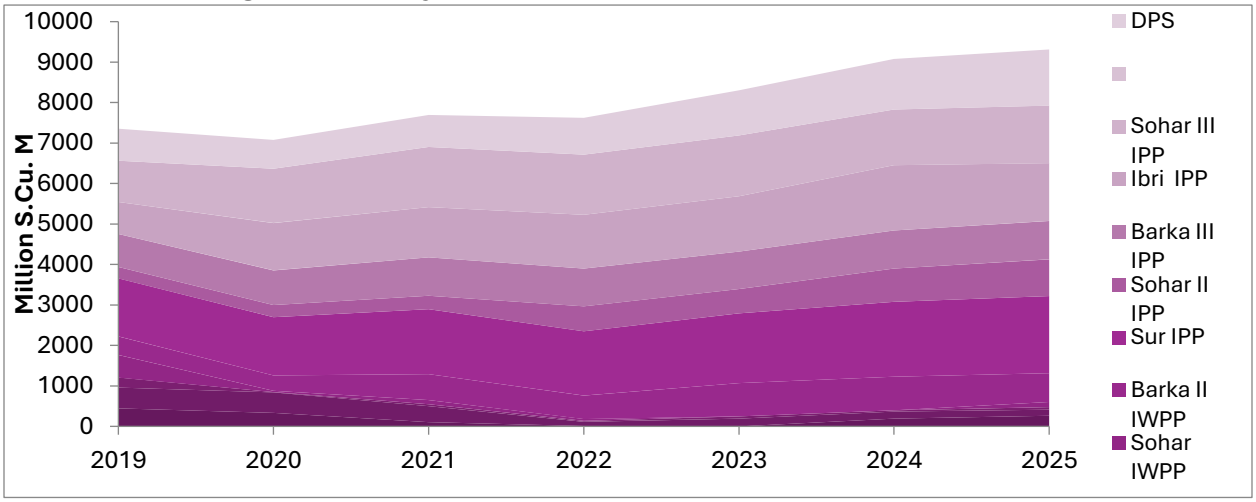


The figure shows an increase in electrical energy at an average annual growth rate of 8% during 2019- 2025 (with an increase of 9% in 2025 compared to 2024).

FUEL EFFICIENCY

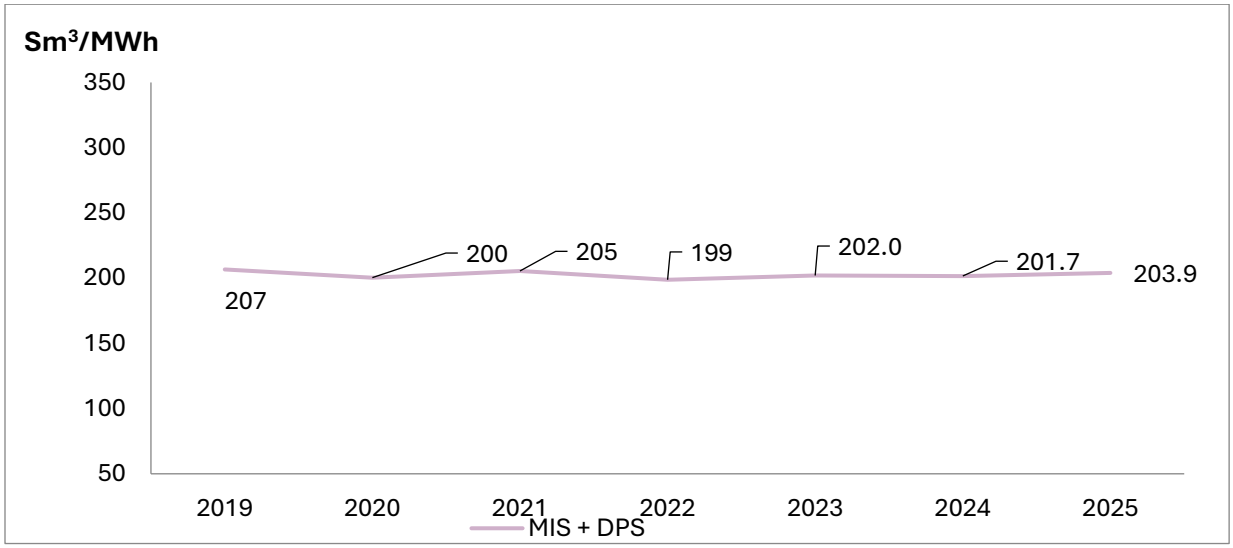
Natural gas is the primary source of fuel for power generation and associated water production which is supplied by IGC. By introducing new efficient power plants, PWP has steadily improved system efficiency and gas utilization. Total gas consumption in the MIS and DPS in 2025 was about 9.3 billion Sm³, compared to about 9 billion Sm³ in 2024, an increase of 2.6% gas consumption during this period. This growth is due to the increase in demand.

