

PHOENIX POWER COMPANY SAOG

FINANCIAL STATEMENTS

31 DECEMBER 2025

PHOENIX POWER COMPANY SAOG

FINANCIAL STATEMENTS

For the year ended 31 December 2025

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHOENIX POWER COMPANY SAOG

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Phoenix Power Company SAOG (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy 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 cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 *Auditor's 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 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.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PHOENIX POWER COMPANY SAOG (CONTINUED)**

Report on the audit of the financial statements (continued)

Key audit matters (continued)

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p data-bbox="292 595 659 622"><i>Property, plant and equipment</i></p> <p data-bbox="292 658 871 719">Property, plant and equipment represents 90% of total assets on the statement of financial position.</p> <p data-bbox="292 752 871 965">The Company has entered into the Power Purchase Agreement ("PPA") with Nama Power and Water Procurement Company SAOC ("PWP") to generate electricity and make available the power capacity from the Plant for a period of 15 years ending in December 2029 without an option for renewal.</p> <p data-bbox="292 1003 871 1440">Management has determined that the estimated useful life of the plant and machinery reflects the economic life of the assets of 40 years and has not accelerated depreciation to align with the current PPA term of 15 years. This assessment is based on management's expectation of securing a further renewal of the PPA upon expiry of the current contract in December 2029. Management's expectation of contract renewal represents a key assumption used in the preparation of the discounted cash flow forecasts supporting the value-in-use calculations for impairment assessment of the relevant cash-generating unit ("CGU").</p> <p data-bbox="292 1473 871 1664">If this key assumption were to change this could result in accelerated depreciation or impairment of property, plant and equipment and it would have a significant impact on the reported profit and the statement of financial position of the Company.</p> <p data-bbox="292 1697 871 1821">Impairment assessment requires judgements and estimates towards future results of business including key assumptions like discount rate, growth rate etc.</p>	<p data-bbox="895 595 1481 656">Our audit procedures in this area included the following:</p> <ul data-bbox="938 689 1481 1765" style="list-style-type: none"> - Evaluated management's process of assessing impairment indicators and performing of impairment tests. - Assessed, with the assistance of valuation specialist, the estimates and assumptions made by the management regarding any potential impairment related to property, plant and equipment. - Evaluated the appropriateness of the assumptions applied to key inputs such as estimate of future cash flows which included comparing these inputs with our own assessments based on our knowledge of the client and the industry - We evaluated the reasonableness of management's key assumption that the PPA would be extended beyond the present expiry. Our procedures included assessing management's expectation of continued operations after the PPA period, including the projected future demand for power in the region. We compared these assumptions against industry knowledge and external market information to determine whether the underlying inputs used in management's cash-flow projections were appropriate. - Verified the arithmetical correctness of the discounted cashflows model.



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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PHOENIX POWER COMPANY SAOG (CONTINUED)**

Report on the audit of the financial statements (continued)

Key audit matters (continued)

<p>Considering the significance of the amount and the extent of the judgements involved this is considered to be a key audit matter</p> <p>Refer to note 3.23 a) (Estimates and judgements) and note 10 (Property, plant and equipment) in the financial statements.</p>	<ul style="list-style-type: none">- Performed sensitivity analysis and evaluated whether any reasonably possible changes in assumptions could lead to impairment of property, plant and equipment. - Evaluated the adequacy of the disclosures made in the financial statements.
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Other information included in the Company's 2025 Annual Report

Other information consists of the information included in the Company's 2025 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. We obtained the following information prior to the date of our auditor's report, and we expect to obtain the published 2025 Annual Report after the date of our auditor's report:

- Chairman's report
- Corporate governance report
- Management discussion and analysis

Our opinion on the financial statements does not cover the other information and we do not and will 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 on the other information obtained prior to the date of the auditor's report, 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 Audit Committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB and their preparation in compliance with the relevant requirements of the Commercial Companies Law of 2019 and the Financial Services Authority (the "FSA") of the Sultanate of Oman, 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.

Audit Committee are responsible for overseeing the Company's financial reporting process.



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PHOENIX POWER COMPANY SAOG (CONTINUED)

Report on the audit of the financial statements (continued)

Auditor's 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 auditor's 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.
- 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 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 auditor's 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 auditor's 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 Audit Committee 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 Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to 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.



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PHOENIX POWER COMPANY SAOG (CONTINUED)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

From the matters communicated with Audit Committee, 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 auditor's 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

We report that the financial statements comply, in all material respects, with the relevant requirements of the Commercial Companies Law of 2019 and FSA of the Sultanate of Oman.

Ernst & Young

Mohamed Al Qurashi

Mohamed Al Qurashi
Muscat
12 February 2026



PHOENIX POWER COMPANY SAOG

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 €'000	2025 USD'000	2024 €'000	2024 USD'000
Revenues	4	174,061	452,695	167,786	436,374
Direct costs	5	(134,577)	(350,008)	(129,492)	(336,783)
GROSS PROFIT		39,484	102,687	38,294	99,591
Other income	6 (b)	736	1,913	-	-
General and administrative expenses	6 (a)	(1,717)	(4,466)	(1,543)	(4,010)
PROFIT BEFORE INTEREST AND TAX		38,503	100,134	36,751	95,581
Finance costs	7	(8,416)	(21,888)	(10,537)	(27,405)
Finance income	7	538	1,400	786	2,045
PROFIT BEFORE TAX		30,625	79,646	27,000	70,221
Income tax	8	(4,603)	(11,970)	(4,001)	(10,405)
PROFIT FOR THE YEAR		26,022	67,676	22,999	59,816
OTHER COMPREHENSIVE INCOME/ (LOSS)					
<i>Items that may be reclassified to profit and loss in subsequent periods:</i>					
Net movement in fair value of cash flow hedges	20	190	494	(261)	(678)
Deferred tax effect	8	(28)	(74)	39	102
OTHER COMPREHENSIVE INCOME/ (LOSS)		162	420	(222)	(576)
TOTAL PROFIT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR		26,184	68,096	22,777	59,240
BASIC AND DILUTED EARNINGS PER SHARE	9	0.018	0.046	0.016	0.041

The attached notes 1 to 31 form part of these financial statements.

PHOENIX POWER COMPANY SAOG

STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 £'000	2025 USD'000	2024 £'000	2024 USD'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	440,609	1,145,922	456,486	1,187,215
Right-of-use assets	11	7,094	18,448	7,366	19,157
Derivative financial instruments	20(a)	97	253	1,654	4,301
		<u>447,800</u>	<u>1,164,623</u>	<u>465,506</u>	<u>1,210,673</u>
Current assets					
Trade and other receivables	12	10,228	26,598	8,828	22,956
Inventories	13	11,693	30,412	11,517	29,952
Short term deposits	14	1,538	4,000	7,807	20,303
Cash and bank balances	15	17,191	44,709	13,456	34,997
Derivative financial instruments	20(a)	486	1,263	1,439	3,743
		<u>41,136</u>	<u>106,982</u>	<u>43,047</u>	<u>111,951</u>
TOTAL ASSETS		<u>488,936</u>	<u>1,271,605</u>	<u>508,553</u>	<u>1,322,624</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	16	146,260	380,390	146,260	380,390
Legal reserve	17	22,127	57,549	19,525	50,781
Retained earnings		118,488	308,154	103,113	268,168
Equity before hedging reserve		<u>286,875</u>	<u>746,093</u>	<u>268,898</u>	<u>699,339</u>
Hedging reserve	20	(2,269)	(5,902)	(2,431)	(6,322)
Total equity		<u>284,606</u>	<u>740,191</u>	<u>266,467</u>	<u>693,017</u>
LIABILITIES					
Non-current liabilities					
Interest bearing loans and borrowings	19	75,556	196,506	112,138	291,646
Derivative financial instruments	20(b)	2,127	5,532	4,352	11,319
Provision for asset retirement obligation	21	5,927	15,416	5,645	14,682
Deferred tax liabilities	8	46,173	120,087	46,089	119,867
Lease liabilities - non current	23	7,594	19,754	7,740	20,132
Employees' end of service benefits	22(b)	5	12	1	2
		<u>137,382</u>	<u>357,307</u>	<u>175,965</u>	<u>457,648</u>
Current liabilities					
Interest bearing loans and borrowings	19	36,986	96,192	36,572	95,117
Dividend payable	18	2,924	7,608	2,925	7,608
Accounts payable and accruals	22(a)	20,783	54,043	20,781	54,040
Derivative financial instruments	20(b)	1,126	2,928	1,601	4,163
Lease liabilities	23	530	1,375	529	1,375
Provision for income tax	8	4,599	11,961	3,713	9,656
		<u>66,948</u>	<u>174,107</u>	<u>66,121</u>	<u>171,959</u>
Total liabilities		<u>204,330</u>	<u>531,414</u>	<u>242,086</u>	<u>629,607</u>
TOTAL EQUITY AND LIABILITIES		<u>488,936</u>	<u>1,271,605</u>	<u>508,553</u>	<u>1,322,624</u>
NET ASSETS PER SHARE	24	<u>0.195</u>	<u>0.506</u>	<u>0.182</u>	<u>0.474</u>

The financial statements were authorised for issue and approved by the Board of Directors on 11 February 2026 and were signed on their behalf by:


Director


Director

The attached notes 1 to 31 form part of these financial statements.

