

The logo for OQGN, with 'OQ' in orange and 'GN' in black. The background of the entire page features a composite image: a man in a white hard hat and safety glasses with a walkie-talkie, a modern skyscraper, and a traditional Middle Eastern city at night.

OQGN

Energizing Excellence

Annual Report 2024



His Majesty Sultan
Haitham bin Tarik
May God protect him

Introduction

**OQ Gas Networks
SAOG (OQGN) is at the
heart of Oman's energy
ecosystem.**

With every kilometer of its expansive pipeline network, OQGN channels the nation's energy, empowering industries and communities. This vast network is the cornerstone of Oman's energy infrastructure, enabling Oman to meet its growing energy demands while advancing towards a sustainable future.

Rooted in a legacy of excellence and guided by Oman Vision 2040, OQGN is redefining possibilities. From pioneering green hydrogen infrastructure to leading decarbonization efforts, OQGN is committed to building a sustainable energy future that empowers future generations.

**Energizing
Excellence**

About the report

The Board of Directors of OQGN is pleased to present the Annual Report for the fiscal year ended 31 December 2024.

This Annual Report, along with the accompanying financial statements, has been prepared in accordance with International Financial

Reporting Standards (IFRS), the requirements of the Commercial Companies Law of 2019, the Code of Corporate Governance for Public Listed Companies, and the Financial Services Authority (FSA)¹ requirements.

Corporate Information

OQ Gas Networks SAOG (OQGN), established in 2000 as Oman Gas Company SAOC and renamed to OQ Gas Networks in 2020, is the sole owner and operator of Oman’s Natural Gas Transportation and Distribution Network (NGTN). The Company is responsible for acquiring, constructing, operating, and maintaining gas transportation pipelines, facilitating natural gas distribution from producers to consumers, and serves Oman’s Liquefied Natural Gas (LNG) complexes, oil and gas sector, power and desalination plants, industrial clusters, free zones, and other customers.

In June 2020, the Company entered into an amended Concession Agreement with the Government of Oman, which was ratified by Royal Decree 122/2020 in October 2020. This agreement grants OQGN gas transportation concession rights for 50 years. It also provides a right of first offer on any future gas transportation infrastructure concessions until 30 October 2070 under the Regulatory Asset Based (RAB) Framework.

Head office/Registered office

OQ Gas Networks SAOG P.O. Box 799,
Postal Code 133, Al Khuwair, Muscat,
Sultanate of Oman

Phone:
+968 24466000

Email:
gn.info@oq.com

Web:
<https://oqgn.om/>

Commercial registration:
1644130.

Auditors:
Ernst & Young.

Legal form:
Public Joint-stock Company.

Stock exchange listing:
Muscat Stock Exchange.

Content



Overview

- | | |
|-------------------------|--|
| 2 At a glance | 12 Unlocking long-term growth potential |
| 6 Evolving with purpose | 16 Innovation and digital transformation |
| 8 Transmission chain | 18 Contribution to Oman Vision 2040 |
| 10 Business model | |



Executive messages

- | | |
|----------------------|------------------|
| 20 Chairman’s Report | 22 CEO’s message |
|----------------------|------------------|



Corporate governance

- | | |
|---------------------------------|-------------------------|
| 28 Independent Auditor’s report | 40 Internal regulations |
| 30 The Board of Directors | 41 Share performance |
| 34 Executive Management | 43 External Auditor |



Management Discussion & Analysis

- | | |
|----------------------------------|---|
| 44 Market landscape | 56 Quality, Health, Safety, Security, and Environment (QHSSE) |
| 46 Strategic business objectives | 59 Our people |
| 49 Business excellence | 61 Financial overview |



Sustainability review

- | | |
|--|-------------------------|
| 64 Continuing our sustainability journey | 68 Community engagement |
|--|-------------------------|



Financial Statements

- | | |
|---|--------------------------------------|
| 71 Independent Auditor’s Report | 77 Statement of Changes in Equity |
| 75 Statement of Financial Position | 78 Statement of Cash Flows |
| 76 Statement of Profit or Loss and Other Comprehensive Income | 79 Notes to the Financial Statements |



Appendix

- 114 Glossary

¹ Formerly known as the Capital Market Authority (CMA).



Overview

At a glance

* Who we are

OQ Gas Networks (OQGN) is the sole owner, developer, and operator of Oman’s Natural Gas Transportation and Distribution Network (NGTN), a critical infrastructure that supports the national economy.

EMPOWERING GROWTH

Expanding pipeline length and capacity to enhance gas transmission for power generation and a growing consumer base.

4,235 km
total pipeline length
(+4.7%)

70.48 BCM
network capacity
(+3.5%)

130+
industrial
customers

42.98 BCM
of natural gas delivered
(+6.1%)

90%+
of electricity generated
with OQGN-delivered gas

NURTURING TALENT

Fostering a culture of excellence through training, development, and initiatives to boost satisfaction and uphold core values.

24,335
total training hours

51.9
average training
hours per employee

76%
employee satisfaction and motivation
score (+1 pp vs. 2023)

ENERGIZING EXCELLENCE

Achieving business excellence through advanced digital solutions and a culture of continuous improvement.

- Long-Term Network Development Plan
- OQGN-wide innovations ecosystem
- Digital Transformation Programme
- New organizational model
- Electronic Management of Change system

REVOLUTIONIZING THE FUTURE

Leading energy transition projects to shape a sustainable future and diversify energy infrastructure.

- The National Infrastructure Provider for green hydrogen pipelines
- Collaborating with Oxy Oman for the CCUS value chain
- Collaborating with Hydrom on creating the hydrogen pipeline network

GENERATING VALUE

Maximizing margins and dividend payout to deliver exceptional returns for shareholders.

72.6%
Regulated Adjusted
EBITDA margin¹

OMR 46.2 Mn
announced as dividends for 2024
(2023: OMR 44 Mn)

30.9%
Net Profit margin

OMR 1.056 Bn
Regulatory Asset Base (RAB)²

YIELDING SUSTAINABILITY

Integrating ESG principles and committing to ambitious net-zero goals for a greener tomorrow.

Developed
Decarbonization
Strategy with a
**net-zero
target**

-3.4%
Scope 1 & Scope
2 GHG emissions
compared to 2023

15
social contribution
programmes

¹ Regulated Adjusted EBITDA / Regulated Adjusted Income based on the Regulatory Financial Statements in accordance with RAB rules, pursuant to the Amended Concession Agreement.

² Regulatory Asset Base represents concession receivable and contract assets due from the Shipper.



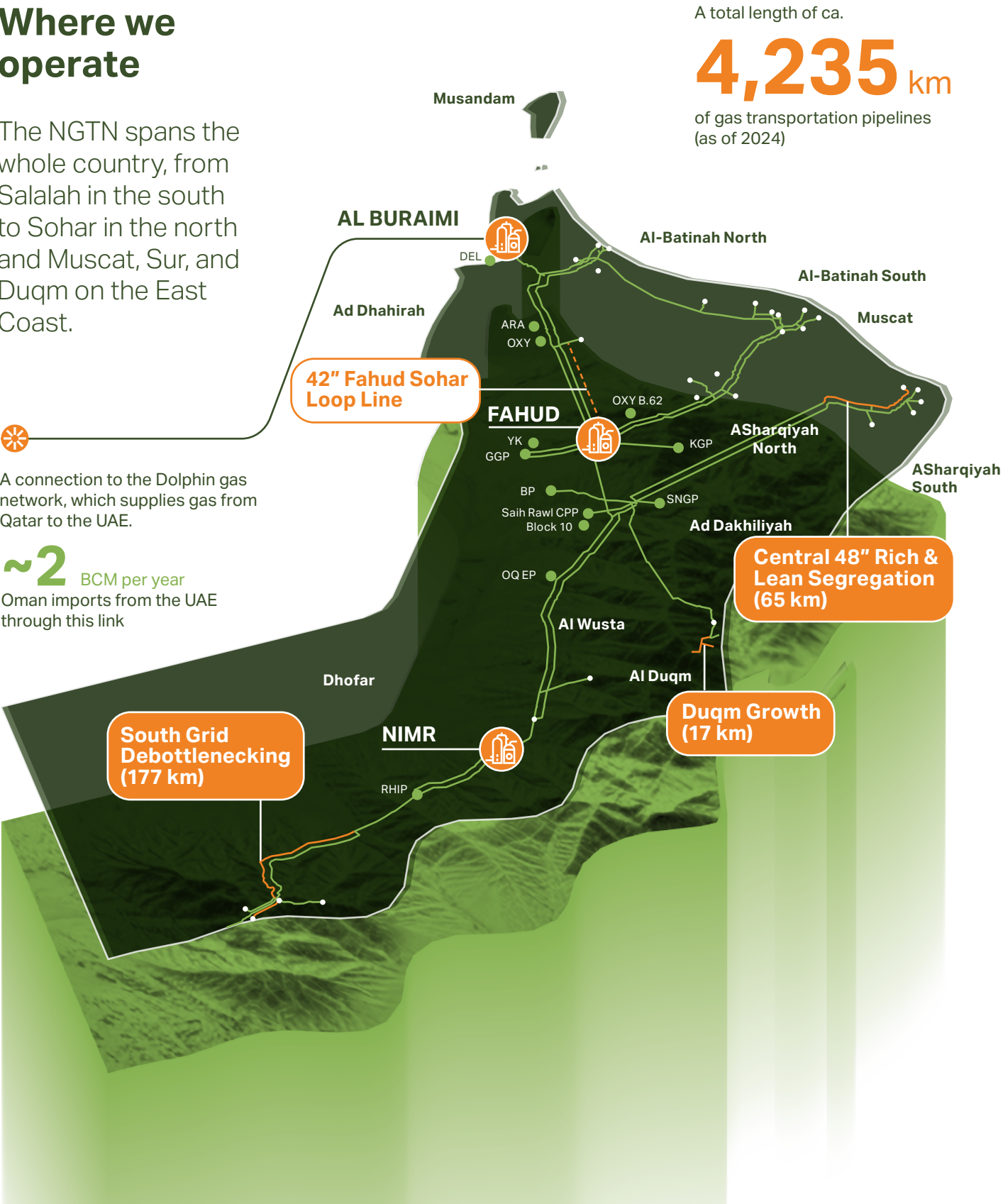
Where we operate

The NGTN spans the whole country, from Salalah in the south to Sohar in the north and Muscat, Sur, and Duqm on the East Coast.



A connection to the Dolphin gas network, which supplies gas from Qatar to the UAE.

~2 BCM per year
Oman imports from the UAE through this link



The entire gas transportation network is controlled and monitored 24/7 from a gas dispatching centre located in Muscat



Maintaining reliability, availability, integrity and process safety are integral to OQGN's operations

- OQGN Natural gas supply station
- Compressor stations
- Gas Producers
- OQGN Natural gas transportation pipeline
- Growth projects
- Ongoing Project

3 compressor stations
compress the gas and increase its pressure, providing energy to move the gas through the pipeline

26 gas supply stations (GSS)
are used to treat and condition the gas to comply with consumer



Metering stations
Measure the gas flow at the connection points



Block Valve Stations (BVS)
Gate valves to stop the gas flowing in case of emergency in the network

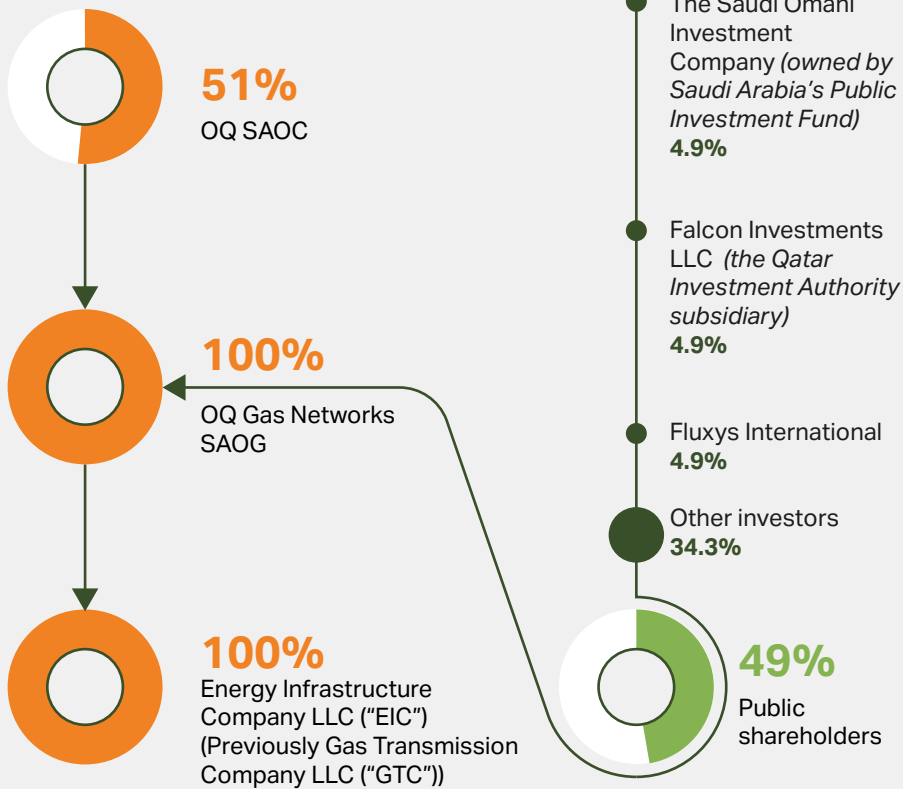
OMR **597.6** Mn
market capitalization

MSX: OQGN

OMR **0.138**
share closing price
as of December 31, 2024

7.73%
dividend yield

Shareholder structure



The first IPO anniversary

In October 2023, OQGN completed a successful initial public offering (IPO) on the Muscat Stock Exchange (MSX), raising OMR 288 Mn for 49% of issued share capital. The IPO was met with overwhelming demand, which resulted in ~14x oversubscription from local, regional, and international retail and institutional investors.

Evolving with purpose

In 24 years, OQGN increased gas delivery by 2.5 times, achieving an average gas availability of 99.99%.

- 2000

Incorporation with 80% ownership by the Omani government and 20% by OQ.
- 2004

The first gas export to Dolphin Energy in the UAE.
- 2008

The first gas was received through the Dolphin Energy pipeline.
- 2013

100% acquisition by OQ.
- 2014

Launch of new business streams, including the Salalah LPG project.
- 2016

Acquisition of government-owned gas assets.
- 2018

Adoption of the RAB framework.
- 2019

Additional government assets acquisition.
- 2020

- Renamed as OQGN.
 - Acquisition of BP-operated assets.
 - The 50-year concession established by the Amended Concession Agreement.
- 2021

Acquisition of Madayen and SFZC assets.
- 2023

Conversion to a PJSC and listing on the Muscat Stock Exchange.

2024

- Leading transportation portion of the Hydrom Feasibility Study.
- Collaboration with Oxy to develop a carbon capture, utilization, and storage (CCUS) value chain.
- Collaboration on the "Blue Horizons" low-carbon ammonia and hydrogen project.
- Initiation of 42" Fahud-Sohar Loop Line project
- Completion of the Saib Project (a 208 km-long pipeline in Dhofar Governorate).
- Repricing of USD loan facilities after successful negotiation with facility providers

Vision

To be the national champion of energy infrastructure through innovative and sustainable solutions.