Figure 17 Yearly Gas Consumption - MIS & DPS (2019-2025)



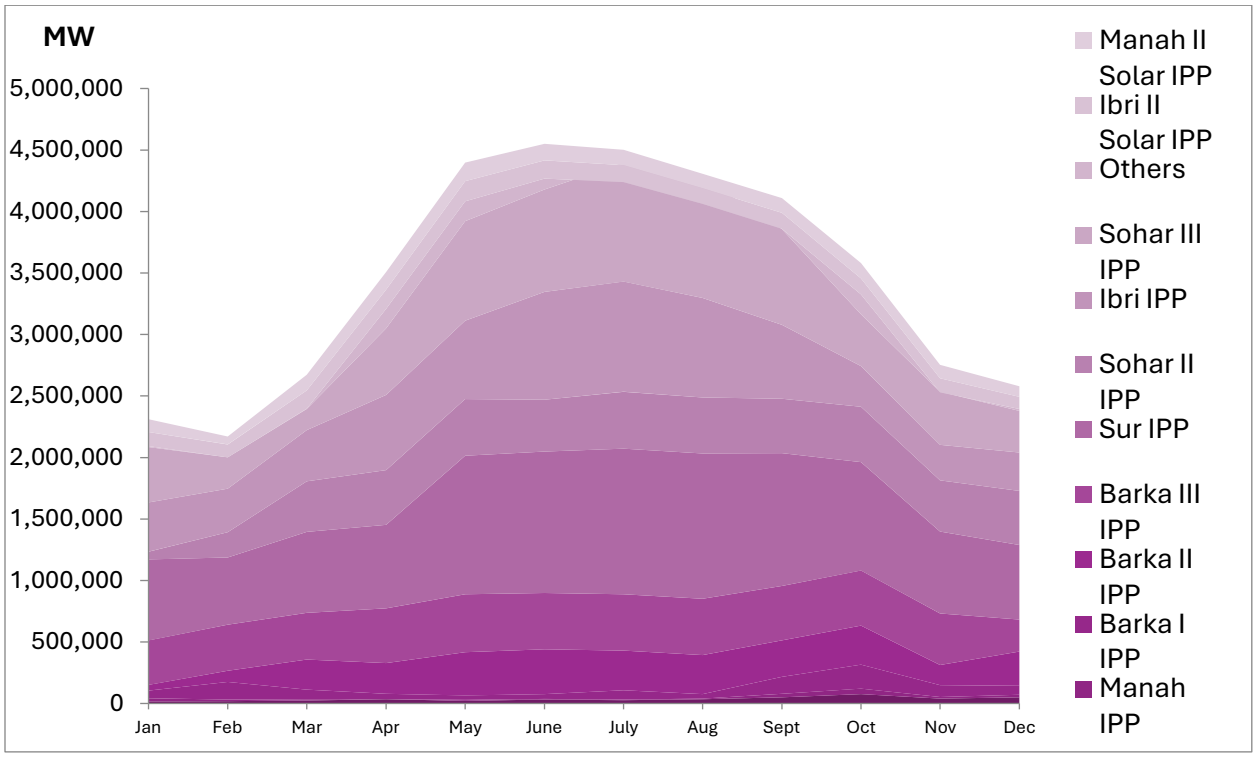
Over the past years (2019 – 2025), the fuel utilization rate (Sm3/MWh) has improved at an average rate of more than 0.2% from 207 Sm3/MWh in 2019 to 204 Sm3/MWh in 2025.

Figure 18 Gas Utilization Rate (2019-2025)