PHOENIX POWER COMPANY SAOG

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 €'000	2025 USD'000	2024 €'000	2024 USD'000
OPERATING ACTIVITIES					
Profit before tax		30,625	79,646	27,000	70,221
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	10	15,877	41,293	15,877	41,293
Depreciation of right-of-use assets	11	272	709	272	709
Finance costs	7	8,416	21,888	10,537	27,405
Accruals for employees' end of service benefits	22(b)	4	10	7	19
Finance income	7	(538)	(1,400)	(786)	(2,045)
		54,656	142,146	52,907	137,602
Working capital changes:					
Inventories		(177)	(460)	(103)	(265)
Trade and other receivables		(1,400)	(3,642)	(77)	(197)
Accounts payable and accruals		1	3	1,813	4,707
Cash generated from operations		53,080	138,047	54,540	141,847
Finance costs paid		(7,344)	(19,100)	(9,361)	(24,347)
Employees' end of service benefit paid	22(b)	-	-	(44)	(116)
Tax paid		(3,660)	(9,519)	(353)	(917)
Net cash flows from operating activities		42,076	109,428	44,782	116,467
INVESTING ACTIVITIES					
Short term deposits	14	6,269	16,303	(501)	(1,303)
Finance income received	7	538	1,400	786	2,045
Net cash flows from investing activities		6,807	17,703	285	742
FINANCING ACTIVITIES					
Dividend paid	18	(8,045)	(20,922)	(7,679)	(19,971)
Repayment of interest bearing loans and borrowings	19	(36,573)	(95,118)	(36,104)	(93,898)
Payment of lease liabilities (principal and interest)	23	(530)	(1,379)	(528)	(1,374)
Net cash flows used in financing activities		(45,148)	(117,419)	(44,311)	(115,243)
Net increase in cash and cash equivalents		3,735	9,712	756	1,966
Cash and cash equivalents at 1 January		13,456	34,997	12,700	33,031
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15	17,191	44,709	13,456	34,997

The attached notes 1 to 31 form part of these financial statements.

PHOENIX POWER COMPANY SAOG

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Notes	Share capital €'000	Legal reserve €'000	Hedging reserve €'000	Retained earnings €'000	Total €'000
Balance at 1 January 2024		146,260	17,225	(2,209)	90,093	251,369
Profit for the year		-	-	-	22,999	22,999
Other comprehensive loss		-	-	(222)	-	(222)
Total comprehensive income for the year		-	-	(222)	22,999	22,777
Transfer to legal reserve	17	-	2,300	-	(2,300)	-
Dividends	18	-	-	-	(7,679)	(7,679)
Balance at 31 December 2024		146,260	19,525	(2,431)	103,113	266,467
Profit for the year		-	-	-	26,022	26,022
Other comprehensive income		-	-	162	-	162
Total comprehensive income for the year		-	-	162	26,022	26,184
Transfer to legal reserve	17	-	2,602	-	(2,602)	-
Dividends	18	-	-	-	(8,045)	(8,045)
Balance at 31 December 2025		146,260	22,127	(2,269)	118,488	284,606

	Notes	Share capital USD'000	Legal reserve USD'000	Hedging reserve USD'000	Retained earnings USD'000	Total USD'000
Balance at 1 January 2024		380,390	44,799	(5,746)	234,305	653,748
Profit for the year		-	-	-	59,816	59,816
Other comprehensive loss		-	-	(576)	-	(576)
Total comprehensive income for the year		-	-	(576)	59,816	59,240
Transfer to legal reserve	17	-	5,982	-	(5,982)	-
Dividends	18	-	-	-	(19,971)	(19,971)
Balance at 31 December 2024		380,390	50,781	(6,322)	268,168	693,017
Profit for the year		-	-	-	67,676	67,676
Other comprehensive income		-	-	420	-	420
Total comprehensive income for the year		-	-	420	67,676	68,096
Transfer to legal reserve	17	-	6,768	-	(6,768)	-
Dividends	18	-	-	-	(20,922)	(20,922)
Balance at 31 December 2025		380,390	57,549	(5,902)	308,154	740,191

The attached notes 1 to 31 form part of these financial statements.

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

1 ACTIVITIES

Phoenix Power Company SAOG ("the Company") is registered under the Commercial laws of the Sultanate of Oman as a Public Joint Stock Company and principal activities of the Company are to develop, finance, design, construct, operate, maintain, insure and own a power generating station and associated gas interconnection facilities and other relevant infrastructure. The Company's registered address is P O Box 96, Postal Code 102, Muscat, Sultanate of Oman. The Company's principal place of business is located at Sur, Sultanate of Oman.

During the year 2015, Company proceeded with initial public offering (IPO). The promoting shareholders at the Company's Extraordinary General Meeting held on 9 March 2015 approved the conversion of the Company from a Closed Joint Stock Company (SAOC) to a Public Joint Stock Company (SAOG) by offering their 511,910,511 shares for the public subscription. The Company closed its IPO on 8 June 2015 and its shares were listed on the Muscat Securities Market on 22 June 2015.

1.1 GOING CONCERN

As at 31 December 2025, the current liabilities of the Company exceeded its current assets by USD 67.13 million (~~25.81~~ million) [31 December 2024: USD 60.01 million (~~23.07~~ million)]. The Board of Directors and management believe that the Company generates sufficient free cash flows to meet its liabilities and has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period. Accordingly, the Board and management are of the view that no material uncertainty exists regarding the Company's ability to continue as a going concern. These financial statements have therefore been prepared on a going concern basis.

1.2 SIGNIFICANT AGREEMENTS

The Company has entered into following significant agreements:

- i. Power Purchase Agreement (PPA) with Nama Power and Water Procurement Company SAOC ("PWP") granting the Company the right to generate electricity in Sur for a period of fifteen years commencing from the 1 December 2014 based on a tariff structure.
- ii. Natural Gas Sales Agreement (NGSA) with the Integrated Gas Company (IGC) formerly known as Ministry of Oil and Gas of the Government of the Sultanate of Oman (MOG) for the purchase of natural gas for fifteen years at a pre-determined price.
- iii. Usufruct Agreement with the The Public Establishment For Industrial Estates of the Government of the Sultanate of Oman for grant of Usufruct rights over the plant site for twenty five years with an option for renewal for an additional twenty-five years, which the lessor is
- iv. Agreement with local and international banks for long-term loan facilities and interest rate hedge arrangements.
- v. Agreement with Siemens LLC Oman for long term service contract for maintenance service of the gas turbines.
- vi. Agreement with Siemens Aktiengesellschaft for long term supply contract for supplying the spare parts of gas turbines.
- vii. Agreement with Phoenix Operation and Maintenance Company LLC for the operation and maintenance of the Sur IPP Project.
- viii. Agreement with Daewoo Engineering and Construction Co. Ltd for engineering, procurement and construction of the Sur IPP Project.
- ix. Project Founders' Agreement dated 13 July 2011 made between Electricity Holding Company SAOC, Marubeni Corporation; Chubu Electric Power Co; Qatar Electricity and Water Company (Q.S.C.); and Multitech LLC.
- x. Shareholders' Agreement dated 13 July 2011, amended and restated dated 28 November 2011 made between Electricity Holding Company SAOC, Axia Power Holdings B.V; Chubu Electric Power Sur B.V; Qatar Electricity and Water Company (Q.S.C.); and Multitech LLC.

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

1.2 SIGNIFICANT AGREEMENTS (continued)

- xi. Electrical Connection Agreement dated 13 July 2011 with Oman Electricity Transmission Company SAOC for connection of the Company's equipment to the transmission system.

2 ADOPTIONS OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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.

2.1 New and amended standards and interpretations that are effective for the current year

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 21 - Lack of exchangeability

The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

This amendment had no impact on the financial statements of the Company.

2.2 New and amended standards and interpretations issued 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.

- IFRS-19 Subsidiaries without public accountability (Effective for reporting periods beginning on or after 1 January 2027)
- IFRS-18 Presentation and disclosure in the financial statements (Effective for reporting periods beginning on or after 1 January 2027)
- Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7 (Effective for reporting periods beginning on or after 1 January 2026)
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (Effective for reporting periods beginning on or after 1 January 2026)
- Annual Improvements to IFRS Accounting Standards - Volume 11 (Effective for reporting periods beginning on or after 1 January 2026)

These amendments are not expected to have a significant impact on the Company's financial statements.