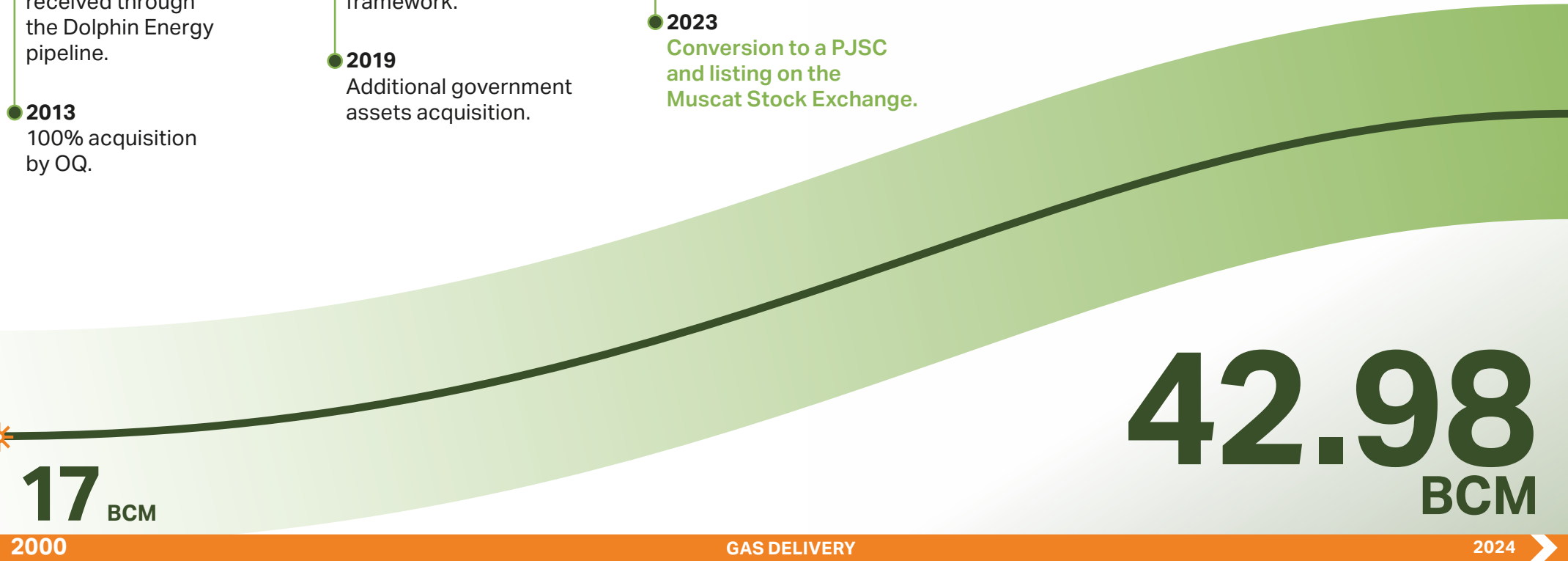
Mission

We transport energy in a reliable, efficient, safe, and sustainable way.

Tomorrow

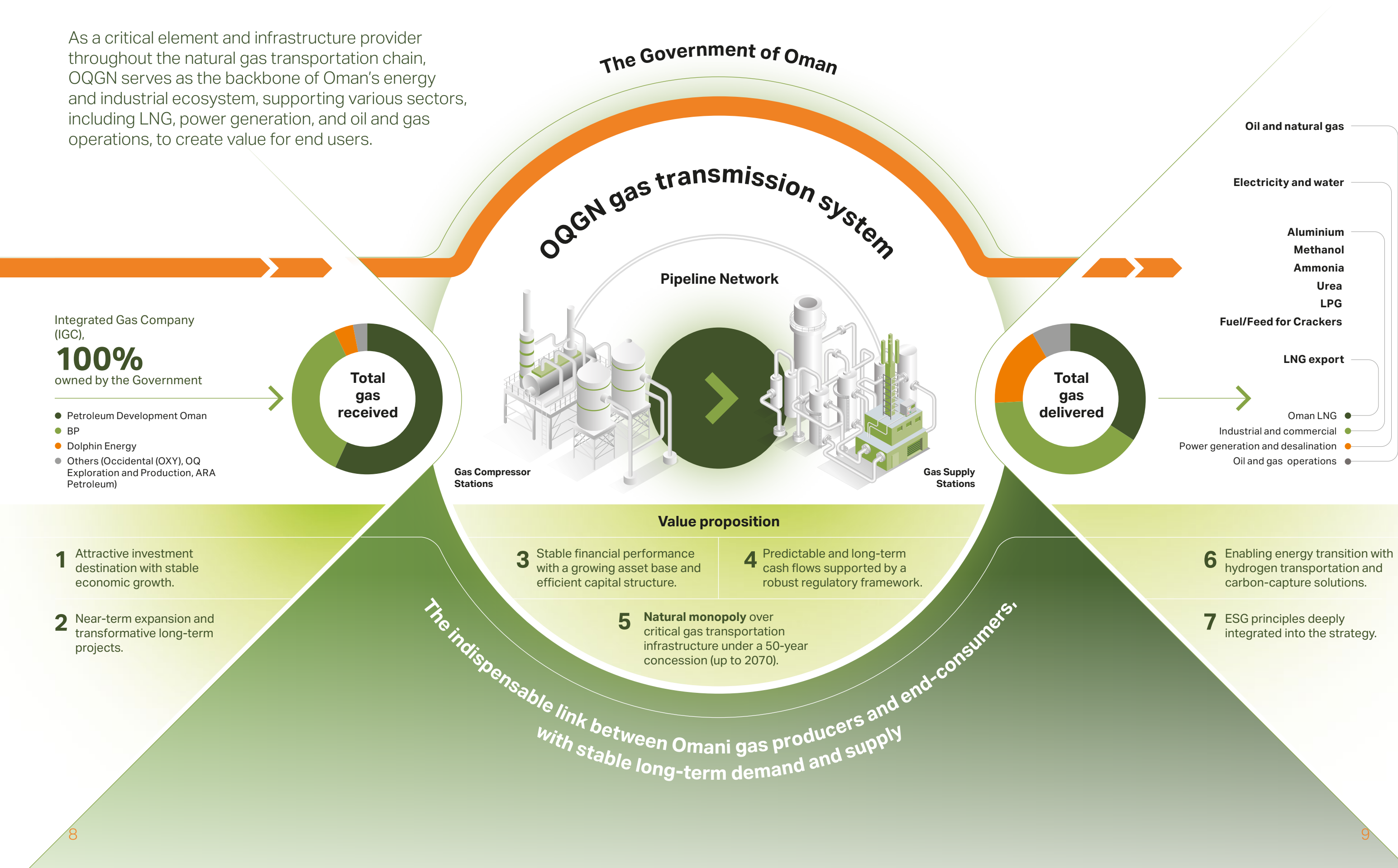
Our vision is a low-carbon, prosperous future:

- Organic growth of the NGTN
- Acquisition of the remaining third-party gas infrastructure
- Financial feasibility studies and commercial framework development for hydrogen and CO₂ transportation
- Development of an open access network for hydrogen transportation and storage
- Development and deployment of CCUS projects in Oman



Transmission chain

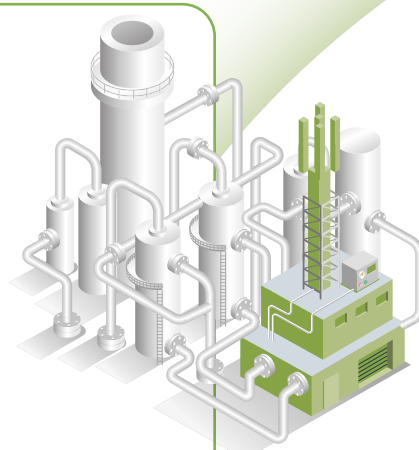
As a critical element and infrastructure provider throughout the natural gas transportation chain, QQGN serves as the backbone of Oman's energy and industrial ecosystem, supporting various sectors, including LNG, power generation, and oil and gas operations, to create value for end users.



Business model

Gas suppliers

These are E&P companies with Government concessions and agreements, categorized as connected parties. As outlined in the Connection Fee Statement, any new connected party—Entry or Exit—is subject to connection charges.

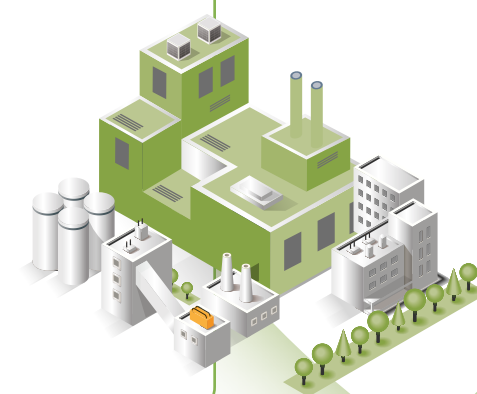


Shipper

Integrated Gas Company (IGC)

Customers

Approximately 130 customers including industrial consumers, industrial estates, and power producers who are sold natural gas as per Natural Gas Sales Agreements terms. These, as connected parties, pay connection charges to OQGN. This is set out in the in the Connection Fee Statement (Exit points) and various Connection Agreements signed with the connected parties



OQGN

**Sole transporter,
asset owner, developer,
O&M provider**

CONNECTION FEES²

Transportation services

TRANSPORTATION FEES¹

CONNECTION FEES²

Grants / Concession / Agreements

Ownership

Dividends

Regulates
allowed revenues
and RAB tariff
structure

Transportation services

Government of Oman

Government signs agreements and ratifies them by Royal Decree including signing the Concession Agreement with OQGN for ownership and operatorship of the Natural Gas Transportation Network

Shareholders

51% of the shares are owned by OQ SAOC, while the remaining 49% is owned by international, regional, and local institutions as well as individuals

Authority for Publics Services Regulation (APSR)

Independent gas transportation economic and operational regulator as appointed by the Royal Decree 78/2020

Other stakeholders *Citizens and Local Communities*

OQGN considers the people of Oman as key stakeholders — benefiting from safe, reliable gas services and contributing to the nation's broader economic and energy transition goals

Potential other shipper(s)

Scope for additional shippers via a multi-shipper agreement

¹ Transportation fees are based on the Allowed RAB Revenues agreed with Regulator, divided by capacity booked by Shipper.

² Connection fees are realized by charging new gas consumers who require connection to the network as per regulator approved Connection Fee methodology.

Unlocking long-term growth potential

With a strong financial foundation and strategic alignment with Oman Vision 2040, OQGN is well-positioned to drive the energy sector forward while exploring emerging opportunities for sustained growth.

Attractive investor destination

With a GDP growth of 2.67% in 2024 and an exceptionally low inflation rate of 0.58%¹, Oman's economy is well-positioned for long-term growth. Foreign direct investment (FDI) reached OMR 25.98 billion in Q2 2024 (approximately USD 67.6 billion²). As part of Oman Vision 2040, the government is advancing the privatization of state-owned entities and driving economic diversification. These initiatives are set to accelerate growth across new and emerging sectors, further increasing the demand for network expansion to support the evolving economic landscape.

In 2024, S&P Global Ratings raised its long-term foreign and local currency sovereign credit ratings on Oman to 'BBB-' from 'BB+' with a stable outlook. Fitch Ratings has updated the outlook for Oman from stable to positive, while reaffirming the country's credit rating at 'BB+'.

17.4%

year-on-year growth in FDI in Oman

78.2%

of FDI is invested in oil and gas projects

Monopoly over gas transportation infrastructure

OQGN solely operates Oman's natural gas transportation network under the Amended Concession Agreement, which grants operational and maintenance rights and a right of first offer for future infrastructure projects.

2070

Amended Concession Agreement term

Indispensable link between gas producers and consumers

In 2024, OQGN delivered 42.98 billion cubic meters (BCM) of gas to LNG facilities, power and desalination plants, and industrial sectors throughout the country. Gas demand in Oman is expected to grow at a CAGR of 4.7% between 2024 and 2030.

130+

industrial gas consumers

90%+

of electricity generated with OQGN-delivered gas

Highly predictable cash flows

OQGN operates on the Regulatory Asset Base (RAB) model, ensuring predictable cash flows unaffected by fluctuations in gas prices or volumes. This model provides a solid foundation for growth by offering financial stability to invest in long-term infrastructure expansion. The predictability of cash flows enhances strategic planning, enables efficient project execution, and strengthens OQGN's financial position, facilitating easier access to financing.

4-year

Price Control Period (2024–2027)

Stable financial performance and efficient capital structure

The RAB Framework supports OQGN in maintaining resilient profitability and stability. The Company benefits from an efficient capital structure with a comfortable debt level, ensuring ample leverage capacity for future growth projects.

52.9%

EBITDA margin

3.25x

Adjusted Net Debt/Regulated Adjusted EBITDA

Attractive dividend policy

OQGN offers a shareholder-friendly dividend policy. The Company announced dividends of OMR 46.2 Mn for 2024 and OMR 44 Mn for 2023, ensuring a commitment to shareholder returns.

7.73%

dividend yield in 2024

[OQGN dividend policy](#)

Exploring new opportunities

OQGN is recognized by the Ministry of Energy and Minerals (MEM) as a national champion for hydrogen transportation. The Company is actively engaged with the policymaker and industrial partners to develop trailblazing projects and CO₂ pipeline infrastructure.

- The National Infrastructure Provider for hydrogen pipeline network
- Working on a feasibility of a CO₂ pipeline network with Oxy Oman

Experienced Board and Executive Management team

OQGN's diverse and well-balanced Board includes 57% independent directors, ensuring transparency and sound decision-making.

The Company's Executive Management team successfully led the IPO on the Muscat Stock Exchange and is now driving a strategic shift towards energy transition projects while expanding the existing gas network to support sustainable growth.

57%

of directors are independent

¹ All data are as of the end of Q3 2024, if not indicated otherwise. Source: Ministry of Economy of Oman, Oman Economic Performance Bulletin, December 2024.

² Based on the Central Bank of Oman foreign exchange rate of June 30, 2024.

Awards



CEO of the Year—Oil & Gas Award and Chief Human Resources Officer of the Year Award at CXO Awards 2024



Best Performing Company under the Large Cap category at the Alam Al Iktisaad Excellence Awards 2024

ASSET INTEGRITY & RELIABILITY SHOW 2025

Best Use of Technology for Asset Integrity Award in the Operation Technology category at the Asset Reliability and Integrity Show 2024



Operational Excellence Best Practice Award 2024 from OPAL for the innovative MUEEN Smart Pipeline Surveillance and Intrusion Platform



Oman's Most Trusted Brand in the Omani brand (B2B) category at Oman's Most Trusted Brand Awards 2024



IFN Equity and IPO Deal of the Year 2023 and IFN Oman Deal of the Year 2023 at the Islamic Finance News (IFN) 2023



Brand Health Tracker

The OQGN Brand Health Tracker (BHT) has provided us with a comprehensive view of our brand's performance. Our research highlights the strong momentum the organization has built—particularly since its IPO—as it continues its journey toward becoming a national champion of energy in Oman.