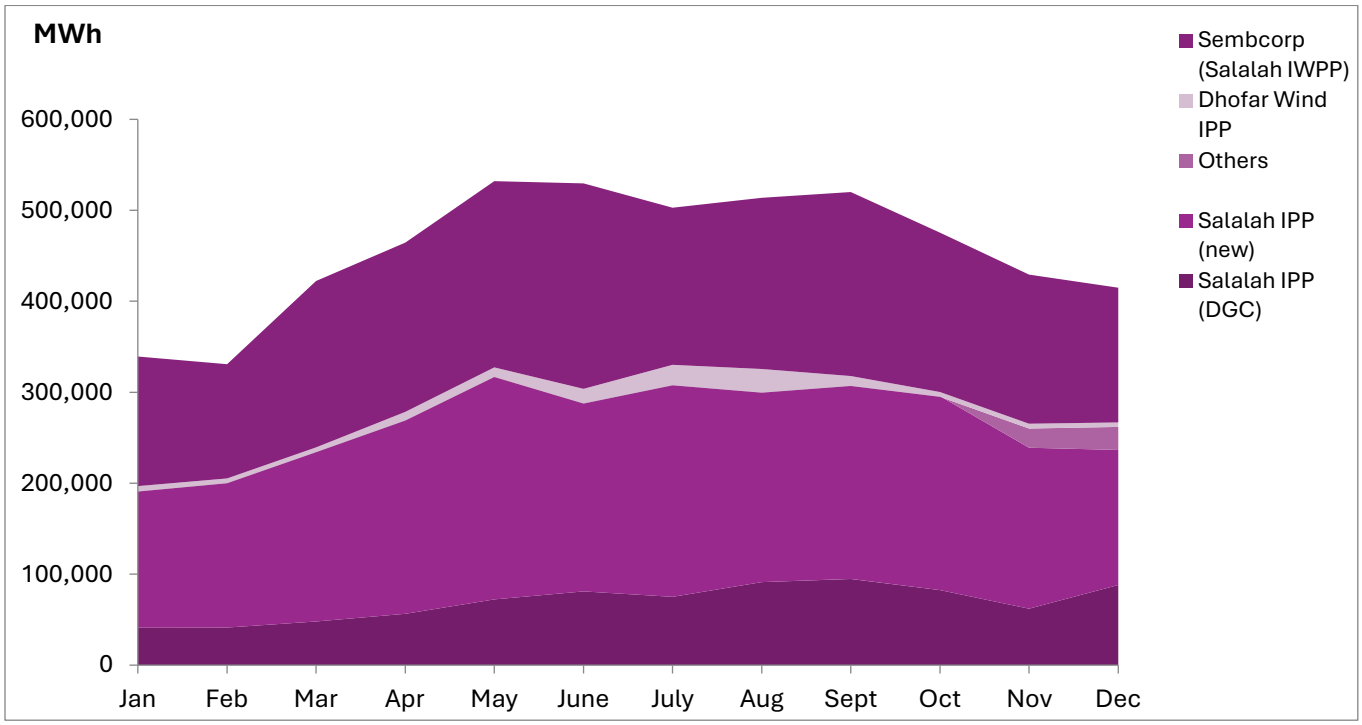
ENERGY DEMAND IN 2025

Figure 19 Energy Demand Profile - MIS (2025)



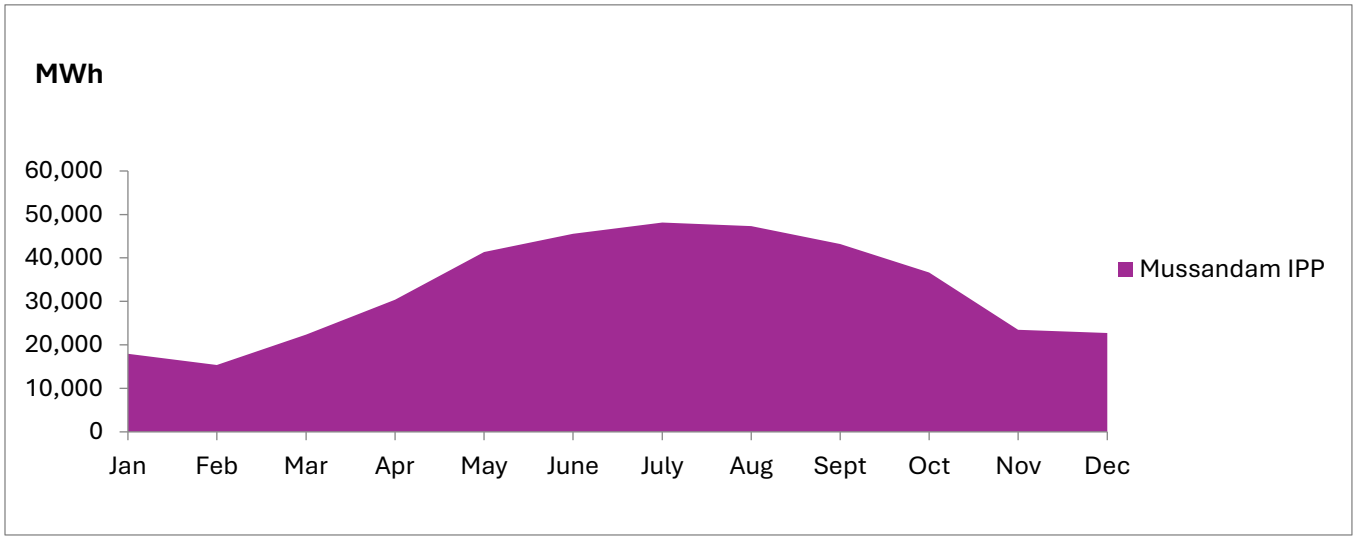
The electricity demand is seasonal in MIS, and the peak electricity requirement in June is more than twice the energy required in January.

Figure 20 Energy Demand Profile - DPS (2025)



In DPS, there are two power peaks. The first peak appears from May to June, and a relatively lower second peak occurs in September after Khareef.

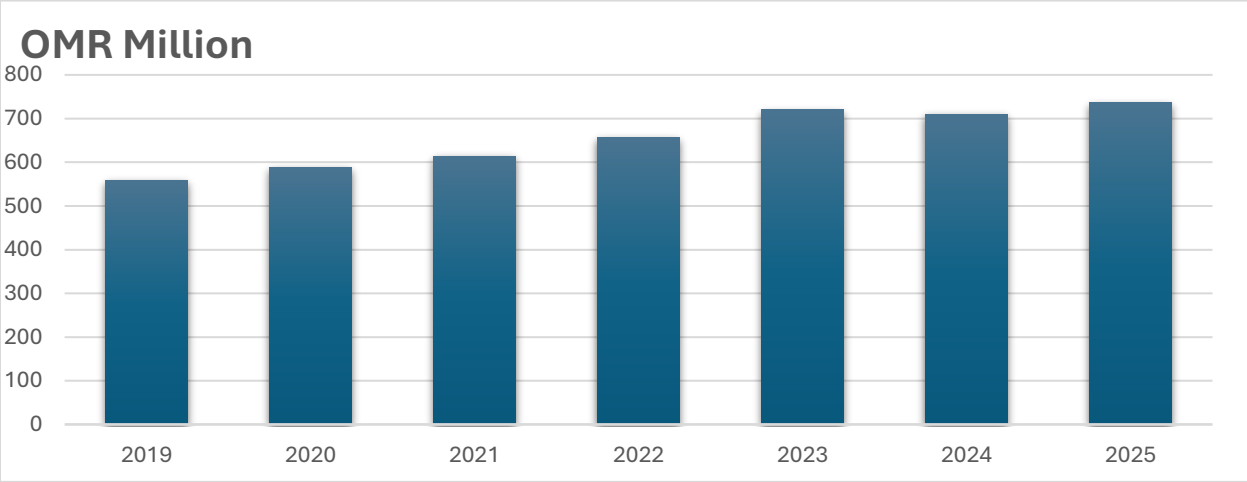
Figure 21 Energy Demand Profile - Musandam (2025)