3 MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) and and comply with the disclosure requirements of the Commercial Companies Law of 2019, and the Financial Services Authority (formerly known as Capital Market Authority) of the Sultanate of Oman.

3.2 Basis of measurement

These financial statements have been prepared on a historical cost basis modified to include the measurement at fair value of derivative financial instruments.

PHOENIX POWER COMPANY SAOG
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.3 Presentation and functional currency

Items included in the financial statements of the Company are measured and presented in US Dollars (USD) being the currency of the primary economic environment in which the Company operates.

These financial statements are presented in US Dollars and Rial Omani (﷋), rounded to the nearest thousand. The ﷋ amounts shown in the financial statement have been translated using exchange rate of USD 1 = ﷋ 0.3845 and are shown for the convenience of the reader.

3.4 Financial Instruments

Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of debt financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

This category is the most relevant to the Company. 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:

- 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.

PHOENIX POWER COMPANY SAOG
NOTES TO THE FINANCIAL STATEMENTS
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3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4 Financial Instruments (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortised cost (continued)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

Derecognition

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

- a) The rights to receive cash flows from the asset have expired; or
- b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; 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.

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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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.

Impairment of financial assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

Measurement of loss allowances

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

PHOENIX POWER COMPANY SAOG
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4 Financial Instruments (continued)

Financial assets (continued)

Measurement of loss allowances (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company determines the amount of expected credit losses by evaluating the range of possible outcomes as well as incorporating the time value of money. These expected losses are discounted to the reporting date using the effective interest rate of the asset (or an approximation thereof) that was determined at initial recognition.

Expected credit losses are a probability-weighted estimate of credit losses.

Financial assets that are not credit-impaired at the reporting date

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).

Financial assets that are credit-impaired at the reporting date

Measured as the difference between the gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in the profit or loss account as an impairment gain or loss.

Presentation of expected credit losses

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accruals, loans and borrowings and derivative financial instruments.

Subsequent measurement

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

PHOENIX POWER COMPANY SAOG
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4 Financial Instruments (continued)

Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting

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

Write - off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. 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.

Derivative financial instruments and hedging

The Company uses derivative financial instruments as trading investments to hedge its risks associated with interest rate, foreign currency, commodity price fluctuations and also to satisfy the requirements of its customers. 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 assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives that do not qualify for hedge accounting are taken directly to the profit or loss account.

In accordance with IFRS 9, the Company applies hedge accounting only if all of the following conditions are met:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of hedged 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.

For the purpose of hedge accounting, hedge is classified as hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge).

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3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4 Financial Instruments (continued)

Derivative financial instruments and hedging (continued)

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 hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. The documentation also includes the hedge ratio and potential sources of ineffectiveness.

Hedges which meet the strict criteria for hedge accounting is accounted for as follows:

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss account.

Amounts recognised as OCI are transferred to the profit or loss account when the hedged transaction affects the profit or loss account, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit or loss account.

The Company entered a derivative financial instrument to manage its exposure to interest rate risk, which include interest rate swaps. Further details of derivative financial instruments are disclosed in note 20.

3.5 Revenue

Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard establishes a five step model to account for revenue arising from contracts with customers. The Company's contract with its sole customer contains a lease, which is scoped out of IFRS 15.

The Company recognises revenue from the following major sources

- Capacity charge
- Variable charge

Capacity charge

Capacity charge include investment charge and fixed O&M charge. Investment charge is treated as revenue under operating lease and recognised on straight line basis over the lease term or another systematic basis which is more representative of the pattern in which benefit from the use of the underlying asset is diminished. Fixed O&M charge is recognised based on the capacity made available in accordance with contractual terms stipulated in PPA.

PHOENIX POWER COMPANY SAOG
NOTES TO THE FINANCIAL STATEMENTS
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3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.5 Revenue (continued)

Variable charge

Energy charge and fuel charge are recognised when electricity are delivered; which is taken to be over time when the customer has accepted the deliveries, the control of utilities have been transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the utilities.

The Company has a long-term agreement with pwp which determines performance obligation, transaction price and allocates the transaction price to each of the separate performance obligations. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The Company does not adjust any of the transaction prices for time value of money as the period between the transfer of the promised goods or services to the customer and payment by the customer does not exceed one year and the sales are made with agreed credit terms which is in line with the industry practice.

3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

3.7 Income tax

Taxation is provided for in accordance with Omani fiscal regulations.

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the reporting date.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss.

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.7 Income tax (continued)

On 31 December 2024, Oman issued Royal Decree Number 70/2024, enacting new global minimum tax rules to align with the Organization for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) Pillar Two rules (GloBE Rules). The enacted law introduces a domestic minimum top-up tax (DMTT) and an Income Inclusion Rule (IIR), effective from 1 January 2025. This tax applies to entities that are part of an Multinational Entity (MNE) Group with annual revenues amounting to or exceeding the Omani rial equivalent of EUR 750 million or more in two of the last four financial years. For Oman, the taxable income and effective tax rate will be calculated in accordance with the Executive Regulations to the Royal Decree, which are expected to be issued in 2026.

Based on management's assessment, the Company is not within the scope of the Pillar Two GloBE Rules for the financial year ending 31 December 2025, as the company is not a subsidiary of a foreign parent, nor does the company have any foreign subsidiaries or branches. Accordingly, no Pillar Two top-up tax exposure arises for the current reporting period.

Management will continue to monitor the issuance of the Executive Regulations, further OECD guidance, and global implementation developments. Should the Group's structure, operations, or revenue levels change in a manner that could bring it within the scope of Pillar Two, the Company will update its assessment and related disclosures accordingly.

3.8 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Capital work in progress is recorded at cost less impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials, direct labour 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 for long-term construction projects if the recognition criteria are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss, when the asset is derecognised.

Depreciation is calculated using the straight-line method to allocate the cost less its residual value so as to write off items of property, plant and equipment over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of an item is depreciated separately.

The estimated useful lives are as follows:

	Years
Plant and machinery	40
Plant building	40
Strategic spares	15
Other assets	5

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if applicable.

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise purchase cost, and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.10 Foreign currencies

Transactions in foreign currencies are recorded at the spot rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rates of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss and other comprehensive income. 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.

3.11 Dividend

The Board of Directors takes into account appropriate parameters including the requirements of the Financial Services Authority (formerly known as Capital Market Authority) while recommending the dividend. The Company recognises a liability to pay a dividend when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.12 Asset retirement obligation

The provision for asset retirement obligation arose on assets constructed on land under usufruct contracts with Public Establishment for Industrial Estate. A corresponding asset is recognised in property, plant and equipment. The asset retirement obligation is provided at the present value of expected costs to settle the obligation 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 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 added to or deducted from the cost of the asset.

3.13 Account payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3.14 Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

3.15 Employees' end of service benefits

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period and is payable under the Omani labor law issued under Royal Decree.

Obligations for contributions to a defined contribution retirement plan, for Omani employees, in accordance with the Oman Social Insurance Scheme, are recognised as an expense in the statement of profit or loss as incurred.

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NOTES TO THE FINANCIAL STATEMENTS
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3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.16 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.

a. 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. The recognised right of use assets are depreciated on a straight-line basis over the shorter of lease term and the estimated useful lives of the assets, as follows:

	Years
Land	35
Connection fee	35

Lease costs for the year ended 31 December 2025 relating to the right-of-use assets amounting to USD 0.71 million (~~€~~ 0.27 million) [2024: USD 0.71 million (~~€~~ 0.27 million)] are included under depreciation expenses. The right-of-use assets are also subject to impairment.

b. Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities 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.

c. 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.

PHOENIX POWER COMPANY SAOG
NOTES TO THE FINANCIAL STATEMENTS
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3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.16 Leases (continued)

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.17 Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics. The fair value of unquoted derivatives is determined by reference to broker/dealer price.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable quotations.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.18 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, 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. For the strategic business unit, the Chief Executive Officer reviews internal management reports on a monthly basis.

Performance is measured based on the profit before income tax, as included in the internal management reports. The Chief Executive Officer considers the business of the Company as one operating segment and monitors accordingly.

3.19 Capital spares

Cost of capital spares relates to spare parts for plants and includes all expenditure directly attributable to the acquisition of capital spares. Capital spares are tested for impairment annually.

Spare parts which meets the definition of property, plant and equipment are recorded as capital spares upon purchase and depreciated over the useful life of related plant and equipment when it is put in use.

3.20 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3.21 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

PHOENIX POWER COMPANY SAOG
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3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.21 Impairment of non-financial assets (continued)

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 asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

3.22 Cash and cash equivalents

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

3.23 Critical accounting judgments and key sources of estimation uncertainty

The presentation of financial statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenditures. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in impairment of property, plant and equipment, financial valuation of derivative financial instruments, asset retirement obligation, impairment of financial assets and operating leases.

