



## Chairman's (Board of Directors') Report

Dear Shareholders,

On behalf of the Board of Directors of Phoenix Power Company SAOG ("PPC" or the "Company"), I am pleased to present the Annual Report of the Company for the year ended December 31, 2023. The past year has been a challenging one for the company, but despite the challenges, we have been able to achieve significant milestones and financial successes.

The Company, incorporated in 2011, owns and operates the 2000 MW Sur Independent Power Plant ("the Plant"), located in the Sur industrial area, approximately 175km south-east of Muscat. Phoenix Power continues to generate its revenues pursuant to a 15-year term Power Purchase Agreement ("PPA") with Oman Power and Water Procurement Company SAOC ("OPWP") and purchases gas from the Integrated Gas Company SAOC ("IGC") under a 15-year Natural Gas Sales Agreement ("NGSA"). The operations and maintenance of the plant is subcontracted to Phoenix Operation and Maintenance Company LLC ("POMCo" or "the Operator") under a 15-year Operation and Maintenance Agreement.

In the coming pages, we will provide a detailed overview of the company's financial performance, operational highlights, and future plans. We are confident that the steps we have taken and the strategies we have implemented will continue to drive our growth and success in the future.

### Health, Safety and Environment

Ensuring high standards of Health, Safety and Environmental performance continues to be given a high priority by the Company and its Operator, POMCo. During the year, no Lost Time Injury ("LTI") or environmental incidents occurred. On 31 December 2023, the Company completed 3,308 days without an LTI.

As part of an annual review process, the health, safety, environmental and quality processes of both the Company and the Operator were carefully audited by an independent third party, and both businesses retained accreditation to ISO 14001, ISO 45001 and ISO 9001 standards, demonstrating a continued commitment to health & safety performance and improvement.

For the Seventh consecutive year, both PPC and POMCo were also recognized by the UK's Royal Society for the Prevention of Accidents (RoSPA) with a gold medal award in 2023, which is a testament to our commitment to maintaining the highest standards of health and safety. We will continue to strive to improve our performance and ensure the well-being of our employees, contractors and the communities around us.



## Corporate Governance

The Company has established a robust system of internal controls, characterized by well-defined structures, clearly established levels of delegated authority, and a strong sense of accountability.

Throughout 2023, the Company conducted a thorough review of its key internal policies and procedures with a view to maintaining the highest standards of corporate governance and ensuring compliance with the Code of Corporate Governance issued by the Capital Market Authority. The Board, through the Audit Committee, implemented a comprehensive program of internal audits to assess different aspects of the Company's operations, monitor compliance, and promote best practices.

## Operations

I am pleased to report that the Company achieved exceptional operational performance in 2023, with the Sur Power Plant demonstrating a commercial availability of 99.95%. This is a significant improvement from the 99.93% commercial availability in 2022 and highlights the Company's commitment to providing safe and reliable electricity to the Sultanate of Oman.

In 2023, the Plant dispatched an aggregated net power volume of 9535.10 GWhrs, which represents a load factor of 54.81%. This is a considerable increase as compared to the 8713.65 GWhrs dispatched in 2022 with a load factor of 50.12% and demonstrates the Company's ability to consistently perform at high levels.

These results demonstrate the Company's dedication to operational excellence and its ability to provide safe, reliable and efficient power generation to its customer.

## Financial Results

In 2023, the Company recorded revenues of RO 158.49 million, representing an increase from the previous year's RO 149.16 million. This was primarily due to higher commercial availability and indexation. Meanwhile, costs for the year amounted to RO 119.82 million, slightly higher than the RO 111.20 million incurred in 2022, primarily driven by higher fuel prices resulting in higher corresponding fuel costs.

The Company's net profit for the year 2023 was RO 21.92 million, an improvement from the RO 20.36 million in 2022, largely attributed to lower finance costs. Additionally, the Company declared a dividend of Bzs 5.25 per share in 2023, compared to Bzs 4.15 per share in the previous year. The Company's share price ended the year at Bzs 54.

## Corporate Social Responsibility

The Company remains committed to its role as a responsible corporate citizen and continues to support the local community in Sur. During 2023, the Company provided RO 50,000 of funding and support in areas of health and safety, education, and environmental care, in line with the approved budget and priorities set by the 2023 AGM. These efforts positively impacted the South Al Sharqiyyah region and strengthened the Company's relationship with the local community.

## People and Employment

The Omanization level increased to 92% and the company remains committed to promoting local talent and contributing to the country's development.

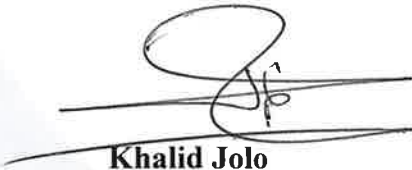
## Future Outlook

The management of the Company is committed to maintaining high standards of health, safety, environmental compliance, reliability and availability during 2023.

## In Conclusion

As Chairman of the Board, I would like to thank our shareholders, not only for their confidence, but also for their continued support and for the expertise they bring to the Company. On behalf of the Board of Directors, I express my gratitude to OPWP, the Authority for Public Services Regulation (“APSR”), the CMA and other governmental and non-governmental bodies for their guidance and support. I also give thanks to the operations and maintenance staff in the power plant as well as the employees of the Company for their dedication and commitment during 2023. Thanks to their contribution, the Company was able to achieve its goals and objectives.

Finally, on behalf of the Board of Directors, I would like to extend our deep appreciation and gratitude to His Majesty Sultan Haitham bin Tariq Al Said and His Government for their continued support and encouragement to the private sector by creating an environment that allows us to participate effectively in the growth of the Sultanate`s economy and to dedicate our achievements to the building of a strong nation.



**Khalid Jolo**

**Chairman of the Board**