The electricity demand is seasonal in nature, and the peak requirement is in the period from July –August

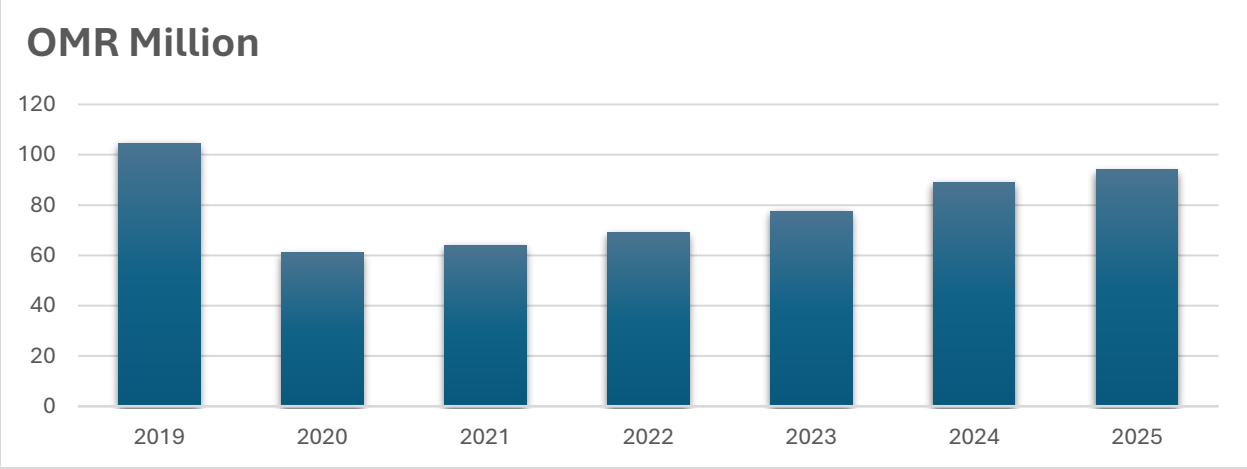
POWER PURCHASE COST

Figure 22 Power Purchase Cost - MIS



The cost of power purchased has increased at an average annual rate of about 4.7% from 2019 to 2025.

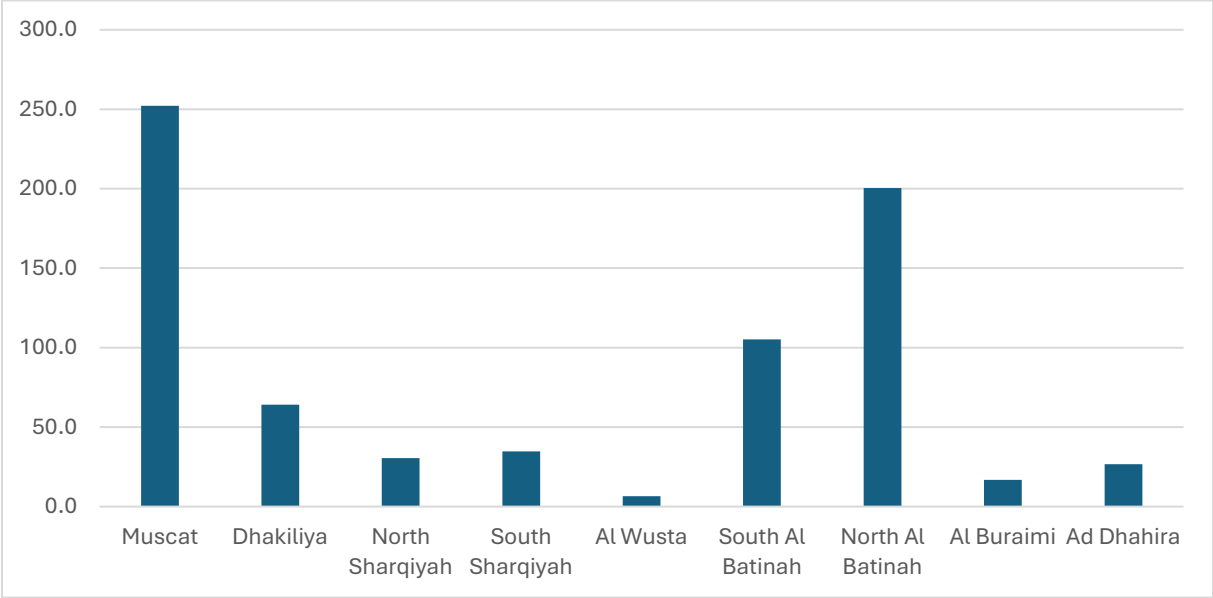
Figure 23 Power Purchase Cost - DPS



The cost of power purchase has decreased at an average annual rate of about 1.7% from 2019 to 2025.