The following are the significant estimates used in the preparation of the financial statements:

a) Classification of power plant as operating lease

The Company has entered into the Power Purchase Agreement ("PPA") with Nama Power and Water Procurement Company SAOC ("PWP") to generate electricity and make available the power capacity from its Plant.

Management believes that IFRIC 12 is not applicable to the arrangement as the residual interest is controlled by the Company and not PWP. The estimated useful life of the power plant of 40 years takes into account. Furthermore, the residual value of the assets will have substantial value at the conclusion of the PPA and the Company will be able to continue to generate revenue through supply of power taking into account the spot market for power sector. Management believes that PPA will be renewed by PWP based on the current industrial practice.

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3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.23 Critical accounting judgments and key sources of estimation uncertainty (continued)

a) Classification of power plant as operating lease (continued)

Management considers the requirements of IFRS 16 Leases, which sets out guidelines to determine when an arrangement might contain a lease. The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Once a determination is reached that an arrangement contains a lease, the lease arrangement is classified as either financing or operating according to the principles in IFRS 16 Leases. A lease that conveys the majority of the risks and rewards of operation is a finance lease. A lease other than a finance lease is an operating lease

Based on management's evaluation, the PPA with PWP 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 pwp.

Based on management assessment, no indicator of impairment of property, plant and equipment exist as at the reporting date.

b) Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates. This estimate has not been revised as of the date. Management has determined the estimated useful life of the power plant to be 40 years. This assessment is based on an independent technical evaluation which is consistent with industrial practices followed in the country.

Further a Usufruct Agreement has been established with the Public Establishment for Industrial Estates of the Government of the Sultanate of Oman, granting usufruct rights over the plant site for a duration of twenty-five years effective from July 2011 valid till July 2036. This agreement includes an option for renewal for an additional twenty-five years, which the lessor is obligated to grant.

The power plant, utilizing advanced Siemens Gas Turbine technology for high fuel efficiency, is the largest and most reliable facility in Oman, contributing approximately 25% of the grid capacity, achieving significant dispatch levels, and remaining economically viable while supporting future renewable initiatives and meeting the growing electricity demand, all backed by a historical trend of longevity exceeding 40 years. Management believes that PPA will be renewed by pwp based on the current industrial practice and criticality of its infrastructure in Sur region . Management has also evaluated the opportunities within the spot market to capitalize on the growing electricity demand.

c) Asset retirement obligation

Asset retirement obligation 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 Company estimates that the costs would be incurred after the useful life of the plant and estimates the obligation using the DCF method.

PHOENIX POWER COMPANY SAOG
NOTES TO THE FINANCIAL STATEMENTS
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3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.23 Critical accounting judgments and key sources of estimation uncertainty (continued)

d) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to right of use and property, plant and equipment recognised by the Company.

The carrying amounts of the Company's plant and capital spares are reviewed at each reporting date to determine whether there is any indication of impairment. When making the impairment assessment, the management has taken into account both internal and external factors including recent economic and regulatory development in the Sultanate of Oman. Based on management assessment, there is no indicator of impairment of plant and capital spares as at the reporting date.

e) Deferred taxation

Deferred tax asset amounting to USD Nil (2024:USD Nil million) has not been recognised in profit or loss relating to the carried forward losses amounting to USD Nil (2024:USD Nil million), which are expected to expire within a period of five years from the year of origination of taxable loss. The Company has accounted for a deferred tax asset only for the carried forward losses which are expected to be utilised against the taxable profits to be generated in future. The related details are set out in note 8.

f) 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 customisation to the leased asset).

g) Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the fund necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit ratings).

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NOTES TO THE FINANCIAL STATEMENTS

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4 REVENUE AND OPERATING SEGMENTS

	2025 ﷵ'000	2025 USD'000	2024 ﷵ'000	2024 USD'000
Capacity charges	68,773	178,864	68,202	177,378
Energy charges	105,288	273,831	99,584	258,996
	<u>174,061</u>	<u>452,695</u>	<u>167,786</u>	<u>436,374</u>

In accordance with IFRS 8 - Operating segments. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Company operates in one business segment that of generation of power. No geographical analysis has been disclosed as 100% of the Company's revenue is from its only customer Nama Power and Water Procurement Company SAOC (PWP) based in the Sultanate of Oman.

5 DIRECT COSTS

	2025 ﷵ'000	2025 USD'000	2024 ﷵ'000	2024 USD'000
Gas consumption	100,710	261,925	95,309	247,879
Depreciation of property, plant and equipment (note 10)	15,860	41,249	15,860	41,249
Operation and maintenance cost (note 26)	9,363	24,351	9,778	25,431
Contractual services maintenance cost	6,981	18,156	7,570	19,688
Insurance and Others	1,321	3,435	637	1,656
Depreciation of right-of-use assets (note 11)	252	657	252	657
Connection and license fee	90	235	86	223
	<u>134,577</u>	<u>350,008</u>	<u>129,492</u>	<u>336,783</u>

Included in operation and maintenance cost are costs of inventories recognised as expense amounting to USD 1.6 million (ﷵ: 0.63 million) for the year ended 31 December 2025 [2024: USD 1.5 million (ﷵ: 0.6 million)].

6 (a) GENERAL AND ADMINISTRATIVE EXPENSES

	2025 ﷵ'000	2025 USD'000	2024 ﷵ'000	2024 USD'000
Staff costs and other benefits	892	2,319	772	2,009
Legal and professional charges	176	458	180	468
Public company related costs	155	403	166	431
Office related expenses	142	369	135	350
Corporate social responsibilities	50	130	50	130
Short term lease rental	4	11	12	30
Depreciation of property, plant and equipment (note 10)	17	44	17	44
Depreciation on right of use assets (Note 11)	20	52	20	52
Other expenses	261	680	191	496
	<u>1,717</u>	<u>4,466</u>	<u>1,543</u>	<u>4,010</u>

6 (b) OTHER INCOME

Other Income represents the corporate tax reimbursement approved and received from PWP under PPA in connection with Change of Law claims amounting to USD 1.91 million (ﷵ 0.736 million) during the year ended 31 December 2025 [2024: USD Nil (ﷵ: Nil)] related to 2024.

PHOENIX POWER COMPANY SAOG
NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

7 FINANCE COSTS AND INCOME

	2025 S'000	2025 USD'000	2024 S'000	2024 USD'000
Interest - term loans and swap settlements	7,209	18,749	9,211	23,956
Amortisation of transaction costs (note 19)	405	1,053	512	1,331
Asset retirement obligation - unwinding of discount (note 21)	282	734	269	699
Interest expense for lease liabilities (note 23)	385	1,001	395	1,028
Debt service commission	85	222	63	165
Exchange loss	50	129	87	226
	8,416	21,888	10,537	27,405
Interest income	538	1,400	786	2,045

Finance income for the year ended 31st December 2025 primarily consists of interest income derived from short-term deposits placed with reputable financial institutions.

8 INCOME TAX

	2025 S'000	2025 USD'000	2024 S'000	2024 USD'000
Deferred tax expense recognised in the statement of profit or loss	(56)	(146)	(339)	(881)
Income tax expense	(4,547)	(11,824)	(3,662)	(9,524)
	(4,603)	(11,970)	(4,001)	(10,405)
Deferred tax expense recognised in other comprehensive income	(28)	(74)	39	102

For the purpose of determining the taxable results for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices. The adjustments to accounting profit for the year has resulted in a taxable profit which is adjusted against the brought forward tax losses.

a) Reconciliation of income tax expense

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 S'000	2025 USD'000	2024 S'000	2024 USD'000
Profit before tax	30,625	79,646	27,000	70,221
Net effect of expenses that are not deductible and income not considered to be taxable in determining taxable profit:	(315)	(819)	(2,249)	(5,850)
	30,310	78,827	24,751	64,371
Current tax is provided at the rate of 15%.	4,547	11,824	3,713	9,656
Prior year	52	137	-	-
Net Tax payable	4,599	11,961	3,713	9,656

PHOENIX POWER COMPANY SAOG
 NOTES TO THE FINANCIAL STATEMENTS
 At 31 December 2025

8 INCOME TAX (continued)

As of 31 December 2025, the Company's tax assessments for the year 2011 to 2021 have been completed by the Omani taxation authorities. The Company's assessment for the tax years 2022 to 2024 have not yet been finalised with the Tax Authority at the Ministry of Finance. Management believes that additional taxes, if any, in respect of open tax years, would not be significant to the Company's financial position as at 31 December 2025.

b) Deferred tax assets/(liabilities)