Using the Brand Net Promoter Score (NPS) methodology—a metric that measures employee and customer loyalty toward the company—the study reveals a significant achievement by OQGN. The company scored 47 in NPS overall and 48 among vendors and suppliers, which is considered strong according to global benchmarks. Additionally, OQGN scored 16 among customers and 30 within the community, establishing a solid baseline for the brand.

Innovation and digital transformation

By leveraging advanced digital technologies, OQGN enhances efficiency, protects critical assets, manages cybersecurity risks, and ensures the highest standards of health, safety, and environment (HSE) performance.

The Company remains committed to a transformative journey towards digital excellence. The year 2024 marked a significant milestone as we introduced a strategic roadmap alongside the Innovation and Digitalization team, a dedicated group focused on driving efficiency, agility, and innovation across our operations. The strategic roadmap integrated innovative and digital solutions into our core business processes by exploring new technologies to transform the operations and gas-related research and development programmes with local academic institutions that ensure alignment with our long-term vision of business excellence.

In 2024, one of the most groundbreaking initiatives was our partnership with Omantel to deploy satellite technology for long-range surveillance and third-party intrusion detection. This collaboration made OQGN the first energy company in Oman to use satellite technology to monitor its pipeline network. This innovative solution ensured our operations' integrity and contributed to our energy infrastructure's safety and sustainability.

Our commitment to collaboration extended to local technology companies, with whom we developed tailored solutions to establish a unified internal services portal to streamline business catalogs and board solutions to enhance the business planning and decision-making process.



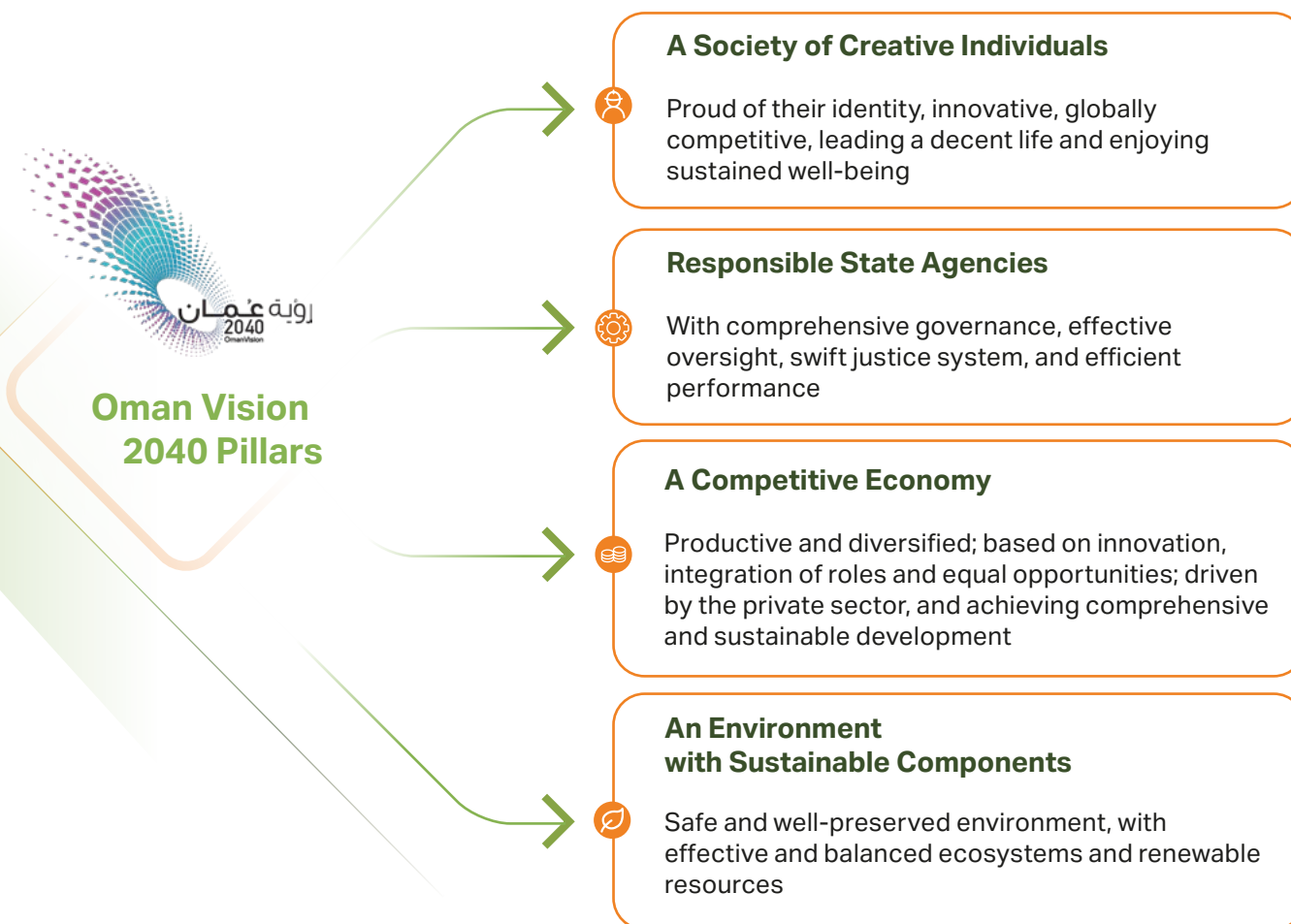
Cross-functional engagement between business units and external partners was crucial in standardizing digital initiative procedures, prioritizing project return on investment, and capitalizing on existing solutions to accelerate innovation. Key achievements included:

- Automating over 100 manual processes, improving efficiency, and saving a significant amount of time.
- Introducing eight in-house developed systems to enhance operational efficiency and compliance.
- Creating multiple business dashboards for real-time insights in ESG, process safety, and gas measurement.
- Launching the Electronic Document Record Management System (EDRMS) project that streamlined document management, further contributing to our overall business excellence.

In 2024, OQGN successfully transitioned to SAP S/4HANA for Enterprise Resource Planning (ERP). S/4HANA Enterprise Management is designed for enterprises across industries that need a deep and broad level of functionality combined with a high degree of customization flexibility. It uses embedded advanced technologies such as machine learning, artificial intelligence, and process automation.

Contribution to Oman Vision 2040

Oman Vision 2040 strategy sets a comprehensive roadmap to overcome challenges, adapt to global changes, and foster economic competitiveness and social well-being.



Oman Vision 2040 energy transition goals

- Net Zero by 2050
- Diversification in non-hydrocarbon sectors
- Hydrogen-centric economy (3.25–3.75 mtpa by 2040 and 7.5–8.5 mtpa of green hydrogen production by 2050)
- Carbon capture, utilization, and storage (CCUS) projects as a part of the energy transition

OQGN contributes to the implementation of Oman Vision 2040 in several important ways:



Supporting industrial growth through natural gas delivery

Natural gas remains essential to Oman's industrial growth, offering opportunities for the continued utilization and expansion of the gas transportation network. OQGN plays a pivotal role in this growth by leveraging its expertise and strategic market position to ensure a reliable gas supply. As part of Oman Vision 2040, which focuses on diversifying the economy into non-hydrocarbon sectors, the growth of new industries will require OQGN to extend its network to meet the growing energy demands of the Oman economy.



Advancing hydrogen production

A core objective of Vision 2040 is reducing Oman's reliance on hydrocarbons by fostering growth in non-hydrocarbon sectors, including alternative energies. Oman plans to become a global leader in green and blue hydrogen production. The government established Hydrogen Oman (Hydrom) as a state-owned entity to support this vision and appointed OQGN as the National Infrastructure Provider for hydrogen pipelines. OQGN advises Hydrom on master planning and collaborates with partners to build Oman's hydrogen economy.



Developing CO₂ transportation infrastructure

For blue hydrogen to be considered low carbon, the CO₂ generated during production must be captured and stored (or utilized) through the CCUS systems. Therefore, transitioning to a hydrogen-centric economy requires robust CO₂ sequestration systems. OQGN's extensive expertise in gas infrastructure makes it a trusted partner for developing a CO₂ transport network, connecting power plants and industrial centers to carbon sinks for storage.

OQGN advises the Ministry of Energy and Minerals on CO₂ transport regulations and techno-commercial aspects. Collaborations with key stakeholders, such as Oxy, to establish a viable CCUS value chain, are also underway. Additionally, OQGN contributes to the "Blue Horizons" project for low-carbon ammonia and hydrogen alongside Shell, OQ SAOC, and Petroleum Development Oman (PDO).



Transitioning to Net Zero

OQGN has developed its own decarbonization strategy to contribute to Oman's Net Zero 2050 target. It focuses on reducing greenhouse gas (GHG) emissions and flaring, optimizing energy efficiency, integrating renewable energy solutions, transitioning to electric vehicles, and developing infrastructure to support a sustainable energy transition.

By aligning its initiatives with Oman Vision 2040, OQGN is poised to play a vital role in shaping the country's sustainable future.

Learn more on [the Sultanate of Oman's National Strategy for an Orderly Transition to Net Zero](#)

Executive messages

Chairman's Report

Talal Al Awfi
Chairman



Dear shareholders and stakeholders,

On behalf of the Board of Directors, I am pleased to present the Chairman's Report for OQ Gas Networks' (OQGN) Annual Report 2024. This year has been pivotal in our journey, building on the momentum from our successful IPO in 2023 and positioning OQGN as a cornerstone of Oman's energy infrastructure and transition agenda.

A Year of Milestones and Strategic Progress

Our achievements this year underscore OQGN's steadfast commitment to driving operational growth and delivering long-term value to our shareholders. We have made significant strides in expanding our infrastructure, with a notable expansion of our pipeline network to 4,235 kilometers, up from 4,045 kilometers in 2023. This operational growth is reflected in an increase in OQGN's recurring income of 2.9%, excluding the one-off events. Furthermore, our asset base has grown from OMR 1,042 million to OMR 1,056 million, reinforcing our ability to scale and meet the increasing demands of Oman's energy landscape.

We are pleased to report that OQGN has announced OMR 46.2 million in dividends for 2024, demonstrating our commitment to ensuring strong, continuous returns for our shareholders.

Leading Oman's Energy Future

OQGN remains instrumental in Oman's energy transition, with a clear focus on developing pioneering projects in hydrogen transportation and carbon capture, utilization, and storage (CCUS). These initiatives are critical to aligning with global energy trends and supporting Oman's Vision 2040. By fostering strong collaboration with key players, we are driving the development of cost-efficient, scalable solutions that contribute to the sustainable growth of the nation's energy infrastructure.

Looking ahead, we continue to explore new opportunities and diversify our energy portfolio. The emphasis on adopting cutting-edge technologies, building the skills of our workforce, and expanding our strategic horizons will ensure OQGN remains agile and well-prepared for the evolving energy landscape. Through these combined efforts, we are positioning ourselves for long-term success, contributing to the future of Oman's energy sector.

Forging the Road Ahead

OQGN's foundation is built on a solid framework of business excellence, financial prudence, and a forward-thinking strategy. With these key pillars in place, we are poised to capitalize on emerging opportunities and accelerate growth while continuing to shape Oman's energy landscape. Our ability to adapt and innovate will be a driving force as we navigate the evolving energy transition and align ourselves with global sustainability goals.

As we look to the future, OQGN remains committed to leveraging cutting-edge technologies, expanding our strategic footprint, and enhancing our service offerings. Our ongoing investments in digitalization will not only streamline operations but also unlock new efficiencies, contributing to the creation of long-term value for all stakeholders.

The favorable macroeconomic conditions—highlighted by the growing industrial activity fueled by the government's fiscal and economic reform programme—set the stage for continued growth and diversification. We are confident that OQGN is well-positioned to capitalize on these growth trends, securing sustainable returns and reinforcing our leadership role in Oman's energy sector.

Acknowledgments

On behalf of the Board, I extend our deepest appreciation to His Majesty Sultan Haitham bin Tariq for his unwavering support and visionary leadership. We are also grateful to our shareholders for their trust, our executive team for their strategic foresight, and our employees for their continued dedication. Finally, we extend our thanks to our customers, partners, and regulators for their collaboration, which is instrumental in driving OQGN's success.

CEO's message

Mansoor Ali
Al Abdali
CEO



Our unique position in Oman's energy landscape drives our unwavering commitment to fulfilling gas delivery obligations. This is reflected in our operational reliability, with a gas availability rate of 99.99% and a record delivery of 42.98 BCM, a 6.1% increase from last year. Additionally, we achieved a new single-day delivery record of 131.4 MCM, further reinforcing our reputation as Oman's trusted energy partner.

At the Forefront of the Energy Transition

OQGN remains steadfast in its commitment to gas transportation, but we are equally focused on contributing to Oman's sustainable, long-term development, as the nation pivots towards a hydrogen-centric economy. Leveraging our pipeline expertise and operational excellence, we are poised to play a critical role in supporting this energy transition and strengthening Oman's future energy landscape.

Our track record in delivering reliable and efficient infrastructure led to OQGN's recognition as a national champion for hydrogen and CO₂ transportation plan, reinforcing our position as a key player in Oman's evolving energy

ecosystem. Beyond infrastructure, our team actively engages in shaping public policy, with OQGN employees contributing to energy transition committees, further establishing us as a leading force in Oman's energy future.

Oman's ambitious energy transition requires collaboration throughout the energy value chain, and this year we engaged in several pivotal projects, including a feasibility study with Hydrom, joint efforts with Oxy to develop a CCUS value chain, and our involvement in the "Blue Horizons" low-carbon ammonia and hydrogen project. Additionally, our strategic partnerships with MEM, OQ, Sohar Port and Freezone, Shell, and Sumitomo are instrumental in fostering the collaboration and synergy needed to drive the energy transition for Oman.

Sustainable Operations at our Core

Sustainability is not just a priority at OQGN—it is a key principle of how we operate and think. We are dedicated to integrating positive societal impact and environmental sustainability into every area of our business. Aligned with Oman Vision 2040, we deliver our operations with the nation's aspiration for a cleaner, more sustainable energy future.

A Year of Growth and Transformation

It is with great pride that I share this message as part of OQ Gas Networks' (OQGN) Annual Report for 2024. This year has been truly remarkable, marked by new operational records, strategic expansion, and an unwavering commitment to sustainability.

As the sole owner and operator of Oman's natural gas transmission network, OQGN is driving the nation's progress, delivering energy to over 130 industrial and domestic consumers through an extensive pipeline network. Every cubic meter transported empowers industries, energizes communities, and drives Oman's prosperity.

Strategic Gas Network Expansion

OQGN sits at the heart of Oman's energy ecosystem, where our 4,235 km pipeline delivers natural gas to power plants, industrial hubs, and key sectors. As demand for network growth remains stable in the coming years, we continue to invest in the infrastructure and scaling our capabilities to meet the increasing demand efficiently.

In 2024, we completed four major projects, including the 208 km Saib Project in Dhofar, increasing capacity at Salalah by 60%, and the 17 km Duqm SEZAD pipeline, marking the first of many projects in the region and laying the foundation for future growth. Additionally, we are advancing the development of 10 additional projects, such as the 193-kilometer Fahud-Sohar loop line and the 48" CRL project, set to further reinforce the reliability and expand the capacity of our gas network.