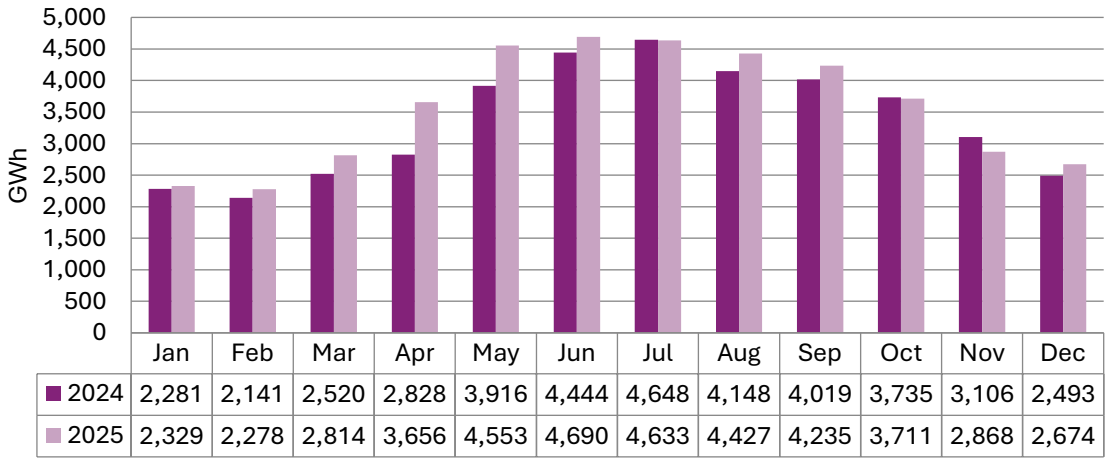
ELECTRICITY & WATER BULK SUPPLY STATISTICS

Figure 24 Yearly Electricity Bulk Supply Quantities - MIS



The Chart above presents the distribution of electricity bulk supply quantities across MIS governorates for 2025. Muscat and North Al Batinah represent the largest demand centers, followed by South Al Batinah, while the other governorates contribute comparatively smaller shares of the total supply.

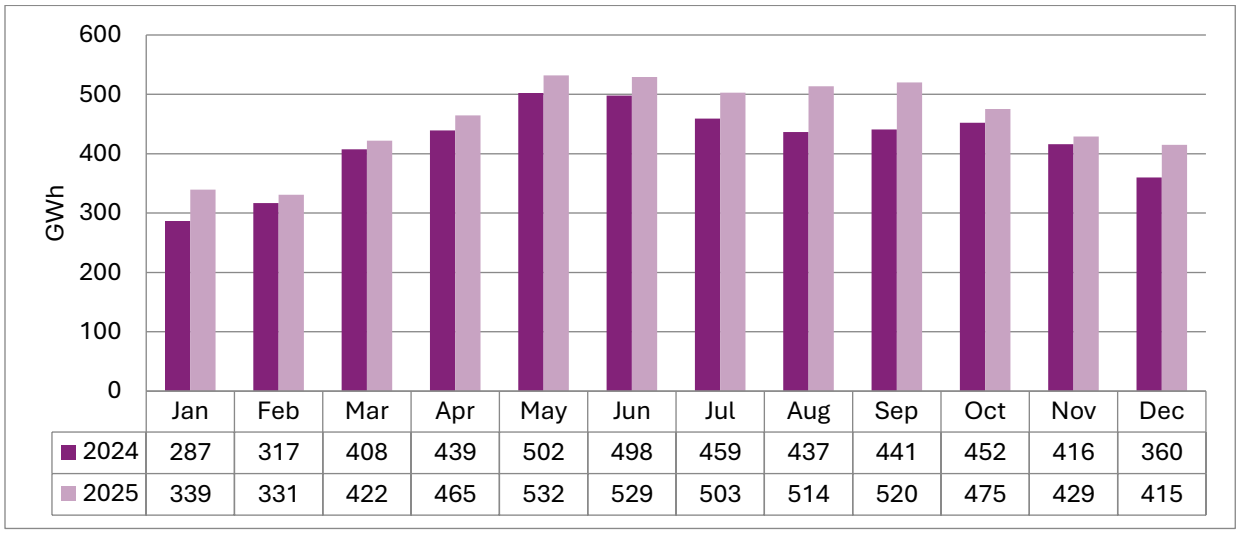
Figure 25 Monthly Electricity Bulk Supply Quantities - MIS



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2024	2,281	2,141	2,520	2,828	3,916	4,444	4,648	4,148	4,019	3,735	3,106	2,493
2025	2,329	2,278	2,814	3,656	4,553	4,690	4,633	4,427	4,235	3,711	2,868	2,674

The chart reflects the monthly demand profile of the system with demand in winter significantly lower than summer.