	<i>As at 1 January</i>	<i>Recognised In profit or loss</i>	<i>Recognised in other comprehensive income</i>	<i>As at 31 December</i>
	<i>₹'000</i>	<i>₹'000</i>	<i>₹'000</i>	<i>₹'000</i>
31 December 2025				
Property, plant and equipment	(48,908)	(131)	-	(49,039)
Provision for asset retirement obligation	915	56	-	971
Lease liabilities	1,421	19	-	1,440
Exchange loss	55	-	-	55
Fair value adjustment of derivatives through equity (note 20)	428	-	(28)	400
Net deferred tax liabilities	(46,089)	(56)	(28)	(46,173)
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
Property, plant and equipment	(127,200)	(342)	-	(127,542)
Provision for asset retirement obligation	2,382	146	-	2,528
Lease liabilities	3,693	50	-	3,743
Exchange loss	142	-	-	142
Fair value adjustment of derivatives through equity (note 20)	1,116	-	(74)	1,042
Net deferred tax liabilities	(119,867)	(146)	(74)	(120,087)
31 December 2024				
	<i>₹'000</i>	<i>₹'000</i>	<i>₹'000</i>	<i>₹'000</i>
Property, plant and equipment	(48,481)	(427)	-	(48,908)
Provision for asset retirement obligation	861	54	-	915
Lease liabilities	1,400	21	-	1,421
Exchange loss	41	14	-	55
Fair value adjustment of derivatives through equity (note 20)	389	-	39	428
Net deferred tax liabilities	(45,790)	(338)	39	(46,089)
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
Property, plant and equipment	(126,090)	(1,110)	-	(127,200)
Provision for asset retirement obligation	2,241	141	-	2,382
Lease liabilities	3,639	54	-	3,693
Exchange loss	107	35	-	142
Fair value adjustment of derivatives through equity (note 20)	1,014	-	102	1,116
Net deferred tax liabilities	(119,089)	(880)	102	(119,867)

PHOENIX POWER COMPANY SAOG
 NOTES TO THE FINANCIAL STATEMENTS
 At 31 December 2025

9 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year.

	2025	2025	2024	2024
Profit attributable to ordinary shareholders of the Company (₹/USD'000s)	26,022	67,676	22,999	59,816
Weighted average number of shares (in 000's)	1,462,601	1,462,601	1,462,601	1,462,601
Basic earnings per share (₹/ USD)	0.018	0.046	0.016	0.041

No figure for diluted earnings per share has been presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised.

10 PROPERTY, PLANT AND EQUIPMENT

	<i>Building</i> ₹'000	<i>Plant and equipment</i> ₹'000	<i>Strategic spares</i> ₹'000	<i>Asset retirement</i> ₹'000	<i>Other assets</i> ₹'000	<i>Total</i> ₹'000
Cost						
At 1 January 2025	83,876	518,087	10,809	3,249	296	616,317
At 31 December 2025	83,876	518,087	10,809	3,249	296	616,317
Accumulated depreciation						
At 1 January 2025	20,914	130,264	7,427	986	240	159,831
Charge for the year	2,097	12,952	721	90	17	15,877
At 31 December 2025	23,011	143,216	8,148	1,076	257	175,708
Net book value						
At 31 December 2025	60,865	374,871	2,661	2,173	39	440,609
	<i>Building</i> ₹'000	<i>Plant and equipment</i> ₹'000	<i>Strategic spares</i> ₹'000	<i>Asset retirement</i> ₹'000	<i>Other assets</i> ₹'000	<i>Total</i> ₹'000
Cost						
At 1 January 2024	83,876	518,087	10,809	3,249	296	616,317
At 31 December 2024	83,876	518,087	10,809	3,249	296	616,317
Accumulated depreciation						
At 1 January 2024	18,992	117,312	6,531	896	223	143,954
Charge for the year	1,922	12,952	896	90	17	15,877
At 31 December 2024	20,914	130,264	7,427	986	240	159,831
Net book value						
At 31 December 2024	62,962	387,823	3,382	2,263	56	456,486

PHOENIX POWER COMPANY SAOG
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2025

10 PROPERTY, PLANT AND EQUIPMENT (continued)

	<i>Building USD'000</i>	<i>Plant and equipment USD'000</i>	<i>Strategic spares USD'000</i>	<i>Asset retirement USD'000</i>	<i>Other assets USD'000</i>	<i>Total USD'000</i>
Cost						
At 1 January 2025	218,142	1,347,432	28,113	8,450	761	1,602,898
At 31 December 2025	218,142	1,347,432	28,113	8,450	761	1,602,898
Accumulated depreciation						
At 1 January 2025	54,395	338,790	19,305	2,571	622	415,683
Charge for the year	5,454	33,686	1,874	235	44	41,293
At 31 December 2025	59,849	372,476	21,179	2,806	666	456,976
Net book value						
At 31 December 2025	158,293	974,956	6,934	5,644	95	1,145,922

	<i>Building USD'000</i>	<i>Plant and equipment USD'000</i>	<i>Strategic spares USD'000</i>	<i>Asset retirement USD'000</i>	<i>Other assets USD'000</i>	<i>Total USD'000</i>
Cost						
At 1 January 2024	218,142	1,347,432	28,113	8,450	761	1,602,898
At 31 December 2024	218,142	1,347,432	28,113	8,450	761	1,602,898
Accumulated depreciation						
At 1 January 2024	49,396	305,104	16,976	2,336	578	374,390
Charge for the year	4,999	33,686	2,329	235	44	41,293
At 31 December 2024	54,395	338,790	19,305	2,571	622	415,683
Net book value						
At 31 December 2024	163,747	1,008,642	8,808	5,879	139	1,187,215

Depreciation charged for the year is allocated as follows:

	2025 £'000	2025 USD'000	2024 £'000	2024 USD'000
Operating costs (note 5)	15,860	41,249	15,860	41,249
General and administrative expenses (note 6)	17	44	17	44
	15,877	41,293	15,877	41,293

The term loan facilities are secured by a comprehensive legal and commercial mortgage on all assets of the Company (note 19).

PHOENIX POWER COMPANY SAOG
 NOTES TO THE FINANCIAL STATEMENTS

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11 RIGHT-OF-USE ASSETS

The Company has lease contracts for land lease under the Sub-Usufruct Agreement and Connection fee for the transmission through the system to the connection point under the Electrical Connection Agreement.

	Land lease ₹'000	Connection fee ₹'000	Office ₹'000	Total ₹'000
Cost				
At 1 January 2024	1,814	6,995	102	8,911
At 31 December 2024	1,814	6,995	102	8,911
At 1 January 2025	1,814	6,995	102	8,911
At 31 December 2025	1,814	6,995	102	8,911
Accumulated depreciation				
At 1 January 2024	208	1,053	12	1,273
Charge for the year	52	200	20	272
At 31 December 2024	260	1,253	32	1,545
At 1 January 2025	260	1,253	32	1,545
Charge for the year	52	200	20	272
At 31 December 2025	312	1,453	52	1,817
Net book value				
At 31 December 2025	1,502	5,542	50	7,094
At 31 December 2024	1,554	5,742	70	7,366
	Land lease USD'000	Connection fee USD'000	Office USD'000	Total USD'000
Cost				
At 1 January 2024	4,718	18,193	264	23,175
At 31 December 2024	4,718	18,193	264	23,175
At 1 January 2025	4,718	18,193	264	23,175
At 31 December 2025	4,718	18,193	264	23,175
Accumulated depreciation				
At 1 January 2024	540	2,738	31	3,309
Charge for the year	135	522	52	709
At 31 December 2024	675	3,260	83	4,018
At 1 January 2025	675	3,260	83	4,018
Charge for the year	135	522	52	709
At 31 December 2025	810	3,782	135	4,727
Net book value				
At 31 December 2025	3,908	14,411	129	18,448
At 31 December 2024	4,043	14,933	181	19,157

PHOENIX POWER COMPANY SAOG
 NOTES TO THE FINANCIAL STATEMENTS
 At 31 December 2025

12 TRADE AND OTHER RECEIVABLES

	2025 ₹'000	2025 USD'000	2024 ₹'000	2024 USD'000
Trade receivables	9,539	24,810	8,076	21,005
Prepayments	593	1,542	586	1,523
Other receivables	96	246	166	428
	<u>10,228</u>	<u>26,598</u>	<u>8,828</u>	<u>22,956</u>

As at 31 December 2025, none of the Company's receivables were past due or impaired (2024: Nil). The current year impairment provisions assessed is considered to be immaterial.

13 INVENTORIES

	2025 ₹'000	2025 USD'000	2024 ₹'000	2024 USD'000
Fuel	5,359	13,938	5,543	14,416
Maintenance spares	6,334	16,474	5,974	15,536
	<u>11,693</u>	<u>30,412</u>	<u>11,517</u>	<u>29,952</u>

The management has assessed that as at 31 December 2025, there are no slow moving inventories for which provision is required (2024: ₹ Nil).