131.4 MCM per day
record single-day gas delivery in 2024

99.99%
average gas availability rate

Our sustainability strategy for 2024–2028 places decarbonization at its core, reflecting our deep responsibility towards future generations. As part of Oman’s journey towards Net Zero by 2050, we continue to evolve our processes, focusing on reducing our carbon footprint. In 2024, we have successfully reduced our Scope 1 and 2 emissions by 3.4% compared to 2023, and we remain steadfast in our commitment to driving continuous improvement across all operations. We believe that every decision, every initiative contributes to shaping a sustainable future, and we are constantly reviewing and refining our processes to ensure that we are part of the solution, fostering lasting impact.

Pursuing Excellence

At OQGN, our pursuit of excellence drives everything we do, ensuring we remain agile, innovative, and competitive amid changing global energy dynamics. In 2024, we made significant strides by adopting cutting-edge technologies to enhance our operational efficiency. Our partnership with Omantel, which introduced AI-powered satellite monitoring, exemplifies our commitment to continuous improvement, enhancing operational effectiveness and security.

We’re also excited about our pilot programme for Smart Plugging, which allows for localized maintenance without interrupting gas supply, reinforcing our belief in innovative, sustainable solutions. This philosophy of constant advancement supports our vision of being the national champion of energy infrastructure through innovative and sustainable solutions.

This year, we also delivered our Long-Term Network Development Plan to provide a foundation for managing OQGN’s network capacity and gas quality over the next seven years. Revised annually, the plan is designed to forecast potential new infrastructure projects while optimizing the utilization of existing gas resources. The South Grid pipeline, commissioned in 2023, is a prime example of how efficient planning and resource allocation led to an 80% utilization rate in just 12 months.

Our commitment to excellence extends to financial performance. By optimizing our capital structure and renegotiating loan terms, we are unlocking

the financing needed for future growth projects. Furthermore, we continue to focus on enhancing shareholder value by driving margin growth and maintaining disciplined financial management. I am pleased to report a 2.9% increase in profit, excluding one-off events, highlighting our strong operational performance and ongoing improvements in efficiency.

Our People, Our Power

Our success this year reflects the dedication and hard work of our exceptional employees. Their commitment is the driving force behind our achievements and the continued growth of OQGN and Oman. I believe that a skilled and motivated workforce is key to turning vision into reality. This year, we delivered over 24,000 development training hours and 40,000 safety training hours, reinforcing the importance of people development in building a high-performing team. A strong, agile team is not just essential, it is the cornerstone of our ability to lead the energy transition and thrive in a rapidly evolving energy landscape.

Evolving with Purpose

The past few years have been nothing short of transformative for OQGN. Our listing on the MSX following our IPO in 2023, positioning OQGN as a leader in Oman’s energy transition journey and maintaining consistent growth in our gas network with impeccable reliability have all been instrumental in shaping our success.

As we look to the future, we remain committed to expanding and modernizing our gas transportation network, while exploring new energy transport opportunities. We are energized by our culture of excellence; and with our talented team, state-of-the-art infrastructure, and focus on innovation, OQGN is perfectly poised to play an even more impactful role in Oman’s sustainable development goals.

I extend my deepest gratitude to all our stakeholders, particularly the invaluable guidance of our Board members. I also offer my heartfelt appreciation to His Majesty Sultan Haitham bin Tariq for his visionary leadership and unwavering commitment to Oman’s growth. His continued guidance inspires us as we work towards contributing to the nation’s progress.

”

We embraced a strategic shift that is not just timely but essential for our future, aligning ourselves with the pressing needs of the energy landscape. We are evolving with a clear and purposeful vision—to drive Oman’s prosperity through sustainable and innovative energy solutions.

Corporate governance

OQ Gas Networks SAOG (OQGN) upholds the highest corporate governance standards, adhering to relevant legal requirements and the Code of Corporate Governance for Public Joint Stock Companies of Oman.



Agreed-upon procedures report

on factual findings to the shareholders of OQ Gas Network SAOG in respect of Corporate Governance Report

Scope and purpose

We have performed the procedures agreed with you pursuant to the Financial Services Authority's (FSA) circular no. E/4/2015, dated 22 July 2015, with respect to the Board of Directors' Corporate Governance Report ("the Report") of OQ Gas Network SAOG ("the Company") as at and for the year ended 31 December 2024 and its application of the corporate governance practices in accordance with amendments to FSA's Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 (collectively "the Code").

Restricted use

This agreed-upon procedures report ("AUP Report") is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the accompanying corporate governance report of the Company to be included in its annual report for the year ended 31 December 2024 and does not extend to any financial statements of OQ Gas Network SAOG, taken as a whole.

Responsibilities of the Board of Directors

The Board of Directors have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement and are responsible for identifying and ensuring that the contents of the Report comply with the Code on which the agreed-upon procedures are performed. The sufficiency of these procedures is solely the responsibility of the Company and its Board of Directors.

Responsibilities of the Practitioner

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness, or the sufficiency of the agreed-upon procedures described below either for the purpose for which this AUP Report has been requested or for any other purpose.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Our independence and quality control

In performing the Agreed-Upon Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and the independence requirements in accordance with the relevant independence requirements. We are the independent auditor of the Company and therefore we also complied with the independence requirements of the IESBA Code that apply in the context of the financial statement audit.

EY applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

We have performed the procedures described below, which were agreed upon with you on the compliance of the Report with the Code for the year ended 31 December 2024.

Our procedures and findings included:

No.	Procedures	Findings
(a)	We obtained the Corporate Governance report issued by the Board of Directors and checked that the report of the Company includes at minimum all items suggested by FSA to be covered by the report as detailed in the Annexure 3 of the Code.	No exceptions noted.
(b)	We obtained from the Company details regarding areas of non-compliance with the Code identified by the Company Board of directors for the year ended 31 December 2024.	No exceptions noted.

Additionally, we obtained written representations from the directors that there were no other areas of non-compliance with the code for the year ended 31 December 2024 of which they are aware.

Ernst & Young

10 March 2025

Muscat



The Board of Directors

Board composition



Talal Al Awfi
Chairman

Non-Independent

The Board Executive Committee (Chair)

Degrees in Marketing and Business from the University of Manchester. His career began in oil price analysis, advancing through key roles in trading, marketing, and logistics, culminating in leadership positions including Chairman of Oman LNG LLC, OQ Trading Ltd, and the Group CEO of OQ. Currently holds the position of CEO of Al Shakima Investment LLC.



Ayad Al Balushi
Deputy Chairman

Non-Independent

The Nomination and Remuneration Committee¹

The Board Executive Committee

A Mechanical Engineering graduate from the University of Nottingham, he is the CFO of Oman Investment Authority. With over 14 years in the oil and gas sector, his experience spans programme leadership at OQ to CFO roles, and he currently chairs Abraj Energy Services SAOG.



Fathi Al Balushi

Independent

The Audit Risk Committee (Chair)

With a Master's degree in Finance, he is the CEO of Oman Brunei Investment Company and manages significant investment projects. With 20 years in finance, he's led over \$10 billion in debt financing, held various leadership roles in Oman and Brunei, and is a board member in Nama Electricity Distribution Company.



Raiya Al Salmi

Non-Independent

The Nomination and Remuneration Committee (Chair)

The Audit Risk Committee

An MBA from the University of Houston and a BSc from the University of Kent, Raiya Al Salmi oversees Strategy and Organizational Excellence at OQ. Her 17-year career includes transformations in oil and gas, asset management, and advisory roles, serving on the GS EPS Ltd. Board.



Hanaa Al Hinai

Independent

The Audit Risk Committee

The Nomination and Remuneration Committee

With a Master's in Business Finance from Victoria University and extensive executive education, Hanaa Al Hinai leads Liva Insurance as CEO. With over 23 years in insurance and banking, she focuses on strategic growth and innovation. She also serves on the boards of Outward Bound Oman, the Omani Unified Bureau for the Orange Card SAOC, and the Oman Insurance Association.



Irfan Mian

Independent

The Audit Risk Committee

Irfan Mian has a Bachelor's degree in Economics from the London School of Economics (LSE), a Master's in Industrial Relations with a specialization in Economics from the University of Oxford, and an MBA from IESE Business School in Spain. An investment expert with up to 25 years of experience in private equity and portfolio management. Currently holds the position of Senior Vice President in the Saudi Public Investment Fund.



Ben De Waele

Independent

The Nomination and Remuneration Committee²

The Board Executive Committee

A chemical engineer with an MBA from the Flerick College of Management. With over 21 years of work experience in Fluxys and several Board memberships in companies in the gas transmission industry, he currently holds the position of Senior VP Belgian Operations at Fluxys, heading Commercial, Gas Flow, Construction & Engineering, Operations and Maintenance, HSE, and Community Relations teams in the Belgium Operations.

Role and election of the Board

The new Board of Directors, comprising of five members, was elected at the Ordinary General Meeting on 24 August 2023 and will serve until the 2026 Annual General Meeting. On 30 January 2024, Mr Ben De Waele and Mr Irfan Mian joined as two additional members of the Board as independent directors.

The Board of Directors oversees OQGN's management by establishing adequate controls, ensuring robust risk management, and maintaining compliance with statutory and regulatory requirements. It is accountable to shareholders and safeguards the company's integrity and stakeholder interests.

Board members are elected through a transparent, democratic process during the Annual/Ordinary General Meeting, with voting proportional to

shareholders' holdings. Elected members serve a three-year term and must meet rigorous criteria. These include being at least 25 years old, demonstrating good conduct and a reputable standing, holding a registered shareholder number with the Muscat Clearing & Depository Co. (MCDC), and having no unresolved indebtedness to the Company or history of serious criminal convictions or bankruptcy unless fully rehabilitated. Independent Director nominees must commit to maintaining independence, with membership forfeited if this status is lost. Additional restrictions include serving on no more than four SAOG boards in Oman, chairing no more than two, and avoiding employment or board membership in companies with similar objectives. These qualifications align with the Corporate Commercial Law, the Governance Code, and SAOG Executive Regulations, ensuring integrity and strategic expertise.

Attendance for the Board meetings and the last Ordinary General Meeting

Meeting	OGM 20/10/24	BOD 1 26/2/24	BOD 2 23/4/24	BOD 3 22/7/24	BOD 4 25/9/24	BOD 5 20/10/24	BOD 6 25/11/24
Talal Al Awfi	●	●	●	●	●	●	●
Ayad Al Balushi	●	●	●	●	●	●	●
Fathi Al Balushi	●	●	●	●	●	●	●
Raya Al Salmi	●	●	●	●	●	●	●
Hana Al Hinai	●	●	●	●	●	●	●
Irfan Mian ³	●	●	●	●	●	●	●
Ben De Waele	●	●	●	●	●	●	●

● – Yes, ● – No

¹ Was a member until 23/04/2024.

² From 23/04/2024.

³ Irfan Mian and Ben De Waele joined the Board of Directors on 30/1/2024.

Board committees

Audit Risk Committee

The Audit Risk Committee (ARC) comprises four members, including three independent directors, in accordance with the Governance Code. The Chair is always an Independent Director. At least one member possesses financial and accounting expertise.

The Committee oversees both internal and external audit functions. It recommends the appointment and remuneration of the Internal Audit Manager, who develops the internal audit strategy, audits operations, and financial statements, ensures compliance with laws and regulations, and prepares periodic

reports on the adequacy of the Company’s controls. Additionally, the Committee ensures the appointment of external auditors, reviews their plans and findings, evaluates financial statements for compliance with international standards, and monitors the efficiency of the internal audit function.

Beyond audits, the Committee adopts appropriate accounting policies, enforces fraud prevention measures, and reviews the Company’s risk management policy. It also acts as a liaison between the Board and auditors, assesses related-party transactions, and evaluates reports from internal and external auditors, providing recommendations to the Board.

Meetings and attendance

Director	Meeting 1 12/2/24	Meeting 2 17/4/24	Meeting 3 15/7/24	Meeting 4 18/9/24	Meeting 5 14/10/24	Meeting 6 14/11/24
Fathi Al Balushi (Chair)	●	●	●	●	●	●
Hanaa Al Hinai	●	●	●	●	●	●
Raiya Al Salmi	●	●	●	●	●	●
Irfan Mian ¹	●	●	●	●	●	●

● – Yes, ● – No

Nomination and Remuneration Committee

The OQGN Nomination and Remuneration Committee (NRC), established in 2023 in alignment with the Code of Governance for SAOGs, facilitates the nomination and election of proficient directors for shareholders while developing transparent policies regarding the Board and executive remuneration, including sitting fees and practices. For the Board, it develops succession plans (especially for the Chairperson), prepares

detailed job descriptions, and nominates interim directors when necessary.

The Committee also focuses on executive management by recommending qualified candidates for leadership roles, implementing performance-based remuneration criteria, and developing succession plans. It prepares and periodically reviews bonuses, allowances, and incentive policies to reflect market conditions and company performance.

Meetings and attendance

Director	Meeting 1 21/04/2024	Meeting 2 16/07/2024	Meeting 3 02/12/2024
Raiya Al Salmi (Chair)	●	●	●
Hanaa Al Hinai	●	●	●
Ayad Al Balushi ²	●	●	●
Ben De Waele ³	●	●	●

● – Yes, ● – No

Executive Committee

The Board Executive Committee (BEC) acts on behalf of the Board, performing delegated tasks and authorities including the review, endorsement, and approval of board-level financial, contractual, and strategic documents, including the 5-Year Business Plan, investments, and legal proceedings. The BEC also addresses settlements, excluding procurement claims, and handles any responsibilities delegated by the Board.

Meetings and attendance

Director	Meeting 1 09/06/2024	Meeting 2 13/11/2024
Talal Al Awfi (Chair)	● (by proxy)	●
Ayad Al Balushi	●	●
Ben De Waele	●	●

● – Yes, ● – No

Remuneration

The total remuneration paid to the Board Members in 2024 for the financial year ended in 2023 amounted to OMR 125,000.

The sitting fees, totaling OMR 26,600, paid to the Board Members for the meetings held in 2024, were as follows:

Director	Board sitting fees (OMR)	ARC sitting fees (OMR)	NRC sitting fees (OMR)	BEC sitting Fee (OMR)	Total (OMR)
Talal Al Awfi	2,500	N/A	N/A	300	2,800
Ayad Al Balushi	3,000	N/A	300	600	3,900
Fathi Al Balushi	3,000	1,800	N/A	N/A	4,800
Raya Al Salmi	3,000	1,800	900	N/A	5,700
Hana Al Hinai	3,000	1,800	900	N/A	5,700
Irfan Mian	2,500	1,200	N/A	N/A	3,700
Ben De Waele ⁴	N/A	N/A	N/A	N/A	Nil

¹ Irfan Mian is member of the Audit Risk Committee from 23/04/2024.

² Was a member until 23/04/2024.

³ Is a member from 23/04/2024.

⁴ Due to certain contractual requirements, Ben De Waele officially waived all sitting fees and remuneration entitlements.

Executive Management

OQGN is guided by a team of experienced professionals who steer the Company’s strategic direction and oversee daily operations, ensuring regulatory compliance, operational efficiency, and a strong position within the industry.



¹ The vacant position of Chief Operating Officer has been filled in 2025 by Khalifa Al Makhmari.

Profiles of Executive Management team



Mansoor Al Abdali
Chief Executive Officer

YEAR OF JOINING
2009

EDUCATION
Bachelor's degree in Mechanical Engineering from the University of Manchester Institute of Science & Technology, UK.