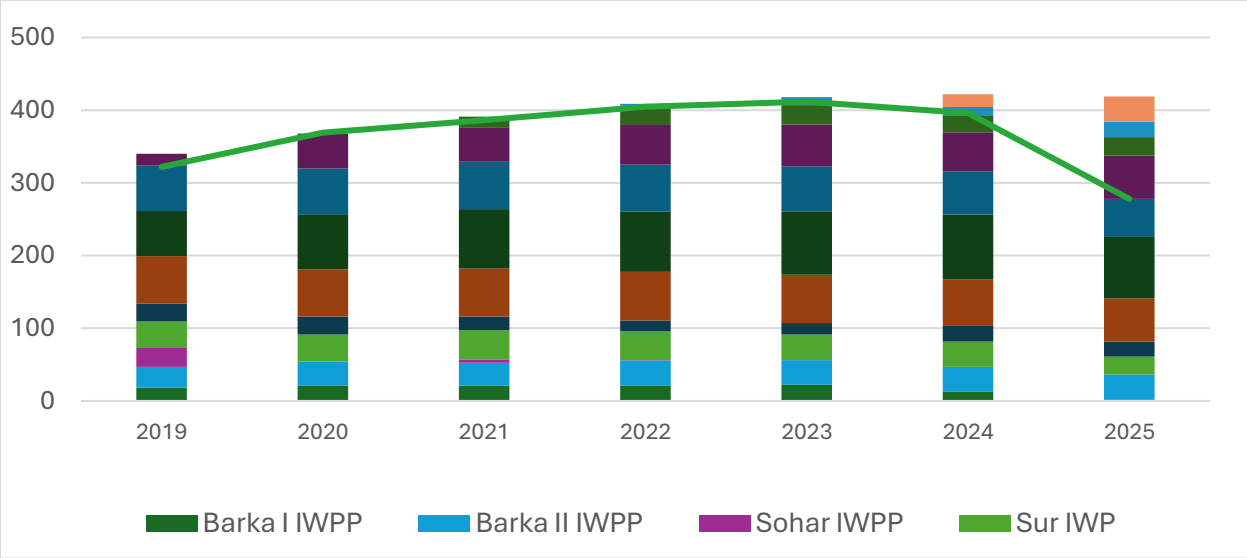
Figure 26 Monthly Electricity Bulk Supply Quantities – DPS



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2024	287	317	408	439	502	498	459	437	441	452	416	360
2025	339	331	422	465	532	529	503	514	520	475	429	415

The chart reflects the monthly electricity demand profile of the DPS with demand in winter significantly lower than the demand in summer.

Figure 27 Potable Water Purchased (2019-2025)



The water delivered to the NWS, and NDS has increased at an average annual growth rate of 4% during 2019 -2025 (with a reduction of 0.8% in 2025 compared to 2024).

PEOPLE & TECHNOLOGY

Oman Power and Water Procurement Company (PWP) continued in 2025 to strengthen its organizational capabilities through forward-looking and strategically aligned human capital initiatives, reaffirming its people as a fundamental driver of sustainable performance. The Company prioritized forward-looking areas, including Artificial Intelligence (AI), organizational culture, psychological safety, employee wellbeing, and leadership effectiveness. Structured learning and development initiatives were implemented to strengthen digital readiness, promote inclusive leadership practices, and foster a high trust work environment conducive to innovation and performance. Internal knowledge-sharing platforms and cross-functional collaboration further reinforced a culture of continuous learning and organizational cohesion.

During the year, PWP formally established a dedicated Culture function within its organizational structure, underscoring its commitment to embedding engagement and organizational effectiveness as core strategic priorities. Complementary wellbeing initiatives were introduced to support resilience, enhance employee experience, and promote sustainable performance. Leadership development remained a key focus, with targeted programs designed to equip leaders to navigate complexity, lead transformation, and sustain employee engagement in a dynamic business environment. The internal rotation program was further expanded to strengthen workforce agility and succession readiness. In addition, selected employees were assigned to strategic projects alongside specialized advisors to facilitate structured knowledge transfer and deepen internal capabilities. In alignment with its workforce planning objectives, PWP welcomed 5 new employees in 2025, bringing the total workforce to 95 by year-end, while maintaining a 100% Omanisation rate in support of national workforce development.

The Company also sustained its investment in emerging talent through structured internship opportunities for fresh graduates. Furthermore, PWP enhanced its Corporate Communication function to strengthen internal transparency and external stakeholder engagement across digital platforms. Through these initiatives, PWP continues to position human capital as a strategic pillar underpinning operational excellence, innovation, and long-term organizational resilience.

HEALTH & SAFETY AND ENVIRONMENT

The PWP Board of Directors maintains zero tolerance for harm to employees, contractors, the public, or the environment. Health, Safety and Environmental performance is treated as a core enterprise risk and is subject to regular oversight through structured reporting and performance reviews.

As a power and water procurement entity, PWP maintains robust risk control measures that minimize exposure to operational risks. Accordingly, HSE requirements are embedded within contractual frameworks to ensure that all developers, operators, and contractors comply with national regulations and applicable international standards.

The Company promotes a strong safety culture founded on leadership accountability, workforce engagement, and continuous improvement. Regular evaluations of policies, practices, and contractor performance are undertaken to ensure that risk controls remain effective and proportionate to evolving operational conditions.

Through periodic reporting to the Board, site oversight activities, and structured performance monitoring, the Company maintains visibility over HSE performance across its portfolio. Environmental stewardship remains a key priority, with strict adherence to emissions and environmental compliance obligations integrated into project agreements.

HSE performance is continuously reviewed to strengthen operational resilience and support the Company's commitment to sustainable and responsible business practices.

CORPORATE GOVERNANCE REPORT

Good governance is fundamental to PWP's ability to deliver water and electricity for the Sultanate of Oman in accordance with its statutory and regulatory obligations. PWP upholds governance best practises and is structured to make timely decisions under the auspices of its regulatory framework; manage risks appropriately; act with transparency and integrity; and engage effectively with its stakeholders.

The role of the Board of PWP is to approve the strategic direction of PWP, to guide and monitor the management of PWP and its businesses in achieving its strategic plans, and to oversee good governance practice. In performing its role, the Board is committed to a high standard of corporate governance practice and fostering a culture of compliance that values ethical behaviour, personal and organisational integrity, transparency, fairness and accountability.