14 SHORT TERM DEPOSITS

	2025 ₹'000	2025 USD'000	2024 ₹'000	2024 USD'000
Short term deposits	<u>1,538</u>	<u>4,000</u>	<u>7,807</u>	<u>20,303</u>

Short term deposits are placed with reputed financial institutions at commercial rates. Hence, the management believes that the ECL is immaterial to the financial statements as a whole.

15 CASH AND BANK BALANCES

	2025 ₹'000	2025 USD'000	2024 ₹'000	2024 USD'000
Bank balances	<u>17,191</u>	<u>44,709</u>	<u>13,456</u>	<u>34,997</u>
	<u>17,191</u>	<u>44,709</u>	<u>13,456</u>	<u>34,997</u>

Bank balances are placed with reputed financial institutions. Hence, the management believes that the ECL is immaterial to the financial statements as a whole.

16 SHARE CAPITAL

	2025 ₹'000	2025 USD'000	2024 ₹'000	2024 USD'000
Authorised, issued and fully paid up share capital of 1,462,601,460 shares (2024- 1,462,601,460 shares of ₹ 0.1 each)	<u>146,260</u>	<u>380,390</u>	<u>146,260</u>	<u>380,390</u>

PHOENIX POWER COMPANY SAOG

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

17 LEGAL RESERVE

As required by the Commercial Companies Law of the Sultanate of Oman, 10% of annual profit of the Company is required to be transferred to legal reserve until the reserve is equal to one third of the issued share capital of the Company. The reserve is not available for distribution. During the year ended 31 December 2025, the Company transferred ~~₹~~ 2.6 million (USD 6.8 million) [2024: ~~₹~~ 2.3 million (USD 6.0 million)] to the legal reserve.

18 DIVIDENDS

	2025 ₹ '000	2025 USD'000	2024 ₹ '000	2024 USD'000
At 1 January	2,925	7,608	2,925	7,608
Dividend proposed - 3.50 baizas per share (2024: 3.25 baizas per share)	5,119	13,314	4,754	12,363
Dividend proposed - 2.00 baizas per share (2024: 2.00 baizas per share)	2,925	7,608	2,925	7,608
	8,044	20,922	7,679	19,971
Payments during the year	(8,045)	(20,922)	(7,679)	(19,971)
At 31 December	2,924	7,608	2,925	7,608

Pursuant to shareholders' resolution dated 18 March 25, the Board of Directors in their meetings held on 30 April 2025 and 20 October 2025 approved cash dividend of 3.50 Baizas per share and 2.0 Baizas per share, respectively for the year ended 31 December 2024. Accordingly, dividend amounting to USD 13.31 million (~~₹~~ 5.12 million) was paid in June 2025 and USD 7.61 million (~~₹~~ 2.92 million) is payable as of 31 December 2025 which was paid subsequently in January 2026.

Pursuant to shareholders' resolution dated 18 March 24, the Board of Directors in their meetings held on 24 April 2024 and 23 October 2024 approved cash dividend of 3.25 Baizas per share and 2.0 Baizas per share, respectively for the year ended 31 December 2023. Accordingly, dividend amounting to USD 12.36 million (~~₹~~ 4.75 million) was paid in July 2024 and USD 7.61 million (~~₹~~ 2.92 million) is payable as of 31 December 2024 which was paid subsequently in January 2025.

The Board of Directors in the board meeting dated on 11 February 2026 proposed a cash dividend, which will be approved in the forthcoming Annual General Meeting provided that the aggregated amount of such dividend shall not exceed 6.00 Baisas per share.

19 INTEREST BEARING LOANS AND BORROWINGS

	2025 ₹ '000	2025 USD'000	2024 ₹ '000	2024 USD'000
Term loans	113,102	294,155	149,675	389,273
Less: unamortised transaction costs	(560)	(1,457)	(965)	(2,510)
	112,542	292,698	148,710	386,763
Less: current portion of loans	(36,986)	(96,192)	(36,572)	(95,117)
Non-current portion of loans	75,556	196,506	112,138	291,646

Movement of interest bearing loans and borrowings:

	2025 ₹ '000	2025 USD'000	2024 ₹ '000	2024 USD'000
At 1 January	149,675	389,273	185,779	483,171
Repayments of borrowings	(36,573)	(95,118)	(36,104)	(93,898)
At 31 December	113,102	294,155	149,675	389,273

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NOTES TO THE FINANCIAL STATEMENTS
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19 INTEREST BEARING LOANS AND BORROWINGS (continued)

Movement of unamortised transaction costs is as follows:

	2025 ₹'000	2025 USD'000	2024 ₹'000	2024 USD'000
At 1 January	965	2,510	1,477	3,841
Amortisation	(405)	(1,053)	(512)	(1,331)
At 31 December	560	1,457	965	2,510

The Company had entered into secured term loan agreements in relation to the Sur IPP Project. The total amount of the term loan is USD 1,194 million at SOFR plus applicable margin.

The Company started drawdowns in 2012. The Company has fully drawn down the facility in 2014. The loans will be repayable in instalments of several denominations, every sixth month from 28 December 2014, the final instalment will be due on 28 December 2028. The Company in order to manage its interest rate risk has entered into certain interest rate swap arrangements, the details of which are set out in note 20.

The above facilities are secured by comprehensive legal and commercial mortgages on all the assets of the Company (note 10). The loan agreements contain certain restrictive covenants, which include, amongst other restrictions over debt service, pattern of shareholding, payment of dividends, asset sales/transfers, and amendment to significant agreements entered by the Company and creation of additional security under charge. The Company is in compliance with the covenants.

20 DERIVATIVE FINANCIAL INSTRUMENTS

(a) Positive fair values:

In accordance with the requirements of its Commercial facilities, NEXI facilities and Term Loan facilities agreement with Japan Bank for International Corporation ("Secured Term Loan agreements"), the Company has entered into seven interest rate hedging agreements with a view to cap the Company's exposure to fluctuating interest rates. The maximum loan amount covered during the tenure is USD 1,152 million. Under the hedging agreements, the Company pays a fixed interest rate between 3.102% to 3.75% per annum as per the respective swap agreement and receives a floating interest rate based on USD SOFR with effective dates starting from 28 February 2013/28 March 2013 till 28 December 2028. As at 31 December 2025, an unrealised gain of USD 1.52 million (₹ 0.58 million) [2024: Unrealised gain of USD 8.04 million (₹ 3.09 million)] relating to measuring the financial instrument at fair value is included in equity in respect of these contracts.

	2025 ₹'000	2025 USD'000	2024 ₹'000	2024 USD'000
Cumulative changes in positive fair value:				
Interest rate swap agreements	583	1,516	3,093	8,044
Positive fair value of derivatives	583	1,516	3,093	8,044
Less: deferred tax effect (note 8)	(87)	(227)	(464)	(1,207)
	496	1,289	2,629	6,837

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20 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Positive fair values (continued):

The current and non-current portion of positive fair value of interest rate swap agreements is as follows:

	2025 ₪ '000	2025 USD'000	2024 ₪ '000	2024 USD'000
Non-current portion	97	253	1,654	4,301
Current portion	486	1,263	1,439	3,743
	<u>583</u>	<u>1,516</u>	<u>3,093</u>	<u>8,044</u>

Interest rate swap agreements

The following table shows the positive fair value of the derivative financial instrument relating to secured term loan agreements, which is equivalent to the market values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

31 December 2025

	<i>Positive fair value of derivatives</i>	<u>Notional amounts by term to maturity</u>			
		<i>Notional amount</i>	<i>1 - 12 Months</i>	<i>More than 1 up to 5 years</i>	<i>Over 5 years</i>
Interest rate swaps (₪)	<u>583</u>	<u>107,435</u>	<u>35,128</u>	<u>72,307</u>	<u>-</u>
Interest rate swaps (USD'000)	<u>1,516</u>	<u>279,415</u>	<u>91,361</u>	<u>188,054</u>	<u>-</u>

31 December 2024

	<i>Positive fair value of derivatives</i>	<u>Notional amounts by term to maturity</u>			
		<i>Notional amount</i>	<i>1 - 12 Months</i>	<i>More than 1 up to 5 years</i>	<i>Over 5 years</i>
Interest rate swaps (₪)	<u>3,093</u>	<u>142,177</u>	<u>34,742</u>	<u>107,435</u>	<u>-</u>
Interest rate swaps (USD'000)	<u>8,044</u>	<u>369,772</u>	<u>90,357</u>	<u>279,415</u>	<u>-</u>

(b) Negative fair values:

In order to reduce its exposure to foreign exchange rates fluctuations relating to payments to be made to contractor for services rendered under long term supply and services contract for gas turbines, the Company has entered into a foreign exchange swap agreement with a bank for the foreign exchange amounts which are required to be paid in future. As at 31 December 2025, an unrealised loss of USD 8.04 million (~~₪~~ 3.09 million) [2024: USD 15.42 million (~~₪~~ 5.95 million)] relating to measuring the financial instrument at fair value is included in equity in respect of these contracts. The related details are set out below:

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20 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(b) Negative fair values (continued)

	2025 £ '000	2025 USD'000	2024 £ '000	2024 USD'000
Cumulative changes in negative fair value:				
Forward foreign exchange contracts	(3,253)	(8,460)	(5,953)	(15,482)
Negative fair value of derivatives	(3,253)	(8,460)	(5,953)	(15,482)
Less: deferred tax effect (note 8)	488	1,269	893	2,322
	<u>(2,765)</u>	<u>(7,191)</u>	<u>(5,060)</u>	<u>(13,160)</u>

The current and non-current portion of negative fair value of derivatives is as follows:

	2025 £ '000	2025 USD'000	2024 £ '000	2024 USD'000
Non-current portion	(2,127)	(5,532)	(4,352)	(11,319)
Current portion	(1,126)	(2,928)	(1,601)	(4,163)
	<u>(3,253)</u>	<u>(8,460)</u>	<u>(5,953)</u>	<u>(15,482)</u>

Forward foreign exchange contracts

The following table shows fair value of the currency swaps, which is equivalent to the market values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

31 December 2025

	Negative fair value of derivatives	Notional amounts by term to maturity			
		Notional amount	1 - 12 Months	More than 1 up to 5 years	Over 5 years
Forward foreign exchange contracts (£)	(3,253)	(16,249)	(5,859)	(10,390)	-
Forward foreign exchange contracts (USD'000)	(8,460)	(42,258)	(15,237)	(27,021)	-

31 December 2024

	Negative fair value of derivatives	Notional amounts by term to maturity			
		Notional amount	1 - 12 Months	More than 1 up to 5 years	Over 5 years
Forward foreign exchange contracts (£)	(5,953)	(21,457)	(5,859)	(15,598)	-
Forward foreign exchange contracts (USD'000)	(15,482)	(55,803)	(15,237)	(40,566)	-

PHOENIX POWER COMPANY SAOG
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2025

21 PROVISION FOR ASSET RETIREMENT OBLIGATION

Under the Usufruct Agreement, the Company has a legal obligation to remove the plant at the end of its useful life and restore the land to its original condition. The Company shall at its sole cost and expense dismantle, demobilise, safeguard and transport the assets, eliminate soil and ground water contamination, fill all excavation and return the surface to grade of the designated areas. The fair value of asset retirement obligation (ARO) provision has been calculated using an expected present value technique. This technique reflects assumptions such as costs, plant useful life, inflation and profit margin that third parties would consider to assume the settlement of the obligation.

The movement in ARO provision is as follows:

	2025 <u>₪'000</u>	2025 USD'000	2024 <u>₪'000</u>	2024 USD'000
As at 1 January	5,645	14,682	5,376	13,983
Unwinding of discount (note 7)	282	734	269	699
As at 31 December	<u>5,927</u>	<u>15,416</u>	<u>5,645</u>	<u>14,682</u>

22 ACCOUNTS PAYABLE AND ACCRUALS

(a) Accounts payable and accruals

	2025 <u>₪'000</u>	2025 USD'000	2024 <u>₪'000</u>	2024 USD'000
Trade accounts payable	6,475	16,840	7,901	20,550
Amounts due to a related party (note 26)	3,864	10,049	3,400	8,842
Accrued expenses	10,444	27,154	9,480	24,648
	<u>20,783</u>	<u>54,043</u>	<u>20,781</u>	<u>54,040</u>

(b) Employees' end of service benefits

	2025 <u>₪'000</u>	2025 USD'000	2024 <u>₪'000</u>	2024 USD'000
As at 1 January	1	2	38	99
Charge for the year	4	10	7	19
Payments during the year	-	-	(44)	(116)
As at 31 December	<u>5</u>	<u>12</u>	<u>1</u>	<u>2</u>

23 LEASE LIABILITIES

The Company recognised lease liabilities in relation to lease of land, connection fee and office. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 31 December 2025.

	2025 <u>₪'000</u>	2025 USD'000	2024 <u>₪'000</u>	2024 USD'000
Land	1,680	4,370	1,706	4,438
Connection fee	6,399	16,642	6,497	16,898
Office	45	117	66	171
As at 31 December	<u>8,124</u>	<u>21,129</u>	<u>8,269</u>	<u>21,507</u>

PHOENIX POWER COMPANY SAOG
NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2025

23 LEASE LIABILITIES (continued)

Movement of lease liabilities recognised in the statement of financial position is as follows:

	2025 ₹'000	2025 USD'000	2024 ₹'000	2024 USD'000
At 1 January	8,269	21,507	8,402	21,853
Additions	-	-	-	-
Interest expense (note 7)	385	1,001	395	1,028
Payments during the year	(530)	(1,379)	(528)	(1,374)
At 31 December	<u>8,124</u>	<u>21,129</u>	<u>8,269</u>	<u>21,507</u>
	2025 ₹'000	2025 USD'000	2024 ₹'000	2024 USD'000
Non-current	7,594	19,754	7,740	20,132
Current	530	1,375	529	1,375
	<u>8,124</u>	<u>21,129</u>	<u>8,269</u>	<u>21,507</u>

The following are the amounts recognised in the statement of profit or loss and other comprehensive income:

	2025 ₹'000	2025 USD'000	2024 ₹'000	2024 USD'000
Depreciation of right-of-use assets (note 11)	272	709	272	709
Interest on finance lease (note 7)	385	1,001	395	1,028
	<u>657</u>	<u>1,710</u>	<u>667</u>	<u>1,737</u>

24 NET ASSETS PER SHARE

Net assets per share is calculated by dividing the equity attributable to the shareholders of the Company at the reporting date by the number of shares outstanding as follows:

	2025	2025	2024	2024
Net assets (₹'000s/ USD'000s)	<u>284,606</u>	<u>740,191</u>	266,467	693,017
Number of shares outstanding at 31 December (in 000's)	<u>1,462,601</u>	<u>1,462,601</u>	1,462,601	1,462,601
Net assets per share (₹/ USD)	<u>0.195</u>	<u>0.506</u>	0.182	0.474

25 CONTINGENCIES

At 31 December 2025, the Company had no contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise [2024: USD nil (₹ nil)].

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NOTES TO THE FINANCIAL STATEMENTS
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26 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Company maintains balances with these related parties which arise in the normal course of business from the commercial transactions, and are entered into at terms and conditions agreed between the parties. Transactions with related parties are as follows:

	2025	2025	2024	2024
	₹'000	USD'000	₹'000	USD'000
Due to a related party				
Company under common control - Phoenix Operation and Maintenance Company LLC [note 22(a)]	3,864	10,049	3,400	8,842
Statement of comprehensive income transactions				
Consulting service fee charged:				
- Axia Power Holdings - shareholder	41	107	41	107
- JERA Co. Inc. - shareholder	25	64	25	64
	66	171	66	171
Operation and maintenance costs: Phoenix Operation and Maintenance Company LLC ("POMCO") (note 5)	9,363	24,351	9,778	25,431
	2025	2025	2024	2024
	₹'000	USD'000	₹'000	USD'000
Key management compensation: Short term benefits	303	787	263	683
	303	787	263	683

As of 31st December 2025, the Company has two key management personnel (2024: two key management personnel).

27 COMMITMENTS

Operation and maintenance (O&M) commitments

As per the O&M Agreement, POMCO is scheduled to operate and maintain the plant until 31 March 2029. Under the O&M Agreement the Company has to pay the fixed fee which is subject to indexation based on Omani Price indices.

At 31 December the expected future payments under the O&M Agreement (excluding indexation) are as

	2025	2025	2024	2024
	₹'000	USD'000	₹'000	USD'000
Within one year	1,730	4,500	1,730	4,500
Between two and five years	3,888	10,110	5,618	14,610
After five years	-	-	-	-
	5,618	14,610	7,348	19,110

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27 COMMITMENTS (continued)

Other commitments

The Company has entered into agreements for purchase of natural gas with the Integrated Gas Company (IGC) formerly known as Ministry of Oil and Gas of the Government of the Sultanate of Oman (MOG), long term supply of spare parts of gas turbines with Siemens Aktiengesellschaft, maintenance service of gas turbines with Siemens LLC Oman, operation and maintenance of the Sur IPP Project with Phoenix Operation and Maintenance Company LLC.

Operating lease agreement for which the Company acts as a lessor

The Company has entered into a PPA with PWP in July 2011 for a substantial element of the production of power with 100% "take-or-pay" clauses in favour of the Company.