EXPERIENCE
Mansoor Al Abdali has close to 30 years of experience in operations, maintenance, and engineering of oil and gas facilities, with skills in pipeline management. Before joining OQGN in 2009, he spent 15 years at PDO, overseeing the inspection and maintenance of all PDO assets and operational sites, including oil and gas pipelines and terminal facilities. As its CEO, Al Abdali has led OQGN's asset acquisitions of PDO and Madayn (PEIE).



Khalid Al Wahaibi
Vice President, QHSSE

2024

MSc in Project Management from the University of Liverpool and a BSc in Health, Safety, and Environmental Management from the University of Central Lancashire.

Khalid has over 18 years of experience in the oil and gas industry, and mega construction projects. He currently serves as the Vice President of QHSSE at OQGN. Previously, he was the General Manager of HSSE at OQ8 and held different HSE leadership roles at Haya Water and PDO.



Majid Al Zadjali
Vice President, Operations

2008

Master of Business Administration from the University of Strathclyde and Bachelor's degree in Process Operation and Maintenance Engineering from Caledonian College of Engineering, Oman.

With over two decades of experience in the energy industry, Majid began his career at PDO in Gas Operations and has since held significant leadership roles at OQGN. These include VP of Technical Services and acting VP of Projects Delivery, VP of Operational and Technical Excellence, Head of North Assets, Gas Planning Manager, Operation Support Manager, and Operation Manager. Majid specializes in operational excellence, with a proven track record of driving efficiency, optimizing performance, and leveraging data-driven insights, process enhancements, and innovative technologies to achieve transformative results.



Haitham Al Shiraiqi
Vice President, Project Delivery

2024

Master of Business Administration from Vienna University of Economics and Business. In addition, Haitham holds a Bachelor's degree in Mechanical Engineering from Sultan Qaboos University, complemented by a specialized qualification in Gas Turbine Technology and Service Engineering from General Electric's Energy Learning Center, USA.

More than 20 years of experience in project management with proven success in upstream, international, and downstream industries. Haitham's experience is wide: he began in production and mechanical project engineering and progressed as a programme manager at Duqm Refinery, then as the Head of Project at Tawazun (National Programme Fiscal Balance), Head of Projects at Duqm Refinery, and currently holds the position of Vice President of Project Delivery at OQGN.



Khalid Al Qassabi
Vice President, Finance

2022

Bachelor of Arts in Accounting and Finance from the University of Leeds, the UK.

18 years of experience in the energy and financial sectors in Oman. Prior to joining the company, Khalid held Senior Positions at PwC, Schlumberger Oman, Occidental Mukhaizina, Falcon Oilfield Services, and OQEP. Khalid is a seasoned finance professional with extensive experience in the energy sector. He led the IPO finance stream of OQGN, played a key role in the BISAT project of OQEP to enhance oil production, and has spearheaded several finance subcommittees representing operators in discussions with government.



Saif Al Hosni
Vice President, Business Development and Commercial

2021

- BSc in Chemical Engineering from SQU.
- Master of Science in Process Control from the UK.
- Master of Business Administration from Vienna University of Economics and Business.
- National CEO Programme, London Business School, UK.

13 years of experience in the oil and gas industry. Prior to joining the Company, Saif held positions at Shell, PDO, and OQEP. An experienced Business Development senior executive, and results-driven with a proven record in Upstream & Midstream Business Development, Commercial negotiations, Operations Management, and Technical Services. Extensive hands-on experience with LEAN, Interface Management, Continuous Improvement, and Digitalization initiatives. Award-winning professional in the Omani oil and gas sector.



Faisal Al Mamari

Vice President,
People, Technology & Culture

YEAR OF JOINING

2022

EDUCATION

Bachelor of Science in Civil Engineering and Master of Science in Petroleum Engineering from Sultan Qaboos University.

EXPERIENCE

With 23 years in the energy sector, Faisal has led key projects such as the OQ Gas Networks IPO campaign and expanding V2 Trenching and Co. LLC from Oman to regional operations by securing a contract in Qatar. He revitalized the supply chain department for Oman Oil Company Exploration & Production LLC, supporting the Bisat E&P oil production project.

Faisal also contributed to major gas pipeline projects, doubling assets and boosting value through negotiations and relationship-building. In 2023, he was recognized as a promising leader as a result of his leadership.



Haitham Al Lawati

Head of Legal, Compliance & Governance

2018

Bachelor's degree in Business Studies and Law from the University of Bradford, UK, and Master's degree in International Business Law from City, London University, UK. Current Global Executive MBA candidate at IE University.

A seasoned legal and business leader with more than 13 years of experience across private practice and in-house counsel roles. Haitham has held key positions at Saraya Bandar Jissah SAOC, Al Hosn Investment Company SAOC, Trowers and Hamlin, and Said Al Shahry & Partners. He has also supported the Government of Oman—Ministry of Finance on transformational projects and contributed as a lecturer in law at the Modern College of Business and Science. Known for aligning legal frameworks with strategic goals, he has played a pivotal role in governance, infrastructure reform, and groundbreaking national initiatives.



Majid Al Hasani

Head of Gas Dispatching & Network Performance

2007

Bachelor's degree in Chemical Engineering from Swansea University in the UK.

Over 21 years of experience in gas processing and dispatch operations. He began his career at Petroleum Development Oman (PDO) in gas operations and joined OQGN in 2007, holding several key roles in gas dispatching. Majid is known for his deep expertise in gas network operations, as well as his commitment and technical proficiency.



Ahmed Al Abdali

Head of Internal Audit

2024

Bachelor of Science in Information Systems, Commerce & Economics from Sultan Qaboos University in the Sultanate of Oman.

More than 17 years of extensive and diversified experience in the fields of Internal Audit, Governance, Risk Management, and Compliance (GRC), as well as Quality Assurance and Control.

Throughout his career, Ahmed has successfully held various roles across multiple sectors. Most recently, he was the Governance & Controls Manager at Vodafone Oman. Prior to this, he served as the Manager of Internal Audit at Sohar International and Bank Dhofar.

Ahmed's professional expertise is further strengthened by globally recognized certifications, including Certified Internal Auditor (CIA), Certification in Risk Management Assurance (CRMA), Certified Information Systems Auditor (CISA), ISO 27001 Lead Auditor, and COBIT 5.

Management remuneration

The total remuneration paid to OQGN's top five management executives in 2024, including salary, allowances, and performance incentives, amounted to OMR 668,047.

Internal regulations

According to the provisions of Article 117 of the Commercial Companies Law (CCL), the Company must adopt internal regulations for its management, business, and personnel affairs through its Board of Directors. Accordingly, the Company has implemented corporate governance processes that meet the FSA's requirements for listed companies as required by the CCL and by FSA regulations, which cover the following:

- Organizational structure of the Company, including responsibilities related to various posts within the Company and its reporting structure and/or procedures.
- Specifying the extent of expense approval authority vested in each post.
- Specifying the allowance for meetings, remunerations, and other privileges as prescribed in respect of Board Members and Board Committee members and the basis for their calculations.
- Policies related to procurement and other transactions concerning the Company, like works and procurement manual and service contracts.
- Authorities, duties, and responsibilities relevant to Executive Management and Board committees.
- Policies related to human resources, including salaries, appointment, development, training, promotions and termination of services, and employment contracts, all in accordance with the Omani Labor Laws.

- Investment policies.
- Terms of Reference for the Audit and Risk Committee.
- Terms of Reference for the Nomination and Remuneration Committee.
- Rules related to related party transactions.
- Board communication policy.
- The minimum level of information required for submission to the Board.
- Policies and measures for submission of disclosure and insider trading policies transparently to the FSA and the MSX within the specified time.
- Any other information or other regulations that the Board may deem necessary to add for achieving adequate levels of corporate governance.

Disclosure policy

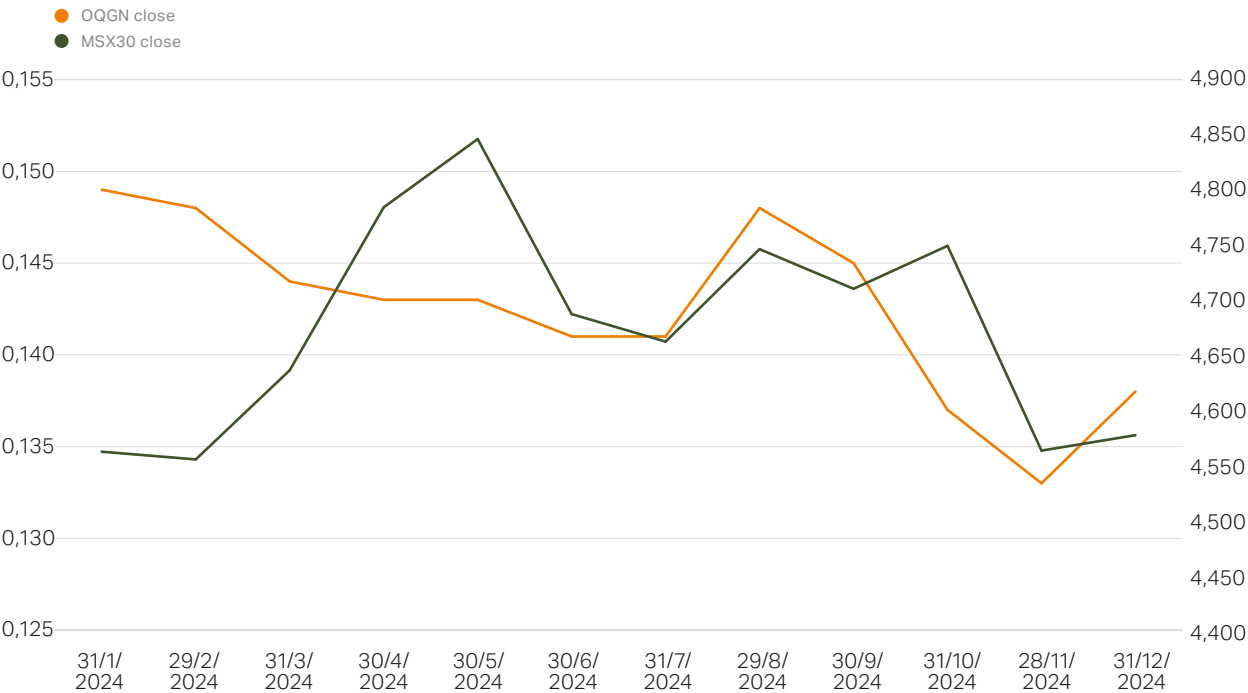
As a recently listed Company, OQGN is in the process of ensuring full compliance with FSA regulatory and disclosure rules. OQGN is committed to fostering realistic market expectations by diligently implementing its disclosure practices. This involves broad dissemination of accurate information rooted in a genuine understanding of future performance prospects while ensuring investors are not intentionally or unintentionally misled.

Related party transactions

Transaction	Related party	OMR
Invoiced to MEM/IGC under RAB revenue rules	IGC	145,596,087
Construction revenue	IGC	36,254,860
Concession income	IGC	74,667,152
Income from investment property	OQ Polymers	297,113
Income from operation of gas connection facility	OQ8	108,044
Reimbursement of expenses	OQ Polymers	237,406
Fuel gas cost	IGC	4,591,362
Training cost	Takatuf	107,263
IT-related services cost	OQ SAOC	1,459,114

Share performance

OQGN's closing prices compared with MSX 30 index closing throughout 2024



Source: MSX.

OQGN share performance, OMR

	Open	High	Low	Trades	Volume	Turnover	Close	Net change
January	0.149	0.15	0.149	11,602	117,262,805	17,690,240	0.149	0.68%
February	0.146	0.148	0.145	4,163	59,660,484	8,734,008	0.148	1.37%
March	0.143	0.144	0.143	3,363	44,303,374	6,454,606	0.144	0.70%
April	0.143	0.144	0.143	3,640	45,458,008	6,597,742	0.143	0.00%
May	0.141	0.143	0.141	3,055	48,867,295	6,931,426	0.143	1.42%
June	0.141	0.142	0.141	2,455	22,214,847	3,142,462	0.141	0.00%
July	0.141	0.142	0.141	2,875	35,899,040	5,059,843	0.141	-0.70%
August	0.144	0.148	0.144	3,007	51,861,584	7,379,122	0.148	2.07%
September	0.144	0.145	0.143	4,191	90,640,586	13,129,755	0.145	1.40%
October	0.137	0.138	0.136	4,513	65,692,722	9,349,528	0.137	0.00%
November	0.131	0.135	0.131	3,809	43,701,599	5,833,089	0.133	1.53%
December	0.138	0.139	0.136	3,542	48,150,090	6,390,876	0.138	0.73%

OQ SAOC is the only shareholder that holds more than 5% of the Company's issued shares. The Company does not have any securities or financial instruments convertible to shares.

General Meetings

In 2024, OQGN SAOG held four General Meetings, including the Annual General Meeting, two Ordinary and one Extraordinary General Meeting.

Extraordinary General Meeting	Ordinary General Meeting	Annual General Meeting	Ordinary General Meeting
January 14, 2024	January 30, 2024	March 18, 2024	October 20, 2024
Online (via Muscat Clearing and Depository electronic platform)	Online (via Muscat Clearing and Depository electronic platform)	Online (via Muscat Clearing and Depository electronic platform)	Online (via Muscat Clearing and Depository electronic platform)

Annual meetings foster transparent communication between the Board, shareholders, and senior management. Comprehensive reports and agendas are shared in advance, encouraging robust participation and meaningful dialogue. Full board attendance reinforces OQGN's commitment to governance excellence.

Dividends

Year	Cut-off date	Dividend per share, OMR
2024	October 20, 2024	0.00575
2024	March 18, 2024	0.00254
2023	January 7, 2024	0.00762

Details of non-compliance

No penalties for non-compliance were imposed in the year 2024.

Channels of communication with shareholders and investors

The Company prioritizes clear, reliable, and accessible communication with shareholders, investors, and analysts to support informed

investment decisions in compliance with the disclosure rules under Part VII of the 2009 Executive Regulations of the Capital Market Law and the Rules for Interaction between Public Joint Stock Companies, the Media, Investors, and Analysts (Decision No. E/109/2021). The Investor Relations department ensures corporate transparency and open communication. Information is shared via the MSX and Company websites, and timely disclosure of quarterly financials, annual reports, and material updates as required by the FSA. Executive Management remains available to meet shareholders and analysts upon request.

External Auditor

The shareholders of the Company appointed EY as its auditors for 2024. The total fee for audit-related services paid to auditors for the year ending 31 December 2024 was OMR 42,000.

EY is a global leader in assurance, tax, strategy & transactions, and consulting services. EY is committed to doing its part in building a better working world. The insights and

quality services which EY delivers help build trust and confidence in the capital markets and in economies the world over.

The MENA practice of EY has been operating in the region since 1923. For over 100 years, EY has grown to over 8,500 people united across 26 offices and 15 countries, sharing the same values and an unwavering commitment to quality. EY MENA forms part of EY's EMEIA practice. Globally, EY operates in more than 150 countries and employs 400,000 professionals in 700 offices.