The Chief Executive Officer, the Chief Energy Transition Officer and the remainder of the executive management are responsible for executing the strategic objectives put in place by the Board along with the day-to-day management and operations of PWP in line with internal policies and regulatory approvals.

PWP’s governance and compliance system comprises the Code of Ethics and Business Conduct, Conflict of Interest Policy and Fraud Deterrence Policy both of which serve to emphasise the Company’s commitment to ethics and compliance with the law, sets forth standards of ethical and legal behaviour, provide reporting mechanisms for known or suspected ethical or legal violations, and help prevent and detect wrongdoing.

Additionally, PWP has in place a share prohibition in which no member of the Board or any of the employees of PWP are permitted to own shares in any of the project companies from whom PWP purchases power and water.

The Board and PWP employees are required to sign an annual declaration in which they confirm adherence to the Code of Ethics and Business Conduct, Fraud Deterrence Policy and Conflict of Interest Policy and confirmation that there is no actual or perceived, direct or indirect conflict of interest.

BOARD OF DIRECTORS

All of the current five board members were appointed in 2023 except for the current Chairman of the board who was appointed in mid-2024 following the resignation of the previous Chairman of the Board. The total numbers of meetings held by the Board and its committees and the attendance of members is as shown in the below table:

Table 9 Current Board Members

Board Members	Designation	Board Meetings	Status	Member of other Companies' Board/ Committees	Date of Last AGM Meeting Attended
Ahmed Al Subhi	Chairman	8	Independent	Board Chairman - Be'ah Board Chairman – Nama Holding	24 March 2025
Fatma Al Rashdi	Deputy Chairperson	7	Not Independent	No	27 March 2024
Ahmed Al Hooti	Member	8	Independent	No	24 March 2025
Faiza Al Harthi	Member	8	Independent	No	24 March 2025
Aflah Al Lawati	Member	8	Independent	OQEP	24 March 2025

During the year 2025, there were 8 meetings for board of directors as per the below table:

Board Number	Date of the Meeting
Meeting 1/2025	February 27, 2025
Meeting 2/2025	May 15, 2025
Meeting 3/2025	July 24, 2025
Meeting 4/2025	October 1, 2025
Meeting 5/2025	October 23, 2025
Meeting 6/2025	November 06, 2025
Meeting 7/2025	November 23, 2025
Meeting 8/2025	December 18, 2025

BOARD COMMITTEES

BOARD AUDIT AND RISK COMMITTEE (BARC)

The Board Audit Committee (BAC) operates under a mandate approved by the Board and is responsible for overseeing the Company's internal controls, risk management, and governance processes. The BAC ensures that the internal audit function is effective, independent, and aligned with the Company's strategic objectives. It approves the annual audit plan, reviews the findings of internal audits, and monitors the implementation of audit recommendations. The BAC also evaluates the adequacy of the Company's financial reporting processes and compliance with statutory obligations.

The total number of meetings held by the Board Audit committee and the attendance of members is as shown in the table below:

Table 10 Board Audit and Risk Committee Meeting

Board Members		Number of Meeting Attended	Status
Aflah Al Lawati	Chairman	5	Independent
Faiza Al Harthi	Member	5	Independent
Ahmed Al Hooti	Member	5	Independent

During the year 2025, there were 5 meetings for board audit and risk committee as per the below table.

Board Audit and Risk Committee Number	Date of the Meeting
Meeting 1/2025	February 24, 2025
Meeting 2/2025	May 14, 2025
Meeting 3/2025	July 23, 2025
Meeting 4/2025	October 22, 2025
Meeting 5/2025	November 23, 2025

OTHER SUB COMMITTEES OF THE BOARD

BOARD EXECUTIVE COMMITTEE

The Executive Committee comprises a blend of Board members along with members of the PWP executive and aims to facilitate efficient and timely decision making in the areas delegated to it by the Board and in accordance with its Board approved Terms of Reference.

Below is the list of the members of the executive committee and the number of meetings attended:

Table 11 Board Executive Committee Meeting

Board Members		Number of Meeting Attended	Status
Ahmed Al Subhi	Chairman	3	Independent
Fatma Al Rashdi	Member	2	Not Independent
Ahmed Al Abri	Member (Management)	3	Not Independent
Abdullah Al Sawafi	Member (Management)	3	Not Independent
Iftiaal Al Adawi	Member (Management)	3	Not Independent

MAJOR TENDER COMMITTEE

The Major Tender Committee is responsible for overseeing procurements exceeding 5 million OMR with a special focus on capacity procurements. The committee includes executive management representatives as well as two members of the Board, reflecting the strategic importance and oversight required for critical procurement decisions.
Below is the list of the members of the Major Tender Committee and the number of meetings attended:

Table 12 Current Major Tender Committee Members

Board Members		Number of Meeting Attended	Status
Ahmed Al Subhi	Chairman	17	Independent
Fatma Al Rashdi	Member	10	Not Independent
Ahmed Al Abri	Member (Management)	15	Not Independent
Saud Al Mahrouqi	Member (Management)	15	Not Independent
Iftiaal Al Adawi	Member (Management)	16	Not Independent

During the year 2025, there were17 meetings for Major Tender Committee as per the table below.