The Management has determined that the take-or-pay arrangement with PWP under the PPA is subject to IFRS-16 - Determining whether an arrangement conveys the right to use the asset. The Management further determined that such an arrangement in substance represents an operating lease. The lease commenced on 11 December 2014. The following is the total of minimum lease receipts expected to be received under the PPA, excluding indexation:

	2025 ₹'000	2025 USD'000	2024 ₹'000	2024 USD'000
Within one year	65,428	170,165	65,428	170,165
Between two and five years	138,364	359,854	203,792	530,019
After five years	-	-	-	-
	<u>203,792</u>	<u>530,019</u>	<u>269,220</u>	<u>700,184</u>

28 FINANCIAL RISK MANAGEMENT

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

- Market risk
- Credit risk
- Liquidity 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. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. 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.

(a) 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.

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28 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. To manage this, the Company enters into interest rate swaps, in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. The details of Company's interest rate swap agreements are set out in note 20.

A 10% change in US SOFR rates at the reporting date would have increased/(decreased) equity and statement of profit or loss by the amounts of USD 18 thousands (~~₹~~ 7 thousands) [2024: USD 45 thousands (~~₹~~ 17 thousands)] before taking into account of interest rate swaps. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's majority of foreign currency transactions are denominated in US Dollar and Euro. As the Rial Omani is pegged to the US Dollar the transactions are not expected to have any significant currency risk. The Company has entered into forward foreign exchange contracts to hedge its Euro exchange risk arising on certain payments to be made in Euro as per its agreement with Siemens. The details of which are set out in note 20. The Company's certain bank balances are denominated in Euro. The Company's bank balance denominated in Euro as of 31 December 2025 amounted to USD 8 thousands (~~₹~~ 3 thousands) [(2024: USD 11 thousands (~~₹~~ 4 thousands)]. Should the exchange rate between Euro and RO fluctuate by \pm 5%, the impact on the Company's results will be USD nil thousands (~~₹~~ nil thousands) [2024: USD nil thousands (~~₹~~ nil thousands)].

(b) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents, as well as credit exposures to customers. The Company has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company requires bank guarantees on higher credit risk customers. The Company does not require collateral in respect of all other financial assets.

Investments are made in liquid securities and only with commercial banks in Oman. Management does not expect any of its investment counter parties to fail to meet its obligations.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

The Company has significant concentrations of credit risk with the Government sector. At 31 December 2025, Government organisations in Oman accounted for 100% (2024 - 100%) of the outstanding trade receivables. At 31 December 2025, there were no other significant concentrations of credit risk.

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28 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Credit risk on other financial assets, including bank balances arises from the risk of default of the counterparty, with a maximum exposure equal to the carrying amount of these balances. The bank balances are placed on deposit with reputed financial institutions in the Sultanate of Oman.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2025 S'000	2025 USD'000	2024 S'000	2024 USD'000
Trade receivables (note 12)	9,539	24,810	8,076	21,005
Bank balances (note 15)	17,191	44,709	13,456	34,997
Short term deposits (note 14)	1,538	4,000	7,807	20,303
Other receivables (note 12)	96	246	166	428
	<u>28,364</u>	<u>73,765</u>	<u>29,505</u>	<u>76,733</u>

Age analysis of trade receivables as at 31 December was:

	2025 RO'000	2025 Expected credit losses	2024 RO'000	2024 Expected credit losses
Not past due	9,539	-	8,076	-
Past due 0 < 3 months	-	-	-	-
Past due > 3 months	-	-	-	-
	<u>9,539</u>	<u>-</u>	<u>8,076</u>	<u>-</u>
Nominal value in USD '000	<u>24,810</u>	<u>-</u>	<u>21,005</u>	<u>-</u>

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

Description	Ratings	2025 RO'000	2025 USD'000	2024 RO'000	2024 USD'000
Bank balances	BBB- & A	<u>17,191</u>	<u>44,709</u>	<u>13,456</u>	<u>34,997</u>

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28 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

The Company maintains sufficient and approved bank credit limits to meet its obligations as they fall due for payment and is therefore not subjected to significant liquidity risk. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	<i>Less than 3 months £'000</i>	<i>3 to 12 months £'000</i>	<i>1 to 5 years £'000</i>	<i>More than 5 years £'000</i>	<i>Total £'000</i>
2025					
Accounts payable and accruals	6,475	-	-	-	6,475
Amounts due to related parties	-	3,864	-	-	3,864
Interest bearing loans and borrowings	-	42,208	80,864	-	123,072
Lease liabilities	530	-	2,029	12,701	15,260
Dividend payable	2,924	-	-	-	2,924
	9,929	46,072	82,893	12,701	151,595
	<i>Less than 3 months £'000</i>	<i>3 to 12 months £'000</i>	<i>1 to 5 years £'000</i>	<i>More than 5 years £'000</i>	<i>Total £'000</i>
2024					
Accounts payable and accruals	7,901	-	-	-	7,901
Amounts due to related parties	-	3,400	-	-	3,400
Interest bearing loans and borrowings	-	43,532	123,072	-	166,604
Lease liabilities	530	-	2,029	12,701	15,260
Dividend payable	2,925	-	-	-	2,925
	11,356	46,932	125,101	12,701	196,090
	<i>Less than 3 months USD'000</i>	<i>3 to 12 months USD'000</i>	<i>1 to 5 years USD'000</i>	<i>More than 5 years USD'000</i>	<i>Total USD'000</i>
2025					
Accounts payable and accruals	16,840	-	-	-	16,840
Amounts due to related parties	-	10,049	-	-	10,049
Interest bearing loans and borrowings	-	109,774	210,310	-	320,084
Lease liabilities	1,379	-	5,278	33,032	39,689
Dividend payable	7,608	-	-	-	7,608
	25,827	119,823	215,588	33,032	394,270
	<i>Less than 3 months USD'000</i>	<i>3 to 12 months USD'000</i>	<i>1 to 5 years USD'000</i>	<i>More than 5 years USD'000</i>	<i>Total USD'000</i>
2024					
Accounts payable and accruals	20,550	-	-	-	20,550
Amounts due to related parties	-	8,842	-	-	8,842
Interest bearing loans and borrowings	-	113,218	320,084	-	433,302
Lease liabilities	1,379	-	5,278	33,032	39,689
Dividend payable	7,608	-	-	-	7,608
	29,537	122,060	325,362	33,032	509,991

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28 FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk management

The Company aims to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development and growth of its businesses, while at the same time maintaining an appropriate dividend policy to reward shareholders.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2025.

The Company monitors capital using a gearing ratio, which is debt (interest bearing loans and borrowings) divided by total equity.

	2025 ₹'000	2025 USD'000	2024 ₹'000	2024 USD'000
Debt (interest bearing loans and borrowings - note 19)	113,102	294,155	149,675	389,273
Equity before hedging reserve	286,875	746,093	268,898	699,339
Debt to equity ratio (times)	0.39	0.39	0.56	0.56

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets, financial liabilities and derivatives.

Financial assets consist of cash and bank balances and other receivables. Financial liabilities consist of interest bearing loans and borrowings and payables. Derivatives consist of interest rate swap arrangements and forward foreign exchange currency contracts.

The fair values of financial instruments are not materially different from their carrying values. The derivatives are fair valued using level 2 technique with reference to broker/dealer price quotation.

There were no transfers between level 1 and level 2 during the year.

Measurement of fair values

Type

Derivative instrument (level 2)

Valuation technique

Discounted cash flows technique. Estimates of future floating rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps.

PHOENIX POWER COMPANY SAOG
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30 FINANCIAL ASSETS AND LIABILITIES

Financial assets	2025 ₹'000	2025 USD'000	2024 ₹'000	2024 USD'000
At amortised cost				
Trade and other receivables (excluding prepayments)	9,635	25,056	8,242	21,433
Short term deposits	1,538	4,000	7,807	20,303
Cash and bank balances	17,191	44,709	13,456	34,997
Financial assets at fair value				
Derivative instruments	583	1,516	3,093	8,044
	<u>28,947</u>	<u>75,281</u>	<u>32,598</u>	<u>84,777</u>
Financial liabilities at amortised cost				
Interest-bearing liabilities				
Interest bearing loans and borrowings	112,542	292,698	148,710	386,763
Lease liabilities	8,124	21,129	8,269	21,507
Dividend payable	2,924	7,608	2,925	7,608
Accounts payable and accruals	20,783	54,043	20,781	54,040
Financial liabilities at fair value				
Derivative instruments	(3,253)	(8,460)	(5,953)	(15,482)
	<u>141,120</u>	<u>367,018</u>	<u>174,732</u>	<u>454,436</u>

31 CLIMATE RELATED RISKS

The Company and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally.

While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains. The Company is making progress on embedding climate risk in its risk framework.