The Board of Directors acknowledgment

The Board of Directors of OQGN affirms the following:

- Board Members are aware of the Code of Corporate Governance and its requirements.
- The Company's financial position and operational and business performance are regularly reported to the Board.
- The actual performance achieved against budgets and the prior period is reported and closely monitored.
- Financial information is prepared using appropriate accounting policies that are consistently applied.
- The Board of Directors is responsible for ensuring that all financial statements are prepared following the Commercial Companies Law of the Sultanate of Oman 18/2019 requirements and follows rules for disclosure requirements prescribed by the Financial Services Authority (FSA), formerly known as the Capital Market Authority (CMA).
- The Board has a collective responsibility for establishing, maintaining, and reviewing a system of internal controls that provides reasonable assurance of effective and efficient operations, internal financial control, and compliance with the relevant laws and regulations.
- The Board attaches great importance to maintaining a strong control environment, and their review covers all controls, including financial, operational, compliance, and risk management.
- The Company has formally documented systems and procedures in place. Operational procedures and controls have been established to facilitate the complete, accurate, and timely processing of transactions and the safeguarding of assets. They are monitored through compliance with policies and procedures manuals.
- The Board has established a management structure that clearly defines roles, responsibilities, and reporting lines and has approved the updated policies, including credit, expenditure, disclosure, and corporate governance.
- The Board is committed to ensuring that all material information relating to the Company's business operations will be communicated regularly to stakeholders and investment community members.
- No material events affect the continuation of the Company and its operations during the next financial year.



Chairman



Board Member

Management Discussion & Analysis

Market landscape

Oman's gas demand is projected to remain stable over the next two decades, supported by robust LNG exports and electricity generation, which are the foundation for sustainable demand. Meanwhile, developing and operating hydrogen (H₂) and carbon dioxide (CO₂) networks present an emerging growth opportunity.

✧ Harnessing our natural markets

The hydrocarbon sector is the backbone of Oman's economy, contributing 38% to the gross domestic product (GDP) and 65% to government revenues in 2022. Natural gas remains essential for industrial expansion and economic stability.

Oman is the world's 17th-largest producer of gas and holds the 26th-largest proven gas reserves¹

Gas production in Oman has grown by 4.9% in 2024, reaching 56,542.4 MCM (including imports and local production).² Gas demand is expected

to remain stable over the next 20 years. The Oman LNG plant is the largest gas consumer in Oman, representing 44% of demand in 2022. This provides a stable foundation for gas demand with a high probability of continuation at this level, or higher if there were to be an expansion in liquefaction capacity.

The power sector in Oman is also dominated by gas. Natural gas-based generation capacity produces over 90% of the total power generated.

With a natural monopolistic position in Oman's gas transportation and distribution infrastructure, OQGN is expected to benefit from stable growth in demand in the future.

✧ New revenue streams for sustainable growth

The Government of Oman's Vision 2040 lays out a pathway to diversify the economy, encouraging growth in non-hydrocarbon sectors, such as alternative energies (including hydrogen). Oman has set an ambitious goal to become a key green hydrogen producer and exporter globally. The Government's long-term growth and energy transition strategy aims to increase green hydrogen production to 3.25 to 3.75 mtpa by 2040 and 7.5 mtpa to 8.5 mtpa by 2050.

Building and operating pipelines for hydrogen (H₂) and carbon dioxide (CO₂) is a promising new opportunity. OQGN's proven expertise and strong track record in building and operating pipelines position it as the preferred operator, well-positioned to lead energy transition projects.

¹ According to the Energy Institute's Statistical Review of World Energy 2023.

² According to Omani National Centre for Statistics & Information (NCSI).

Strategic business objectives

For the next five years, OQGN will focus on solidifying its position as a critical infrastructure provider by expanding its existing network, becoming the partner of choice in energy transition projects, and emphasizing its role in sustainability.

OQGN’s strategy was revitalized in 2024 to shape its trajectory for the next five years. Built on six pillars and fully aligned with Oman Vision 2040, it reflects both the Company’s present foundation and its ambitions for the future.

Pillars	Objectives	Initiatives
 Gas Network Growth	Expand the gas network by acquiring gas and NGL transportation assets, developing storage and distribution, and opportunistically exploring regional growth options.	- Organic growth of the NGTN - Acquisition of remaining third-party gas infrastructure
 Energy Transition Infrastructure Development	Grow H ₂ transport and storage networks and CO ₂ transport systems, aligning with national hydrogen and CCUS development agendas.	- H₂ transportation and storage infrastructure development - CO₂ transportation infrastructure development
 Business Excellence	Improve operational efficiency through excellence, innovation, digitization, and by establishing a collaborative operating and governance model.	- Innovation and digitization - Operational efficiency improvements - Project delivery efficiency - Organizational transformation
 People and Culture Development	Attract, develop, and retain top talent by fostering a strong corporate culture, upgrading learning programmes, and offering competitive conditions.	- Talent attraction, development, and retention - Corporate culture evolution
 Sustainability Leadership	Develop and execute a comprehensive sustainability strategy to ensure ESG compliance and progress toward Net Zero goals.	- Net Zero journey - ESG journey
 Financial Excellence	Ensure long-term financial stability, focusing on compliance, green financing, and collaborating with regulators on commercial frameworks development.	- Financing structure and new mechanisms - H₂ and CO₂ commercial frameworks development

The 2025–2029 strategy was shaped through a collaborative effort, integrating insights from across the Company. A thorough evaluation of internal strengths and external market dynamics ensured that the approach aligns with the evolving energy landscape.

In 2024, OQGN closely monitored the 2024 Business Plan and Scorecard to ensure alignment with key objectives. The 2025 Business Plan has been optimized to enhance long-term growth, asset efficiency, and workforce development.

Moving forward, OQGN will continue to focus on its core activities while strategically expanding into adjacent commodities. As part of this

strategy, several new business opportunities have been identified to support diversification and strengthen market positioning:

- Regional footprint: considering emerging opportunities in stable Middle East economies.
- Transported commodities: acquiring new pipelines to expand into natural gas liquids transportation.
- Storage service offering: building on adjacent capabilities to potentially offer storage services to secure gas supply during periods of disruption and increased demand.
- Distribution service offering: exploring emerging opportunities, such as city gas carriers.

☀ Future-ready today

Green hydrogen strategy

To spearhead Oman’s ambitious green hydrogen strategy, the Government established Hydrogen Oman S.P.C. (Hydrom) and appointed OQGN as the National Infrastructure Provider for hydrogen transportation. Being the national energy champion, already operating a 4,235 km gas transportation network, OQGN is best positioned to leverage its expertise in developing a new hydrogen network.

OQGN is collaborating with Hydrom, which orchestrates implementing the green hydrogen strategy, bringing together producers, end-users, and infrastructure providers. While Hydrom facilitates discussions and attracts foreign direct investment (FDI), OQGN is responsible for the technical and operational development of the pipeline infrastructure.

In 2024, OQGN:

- Made significant progress with key green hydrogen stakeholders on infrastructure developments;
- Conducted a strategy study to evaluate the complexities of developing a hydrogen infrastructure and its commercialization.

OQGN will follow a phased approach, beginning with regional pipelines, which can later be expanded into a nationwide hydrogen network. By 2030, the Company expects 300-400 km of hydrogen pipelines to be built, with the final investment decision (FID) expected by 2027.

OQGN is the National Infrastructure Provider for the hydrogen transportation network

Carbon transportation network

Carbon capture, utilization, and storage (CCUS) is a critical global decarbonization pillar aimed at reducing carbon dioxide emissions. As part of the Government's energy transition strategy, CCUS is prioritized as a key enabler to achieve the net-zero target by 2050. The Ministry of Energy and Minerals (MEM) has granted Trailblazer Project status to three commercial-scale CCUS initiatives to accelerate progress.

In parallel with hydrogen, OQGN is master planning the development of a carbon dioxide (CO₂) transportation network infrastructure to link CO₂ emission sources with storage and utilization sites. Some CO₂ will be stored underground for carbon capture and storage (CCS) projects, while other volumes will be used as feedstock in industries such as fertilizer production, desalination, and enhanced oil recovery in upstream oil and gas operations.

OQGN is working with multiple stakeholders, including OXY Oman and Shell, to develop this network. The Shell project focuses on underground CO₂ storage, while OXY requires CO₂ for enhanced oil recovery.

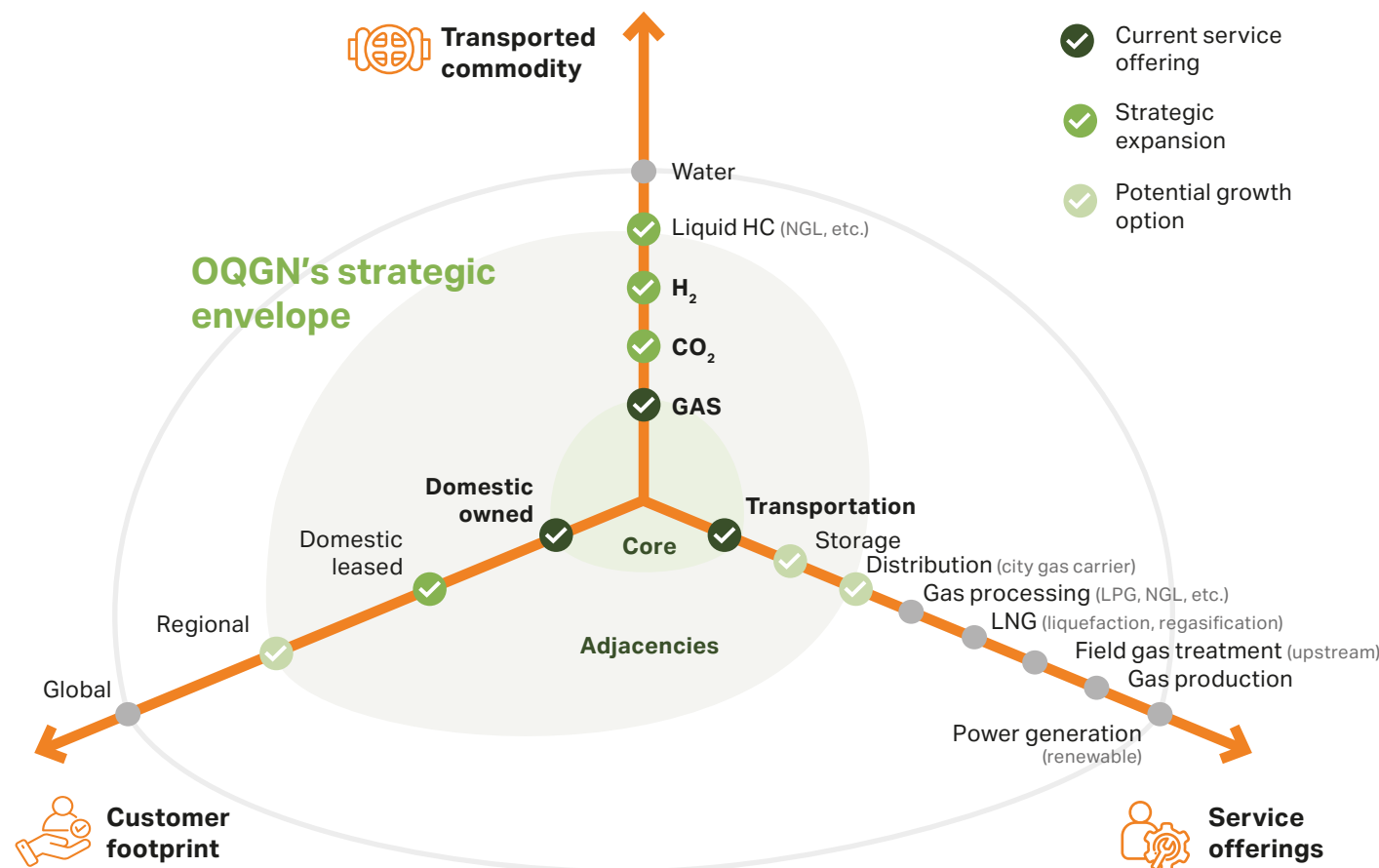
OQGN's contribution:

- Advising on regulatory and techno-commercial aspects of CO₂ transportation.
- Working to develop a comprehensive CCUS value chain under the MoU with Oxy Oman.
- Collaborating with Shell, OQ, and PDO on Blue Horizons' low-carbon and ammonia project, which is currently in the pre-FEED (front-end engineering design) stage, to explore commercial models and ensure shareholder value.

Like hydrogen, the CO₂ network is expected to be operational between 2030 and 2032, with the final investment decision expected in 2027.

OQGN will be the developer and operator of the national carbon dioxide (CO₂) transportation network

Strategic expansion framework



Business excellence

In 2024, OQGN showed exceptional growth by launching several significant projects focused on pipeline expansion, capacity enhancement, and operational excellence.

+4.7%
growth in total pipeline length

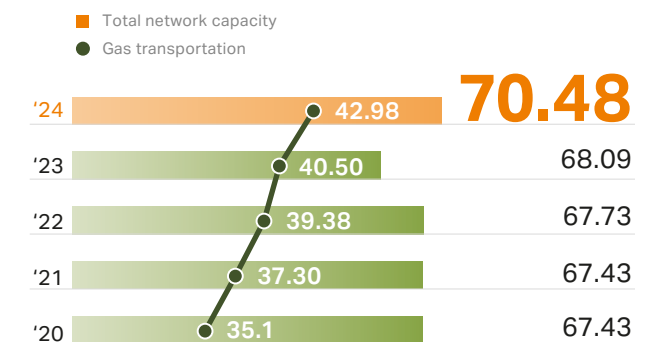
+3.5%
increase in network capacity

🌟 Network Expansion & Gas Delivery

During the year, OQGN expanded its total pipeline length by 4.7%, reaching 4,235 km. The network capacity increased by 3.5%, reaching 70.48 billion cubic meters (BCM). The Company expanded its network through the execution of strategic growth projects, the acquisition of the OQEP Meter, and the connection of the PDO South Oman Gas Line (SOGL) network to OQGN. In 2024, OQGN achieved a record single-day gas delivery of 131.4 million cubic meters (MCM), a 4.9% increase over the previous record.

OQGN receives gas from several suppliers through the government-owned Integrated Gas Company (IGC), the unified Shipper. In 2024, Petroleum Development Oman was the largest gas supplier, contributing 56.8% of the total gas delivered to the Shipper. The LNG sector was the largest consumer, accounting for 41.3% of total gas consumption, followed by the industrial and commercial sectors at 27.6%.

Gas transportation and total network capacity, BCM



+6.1%
increase in gas transportation volume

* Strategic growth projects

In 2024, OQGN undertook several strategic projects to enhance Oman's gas infrastructure, address growing energy demands, and support economic growth. As of 31 December 2024, the Company has completed four growth projects, including the Duqm SEZAD 17 km pipeline and the Saib Project, based on the construction of an additional 208 km of 32-inch pipeline in the Dhofar Governorate to increase capacity at Salalah by 60%.

Ten ongoing projects include the Central 48-inch Rich & Lean Gas Segregation Project, which increases system capacity by extending the 48-inch loop line (by 65 km) to Sur and developing a Gas Blending Station at Gas Network Hub (GNH) in Central Oman. In addition, the 42-inch Fahud-Sohar Loop Line will add more than 9 MCM per day to Sohar Network by 2027, supporting growth in Ibri regions.