Board Audit and Risk Committee Number	Date of the Meeting
Meeting 1/2025	January 15, 2025
Meeting 2/2025	March 06, 2025
Meeting 3/2025	March 25, 2025
Meeting 4/2025	March 27, 2025
Meeting 5/2025	April 21, 2025
Meeting 6/2025	May 06, 2025
Meeting 7/2025	May 22, 2025
Meeting 8/2025	May 28, 2025
Meeting 9/2025	June 15, 2025
Meeting 10/2025	June 19, 2025
Meeting 11/2025	June 25, 2025
Meeting 12/2025	Jul 07, 2025
Meeting 13/2025	Jul 24, 2025
Meeting 14/2025	August 28, 2025
Meeting 15/2025	September 18, 2025
Meeting 16/2025	October 30, 2025
Meeting 17/2025	November 19, 2025

DETAILS OF NON-COMPLIANCE

There were no penalties and strictures imposed on the Company by the regulator or any regulatory authority during 2025.

RISK MANAGEMENT

PWP, to support the achievement of its strategic objectives and safeguard the continuity of its operations, has established a comprehensive Enterprise Risk Management (ERM) Framework that enables systematic identification, assessment, and management of risks across the organization. The framework supports informed decision-making and strengthens the Company's resilience by ensuring that key risks and emerging uncertainties are proactively managed.
Risks are evaluated against the Company's approved risk appetite and tolerance levels, considering their likelihood of occurrence and potential impact on operational, financial, regulatory, reputational, and environmental performance. The Enterprise Risk Register is maintained and regularly updated to reflect the evolving risk landscape and to ensure that appropriate mitigation measures are implemented.

Executive management is responsible for the implementation and ongoing monitoring of risk management activities across the organization. Oversight of the ERM framework is provided by the Board Audit and Risk Committee (BARC), which reviews the Enterprise Risk Register, key risk exposures, and mitigation strategies on a quarterly basis. This governance structure ensures that significant risks are appropriately escalated, monitored, and managed in line with the Company's strategic priorities and risk appetite. Through this structured approach, PWP enhances transparency, strengthens corporate governance, and supports sustainable long-term value creation.

BUSINESS CONTINUITY MANAGEMENT

PWP is committed to ensuring the resilience and continuity of its critical operations and maintaining the reliable delivery of services to its stakeholders. To support this objective, the Company has implemented a Business Continuity Management (BCM) Framework that establishes policies, procedures, and recovery plans designed to effectively respond to and recover from potential disruptions. The framework has been developed in accordance with the governance guidelines issued by the Oman Investment Authority (OIA).

The BCM framework complements the Company's Enterprise Risk Management approach by focusing on preparedness for high-impact operational disruptions and strengthening organizational resilience. It includes the identification of critical business activities, assessment of potential disruption scenarios, and the development of response and recovery strategies to minimize operational impacts.

All BCM-related activities are monitored and reported through established governance channels and are escalated to the BCM Committee to ensure effective coordination and oversight. In addition, management conducts periodic reviews and updates of Business Continuity Plans (BCPs) to ensure their continued relevance, effectiveness, and alignment with evolving risks and OIA requirements.

INTERNAL AUDIT

The Internal Audit function provides an independent and objective assessment of the adequacy and effectiveness of the Company's risk management, internal control, and governance, along with recommendations to improve those systems. The function operates independently of management, under a mandate approved by and kept under review by the Board Audit Committee (BAC). A risk-based approach is used to identify, prioritize and focus on internal audit activities. The annual audit plan is presented to the BAC for approval. The BAC meets the internal auditors to discuss the results of the quarterly internal audit.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Refer to The Annual Report and the Report of the Financial Statements, Chairman Message, Director Report and CEO Message providing Key information on the company's financial performance, in addition to the key strategic projects and sustainability projects. The Company's financial performance gives a view of the current financial standing and future projections. The reports assist investors and shareholders in understanding how the Management and Board implement the decision-making process, and the company's core principles and financial fundamentals.

COMPLIANCE WITH THE CODE OF GOVERNANCE FOR OIA ENTITIES

The Company was in full compliance with the Code of Governance for OIA Entities.

CHANNELS OF COMMUNICATION WITH THE STAKEHOLDERS

Pursuant to the Royal Decree 78/2004 (Sector Law) and its amendments, the Company maintains close liaison with Electricity Holding Company SAOC, Numo Institute for Competency Development LLC and Nama Shared Service LLC, on various policy issues. The Company maintains an active communication program with its shareholders. Annual Reports are posted on the Company's website for all stakeholders and mailed directly to shareholders.

STATUTORY AUDITOR

The MENA practice of EY has been operating in the region since 1923. For over 100 years, we have grown to over 8,500 people united across 26 offices and 15 countries, sharing the same values and an unwavering commitment to quality. EY MENA forms part of EY's EMEIA practice. Globally, EY operates in more than 150 countries and employs 400,000 professionals in 700 offices. Please visit ey.com for more information about EY. The Statutory Auditor fees for the year 2025 approved by the shareholder amounted **18,459 OMR.**

Total fees paid to each board member during the year is as stated below:

Board Member	Total Fees (OMR)
Ahmed Al Subhi	6,300
Fatma Al Rashdi	6,000
Aflah Al Lawati	6,300
Ahmed Al Hooti	6,300
Faiza Al Harthi	6,300
Total fee paid during the year	31,200

** All sitting fees for the board and associated committees are capped at OMR 6,000 per member. However, there are some fees related to the year 2024 where the company did not account for in 2024 and were paid in 2025.*