* Key growth projects in 2024

* Saib Project

- **Scope:** Construction of an additional 208 km of 32-inch pipeline consisting of two loops (32 km and 176 km) running parallel to the existing 24-inch pipeline in Dhofar Governorate. The project extended six block valve stations and added three new launching and receiving stations.
- **Impact:** Increased capacity at Salalah by 60%, from 10 MCM per day to 16 MCM per day.
- **Investment:** OMR 76 Mn, with OMR 11.5 Mn spent on local suppliers.
- **Job creation:** Employed 380 Omanis during project execution.
- **Safety:** Achieved over 3 Mn man-hours without a Lost Time Injury (LTI).
- **Status:** Completed.

* Long-Term Network Development Plan

The OQGN's Long-Term Network Development Plan (LTNDP) is an internal planning tool for analyzing and balancing gas supply and demand. Updated annually, it provides a seven-year forecast to ensure the network can meet future requirements related to the rise in consumption due to population growth or large new industrial projects. This planning process helps identify bottlenecks, assess infrastructure adequacy, and guide investment decisions made by the Government of Oman, the Shipper (IGC), and the Regulator (APSR) to plan for network capacity, supply, and gas distribution to different regions. The current LTNDP covers the period from 2024 to 2031.

* Fahud-Sohar Loop Line

This project was not initially part of PC-3 and was proposed through OQGN's LTNDP.

- **Scope:** Construction of an additional 193 km, 42-inch loop line from the Fahud Compressor Station to BVS-6 in the Al Dahira Governorate, running parallel to two existing 32-inch pipelines from Fahud Compressor Station to Sohar. The project also included the construction of a 2 km, 16-inch spur line to supply gas to the proposed Ibri Industrial Estate GSS and the extension of six block valve stations.
- **Impact:** Increased capacity at Sohar by more than 26%.
- **Job creation:** Expected 360 Omanis during project execution.
- **Status:** The project received regulatory approval in November 2024, is currently in the tendering stage, and is scheduled for completion in 2027.

* Central 48-inch Rich and Lean Gas Segregation Project (CRL)

- **Scope:** A gas blending station in the Central Region for rich and lean gas segregation, along with the extension of a 48-inch, 65 km loop line from BVS-9 to the Sur GSS. The project includes a new Fiscal Metering System (FMS), block valve stations, and gas receiving facilities.
- **Impact:** Enhancing gas value by segregating rich and lean gas.
- **Investment:** OMR 70.8 Mn.
- **Job creation:** 320 Omanis (approximate at peak).
- **Safety:** Achieved 7.5 million man-hours without LTI.
- **Status:** Partially commissioned.



✱ Delivering excellence

The Company’s philosophy is rooted in a culture of business excellence. This approach spans all business areas, fostering a commitment to efficiency, innovation, and continuous improvement while ensuring strong performance, risk management, and environmental responsibility.

All pipeline networks are integrated with the supervisory control and data acquisition (SCADA) system, allowing regular monitoring and control to ensure continuity and stability. A key innovation has been the introduction of live tracking and condition-based monitoring systems, which provide real-time insights into performance. Skilled and competent teams work across regions, handling day-to-day activities while responding effectively to emergency scenarios to minimize downtime. In 2024, the average recovery time was 181 minutes.

OQGN’s operational success is underpinned by a culture of continuous improvement to eliminate inefficiencies in processes and workflows. Key efficiency improvements of 2024 include:

- Implementation of systems that provide real-time equipment diagnostics and enable predictive maintenance.
- Launch of the dense wavelength-division multiplexing (DWDM) network with Huawei and Hussam Technology, introducing advanced fiber optic communication technology. This network supports high-performance data transmission and the development of smart campuses, smart oil fields, and digital pipelines.
- Partnership with Omantel to become Oman’s first energy company to utilize satellite technology for pipeline monitoring.

- Agile Metering: this platform helps detect inaccuracies early, preventing significant financial losses associated with undetected meter errors. A 0.5% uncertainty in ultrasonic gas measurement can cost around \$1 million annually. Real-time monitoring and enterprise-wide management of meter uncertainty help improve metering margins and ensure accurate fiscal measurements.
- Cathodic Protection Monitoring Digitalization: monitoring the condition of CP is a vital activity to ensure its availability and performance. Previously, it was conducted through maintenance contractor site visits across 95 stations, covering approximately 15,600 km annually. The digitalization solution has resulted in improved asset reliability, as any CP system failure can now be identified immediately, reduced HSE risks associated with travel, and a cost reduction of 45K OMR per year.
- Madayn Smart Meters: OQGN has launched a significant initiative to replace 110 conventional meters with Smart Allocation Meters featuring advanced Electronic Volume Corrector (EVC) technology for gas measurement across five of Madayn’s industrial cities: Sur, Sohar, Raysut, Rusail, and Nizwa Free Zone. This initiative marks a major milestone in the Madayn Project, advancing technology, improving operational efficiency, and ensuring accurate billing.
- A comprehensive health check on the OQGN flare & vent metering system by the gas measurement team that considered the data flow from sensor to PI system to enable measuring of vented and flared gas.

✱ What is gas segregation?

Gas quality plays a critical role in its usage and economic value. Lean and rich gas refer to different natural gas compositions. Lean gas consists primarily of methane (CH₄) with minimal heavier hydrocarbons, making it ideal for power generation, heating, and lean LNG production. In contrast, rich gas contains significant amounts of higher hydrocarbons such as ethane, propane, and butane, making it more suitable for petrochemical processing and LPG production.

Without segregation, valuable rich gas may be wasted in power plants, leading to economic losses. In 2024, OQGN partially commissioned the Central 48-inch Rich and Lean Gas Segregation Project (CRL). A first-of-its-kind gas blending station was incorporated into the network, leveraging the Remote Techno Plug (RTP) technology, to separate natural gas into higher-value components.

OQGN’s approach ensures that lean gas is used for energy production while rich gas is directed toward industries, contributing to more sustainable resource usage on the national scale.

✱ The first smart plugging in Oman’s gas pipelines

To maintain the highest level of gas availability without disruptions, OQGN implemented the Smart Plug Initiative, a groundbreaking solution for pipeline connection. This technology allowed the integration of new pipeline segments into the existing 48-inch diameter network without interrupting supply.

In 2024, OQGN successfully executed Oman’s first smart plugging operation, seamlessly connecting live systems with new stations. This innovation, aligned with operational excellence, ensures the continuity of gas delivery to power plants, hospitals, and industries while expanding the network efficiently.



✧ Partnerships

In 2024, OQGN entered into several agreements with key stakeholders under Memorandums of Understanding (MoUs) or Non-Disclosure Agreements (NDAs).

- Partnership with Sumitomo to develop the CCUS value chain within the Northern CCUS Ecosystem.

- Agreement with SIPC to explore key opportunities in the Sohar Industrial Area, focusing on natural gas growth and future hydrogen and CO₂ transportation.
- Strategic alignment with OQ Corporate to reinforce OQGN's role in meeting the pipeline transportation infrastructure requirements for the group's future needs.



✧ Business continuity

At OQGN, the Business Continuity Management (BCM) programme is designed to ensure uninterrupted operations through proactive planning and rigorous testing. The programme incorporates advanced methodologies, including tabletop exercises to test and refine response strategies, scenario-based audits to evaluate the effectiveness of continuity plans, and phased BCM cycles to continuously enhance resilience.

Key achievements in 2024:

- Development of 19 department-specific business continuity plans (BCPs) that were consolidated into a single **Operational Continuity Plan**.
- Establishment of a structured governance model, supported by policies and procedures tailored to OQGN's operational needs.
- A successful audit by the APSR with the Company achieving full compliance.

✧ Future outlook

OQGN's business plans align with Oman Vision 2040, focusing on energy diversification, digital transformation, and sustainable growth. During the next three years, the Company aims to expand its total pipeline length to nearly 4,500 km and increase network capacity to nearly 80 BCM.

For 2025, OQGN's primary objectives include:

- Continued expansion of the gas transportation network, focusing on volume growth and strategic gas management.
- Regulatory and commercial framework development for hydrogen and CO₂ transportation, clarifying risks, pricing models, and economic incentives.
- Advancing technical studies for hydrogen and CO₂ projects, ensuring readiness for the final investment decision in 2027.
- Advanced service offerings.

Future growth plans

Metric	2024	2027 (estimated)	Change 2027 to 2024
Pipeline length, km	4,235	4,472	+5.6%
Network capacity, BCM	70.48	79.7	+13.1%
Gas transported, BCM	42.98	45.60	+6.1%

Quality, Health, Safety, Security, and Environment (QHSSE)

OQGN upholds the highest quality, environmental sustainability, operational health and safety, and asset management standards through its robust QHSSE framework.

✱ Operational health and safety

Operational health and safety are the foundation of the Company's operations, supported by a QHSSE Policy aligned with internationally recognized standards and Oman's regulatory requirements. A comprehensive QHSSE Plan engages employees in its development and implementation. Regular bi-weekly Safety Committee meetings foster active participation across all workforce levels, while monthly leadership reviews ensure continual improvement. The Plan incorporates training, risk assessments, and collaborative discussions to instill a proactive safety culture. OQGN demonstrates its unwavering commitment to employee well-being and workplace safety by embedding these principles into daily operations.

OQGN leverages technology to enhance health and safety processes. The key component of its safety strategy is the HSE Risk Management

Procedure & Job Safety Analysis (JSA) Guideline, which standardizes risk assessment processes within OQGN. Innovations such as the mobile-based Mueen application for pipeline monitoring and the electronic permit to work (E-PTW) system for electronic permits have significantly improved operational efficiency and accuracy.

In 2024, OQGN launched a three-year safety culture programme and implemented the Intelex platform for incident reporting. Another innovation—the HSSE Passport App—tracks mandatory health and safety training, saving costs and ensuring compliance, while digital induction systems and interactive screens further streamline safety management. These tools enable real-time monitoring and foster a more effective safety culture.

Due to its consistent health and safety efforts, the Company achieved a significant milestone of 14 million safe man-hours without any lost time injuries (LTIs) in 2024.

Training System enables contractors and new employees to complete HSSE induction remotely, reducing travel-related risks and associated costs. Training for high-risk operations uses virtual reality, allowing learners to develop necessary skills in a safe and controlled environment.



OQGN QHSSE was honored with the **Operational Excellence Best Practice Award 2024** from **OPAL** for the innovative **MUEEN Smart Pipeline Surveillance and Intrusion Platform**

14 Mn
LTI-free man-hours achieved in 2024¹

As part of its workforce training, OQGN invested 40,090 HSE training hours (14.5% more than in 2023) to ensure a proper understanding of safety practices in the workplace. The Company's innovative HSSE Induction

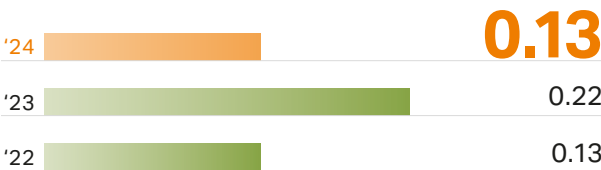


In October 2024, OQGN hosted the 2024 Annual HSE Forum under the theme "Beyond Zero Harm." During the forum, OQGN launched three key campaigns:

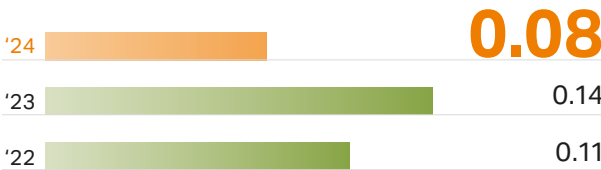
- The **Road Safety Initiative**, addressing road challenges and promotes safe driving.
- The **Contractor Safety Initiative**, enhancing operational safety and compliance.
- The **Environmental Campaign** focused on mitigating industrial environmental impacts through sustainability and resource conservation.



Total Recordable Injury Frequency (TRIF) per 1 million man-hours (including contractors)



Motor Vehicle Incident Frequency (MVIF) per 1 million km



¹ Cumulative since the last lost time injury (LTI).

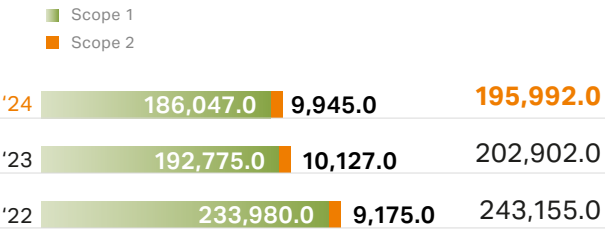
✧ Environmental management

OQGN aligns its environmental management with Oman Vision 2040 and the national Net Zero plan by 2050. It is governed by a dynamic framework that includes impact assessments, monitoring, and compliance with legal and regulatory standards.

The Company integrates Environmental Impact Assessments (EIA) or Environment and Social Impact Assessments (ESIA) in the initial phases of project planning to address potential environmental and social sensitivities and compliance requirements. Regular environmental risk assessments and Best Available Technique (BAT) studies ensure that projects' impacts are minimized throughout the life cycle from design to decommissioning. OQGN maintains robust monitoring systems to track emissions, conserve resources, and prevent pollution, reflecting its commitment to sustainable practices.

The Company's decarbonization strategy focuses on reducing GHG emissions, optimizing energy efficiency, and integrating renewable energy solutions. In 2024, OQGN reduced flared gas by 2.7% and decreased diesel consumption in the Company's vehicles by 60%. Additionally, the Company achieved a 3.4% reduction in combined Scope 1 and Scope 2 emissions compared to 2023.

GHG emissions, tCO₂e



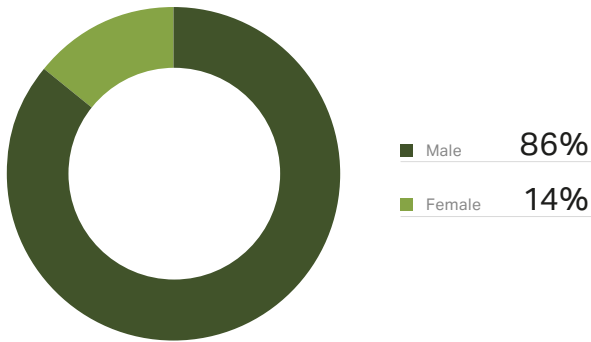
Our people

OQGN is committed to employee well-being and upholding human rights by fostering a fair, inclusive, and respectful workplace.

OQGN is committed to fostering an efficient, dynamic organizational structure that ensures full regulatory compliance. We strongly focus on hiring and developing Omani talents and offer comprehensive training programmes to nurture future leaders. We prioritize the well-being of our employees by providing social insurance, adhering to labor laws, and creating a supportive work environment that promotes growth and success.

Diversity, equity, and inclusion are fundamental to OQGN's workplace culture. In 2024, the percentage of female employees in the total workforce increased by 0.6 percentage points, rising from 13.7% to 14.3%. The number of female employees grew by 4.7%, while the number of male employees declined by 0.5%. Four women were selected for leadership roles, with several others identified as high-potential candidates for future leadership positions. Initiatives such as the Women@OQGN Committee are in place to empower and support female employees, aiming to influence the Company and the Omani society positively.

Employee composition by gender, %



469

Total number of employees with 93.82% Omanization rate

✧ Talent development

In 2024, the Talent Development team focused on enhancing organizational, functional, and individual development through 269 sessions of impactful programmes. The approach was based on the business plan and business goals. Key initiatives launched during 2024 were as follows:

- Professional certifications: around 20 professional certifications were initiated through talent development supervisions.

- ITHRAA: a knowledge-sharing platform designed to foster collaboration and leverage internal expertise provided 94 sessions within 38 programmes.
- Virtual Reality (VR) training: providing immersive, hands-on experience is particularly important for employees with the highest risk in the organization. We are currently working to develop some other programmes.

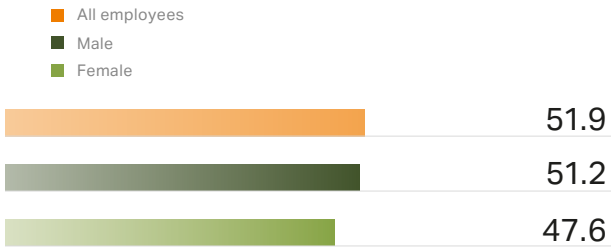
- E-learning through LinkedIn Learning: we offered employees flexible access to their roles and growth paths. Approximately 64% of the employees had full access to more than 30,000 technical and soft skills courses.
- Customized training programmes: we addressed specific departmental and individual needs, ensuring relevance and targeted skill development. 8 customized modules for QHSSE give flexible access at any time.
- Open Learning Day 2024: Open Learning Day is a dedicated day for employees to come together and engage in diverse learning experiences. Four different sessions were conducted, with attendees from OQGN and governmental sectors along with OQGN partners and stakeholders.

OQGN successfully signed 12 MoUs with different academic sectors in Oman, fostering strategic partnerships with leading educational institutions and unlocking numerous benefits with 12 academic institutions. More than nine initiatives were launched with different academia sectors focusing on graduate and undergraduate development, bridging the gap between academia and industry.

OQGN has developed a strategic succession planning process to ensure leadership continuity and operational excellence. Critical roles are identified, and potential successors

undergo leadership assessments and feedback evaluations to align their growth potential with performance. This process is reviewed annually to adapt to evolving business needs and employee development.

Average training hours per employee in 2024



✧ Employee well-being

OQGN is committed to employee well-being through benefits, including gratuity, medical insurance, and annual air tickets for expatriates. Relocation support and welcome packets ease the transition for new hires. Parental leave policies provide 98 calendar days of maternity leave for women and seven days of paternity leave for men.

In 2024, we strengthened our inclusive workplace culture, building on past successes. Our focus on engagement, collaboration, and well-being has fostered a motivated and valued workforce. This year, we noticed encouraging trends in key

cultural indicators, reinforcing our commitment to maintaining an exciting organizational environment.

In 2024, we implemented an annual engagement and culture survey to measure employee well-being, workplace satisfaction, and potential areas for development. Employee satisfaction and motivation increased to 76%, showing an improvement from 75% in 2023. Employee loyalty remains strong, reaching 85% in 2024 (2023: 84%). Employees continue to express a high level of commitment to the organization and recommend OQGN as a great place to work.

Financial overview

In 2024, OQGN demonstrated financial resilience and adaptability with strong core performance and continued efficiency improvements.

The Company achieved a 2.9% increase in profit (excluding one-off events), demonstrating strong operational performance and efficiency improvements, which were primarily driven by the commencement of Price Control 3 (PC3)¹. This new regulatory framework introduced a more favorable operating expense allowance and an increased weighted average cost of capital (WACC)—7.79% vs. 7.3% in PC2—enhancing OQGN’s cash flow and income stability.

Despite the absence of certain one-time gains that benefited 2023 (such as OMR 8.8 Mn from hedge termination and OMR 5.4 Mn from shareholder loan interest waiver), the Company generated strong recurring profits, with a positive contribution from the OMR 5.3 Mn reimbursement under the Price Control 2 (PC2) allowance in 2024. Revenue and profit (excluding these one-off events) remain robust, reflecting the company’s core operational strength and growth in the Regulatory Asset Base.



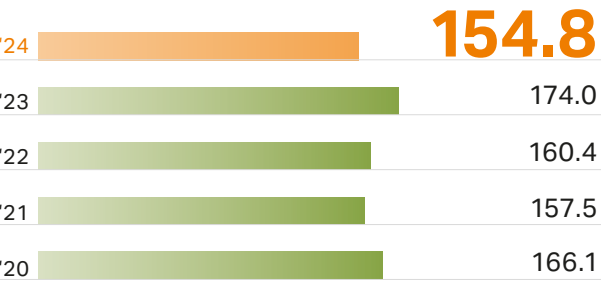
OQGN’s Regulatory Asset Base (representing concession receivable and contract assets due from the Shipper) increased by 1.4%, to OMR 1,056 Mn.

Financial performance, OMR Mn

Metric	The full year ended on December 31		
	2023	2024	Change
Revenue for the period	174.0	154.8	(11.0%)
Revenue excluding one-off events	165.2	149.5	(9.5%)
Total expenses	(118.5)	(107.0)	(9.7%)
Profit excluding one-off events	41.3	42.5	2.9%
Profit for the period	55.5	47.8	(13.9%)

¹ The Price Control Period is a four-year period during which OQGN’s revenues are preapproved by the Authority for Public Services Regulation (APSR) under the Regulatory Asset Base (RAB) Framework.

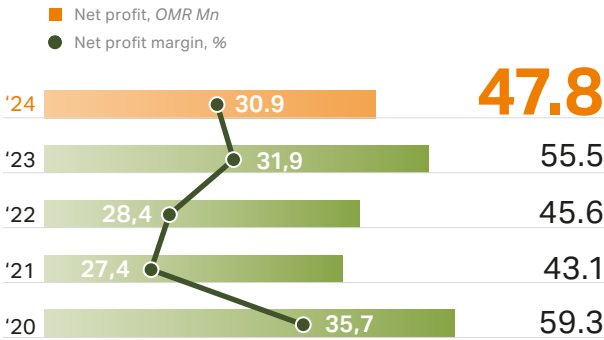
Revenue for the period, OMR Mn



The benefits of PC3 contributed to improved operational efficiency, evidenced by an increase in the EBITDA margin by 4.9 percentage points to 52.9%.

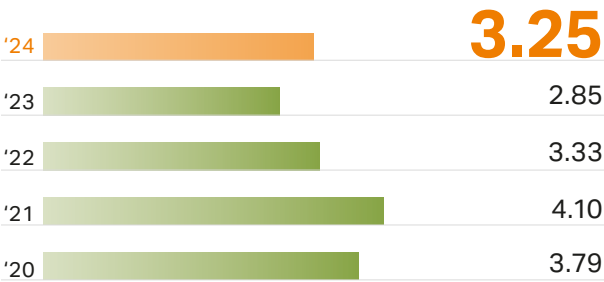
+4.9 pp
EBITDA margin increase

Net profit and net profit margin



The net profit declined by 13.9% to OMR 47.8 million. Excluding one-off events, OQGN achieved a 2.9% increase in net profit, demonstrating strong operational performance and efficiency improvements.

Adjusted Net Debt / Regulated Adjusted EBITDA ratio



OQGN announced dividends of OMR 46.2 Mn for 2024 and OMR 44 Mn for 2023. The dividend yield for 2024 was 7.73%.

Dividend history

	2023			2024		
	H1	H2	Total	H1	H2	Total
Dividend per share, Bz	7.62	2.54	10.16	5.75	4.92	10.67
Total announced dividends, OMR Mn	33.00	11.00	44.00	24.9	21.3 ¹	46.2

The Company’s operational efficiency improvements, robust asset management, and cost controls position it well for future growth and resilience in 2025. This is supported by strong CAPEX plans related to new growth projects.

OQGN maintains a conservative and healthy long-term capital structure to support its ambitious growth needs and enable strong shareholder returns. Moreover, the Company successfully repriced its USD facilities, reducing the margin from 1.90% to 1.25%.

Efficient capital structure, OMR Mn

	2023	2024
Term loan	329.5	354.9
Total Debt	329.5	354.9
Cash and cash equivalents	(23.8)	(15.8)
ADJUSTED NET DEBT	305.7	339.1
Adjusted Net Debt/Regulated Adjusted EBITDA (ratio)	2.85x	3.25x



¹ Not yet disbursed as of the report’s publication date.

Sustainability review

Continuing our sustainability journey

OQGN's sustainability journey is one of continuous progress, built on a strong foundation of environmental stewardship, workforce empowerment, local economic development, and effective governance.

As Oman's sole owner and operator of the natural gas transmission network, we play a critical role in supporting the country's energy transition while ensuring that sustainability remains an integral part of our business strategy.

OQGN's sustainability strategy for 2024-2028 focuses on key areas to align with Oman's energy transition goals and Vision 2040. Decarbonization is a central pillar, with plans to reduce GHG emissions in line with the company's decarbonization strategy to achieve net zero emissions by 2050.

Oman's ambitious plans to build a hydrogen-centric economy present significant opportunities for OQGN. As a key enabler, OQGN is strategically positioned to facilitate the transport and storage of hydrogen and captured carbon, playing an important role in realizing this vision.

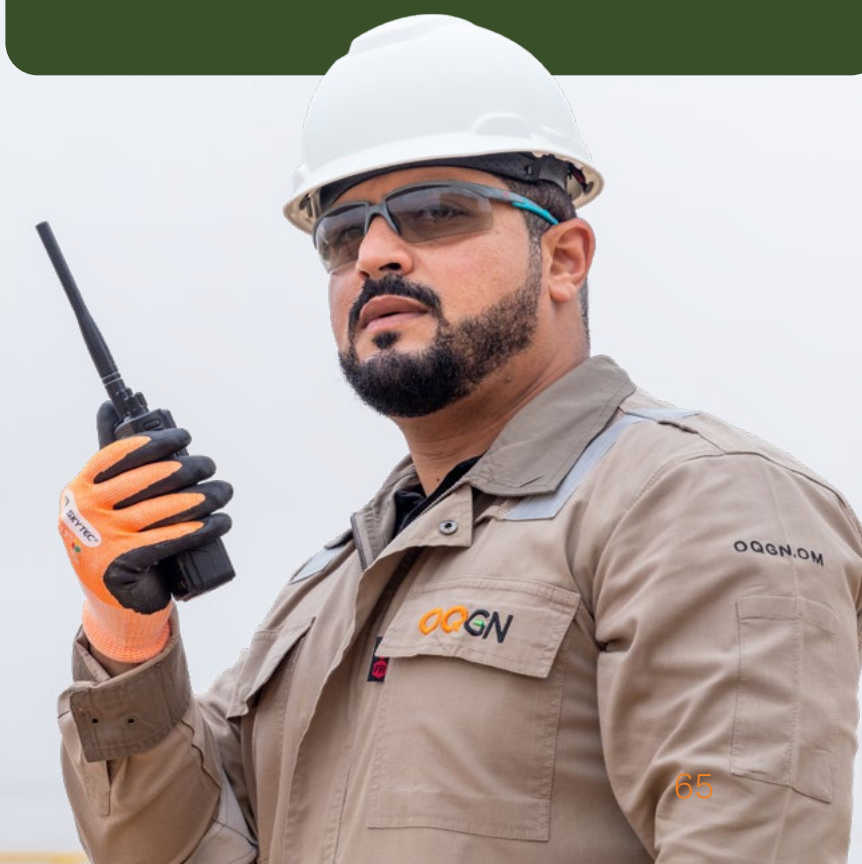
Strengthening transparency, the Company published its first sustainability report and voluntarily disclosed ESG performance to MSX. Additionally, OQGN continues to integrate digital solutions to enhance energy efficiency and minimize environmental impact. These milestones reaffirm our commitment to responsible growth and our Net Zero vision for 2050.



Sustainability governance and strategic oversight

Sustainability at OQGN is embedded in our corporate governance structure. The Sustainability Committee, chaired by the CEO, and the Board of Directors provide oversight, ensuring sustainability remains at the core of business decision-making. Our dedicated Sustainability Unit leads the implementation of key initiatives, monitors progress, and drives continuous improvement.

Sustainability efforts are guided by OQGN's sustainability framework, which focuses on four fundamental pillars to align with its corporate vision and mission. The Board of Directors regularly reviews sustainability performance, ensuring transparency and accountability in achieving the Company's goals.



OQGN sustainability framework pillars



Promoting Environmental Stewardship & Supporting the Energy Transition

- Climate Adaptation & Energy Transition
- Waste Management & Pollution Control
- Biodiversity
- Water Consumption



Protecting & Empowering Our Workforce

- Employment Practices & Development
- Diversity, Equity, & Inclusion
- Human Rights Protection & Labor Management
- Occupational Health & Safety
- Asset Integrity & Critical Incident Management



Supporting Local Economic Development

- Economic Impacts
- Local Community & Social Investment
- Government Relations & Tax
- Supply Chain Management & ICV



Establishing Effective Governance, Risk Management & Innovative Practices

- Corporate Governance
- Risk Management
- Business Ethics & Anti-corruption
- Cybersecurity & Data Privacy
- Agility, Innovation & Digital Transformation



Key sustainability achievements in 2024

In 2024, we reinforced our commitment to sustainability by achieving key milestones that enhanced our environmental performance, strengthened our governance frameworks, and increased our positive social impact. By integrating digital innovation, operational efficiency, and transparent ESG disclosures, we continue to drive sustainable growth while delivering energy reliably and responsibly.

1 Advancing ESG transparency and stakeholder engagement

OQGN believes that transparency is fundamental to building trust with stakeholders. This year, we:

- Published our first standalone Sustainability Report, a significant milestone in formalizing our ESG disclosures.
- Became one of the first energy companies to voluntarily disclose ESG data on the Muscat Stock Exchange (MSX), setting a new benchmark for accountability in Oman's energy sector.

2 Digital transformation in sustainability

OQGN has significantly enhanced its ability to measure and manage sustainability performance by harnessing the power of automation and AI. A significant achievement was the successful completion of the first two phases of our automated ESG dashboard. This innovation:

- Reduced the time required for GHG emissions calculations from fuel and electricity bills from 120.5 hours to just 15 minutes.
- Strengthened real-time tracking of sustainability KPIs, enabling data-driven decision-making.

3 Driving decarbonization and emissions reduction

Aligning with Oman's commitment to net-zero emissions by 2050, OQGN has implemented strategic measures to reduce its environmental footprint as part of its decarbonization strategy:

- Achieved a 2.7% reduction in flaring, demonstrating our commitment to lower greenhouse gas emissions.
- Initiated the transition to energy-efficient mobility, replacing conventional fuel-powered vehicles with electric vehicles (EVs) and reducing diesel consumption in our corporate fleet by 60%.
- Reducing GHG emissions by 3.4% compared to 2023.

4 Leading industry collaboration on methane management

Recognizing the importance of collective action in addressing climate challenges, OQGN convened key industry stakeholders through a workshop on methane emissions from the oil and gas sector in collaboration with the United Nations Environment Programme (UNEP). The event brought together:

- Government officials, industry peers, suppliers, and contractors to exchange insights and solutions on methane reduction strategies.
- Experts to discuss best practices and regulatory developments shaping the future of emissions management.

Community engagement

OQGN considers the development of society in Oman to be a fundamental part of its operations, actively supporting government initiatives in environmental responsibility and community partnerships.

OMR
15.43 million
were spent on local procurement in 2024

OQGN prioritizes local suppliers to boost the growth of SMEs and the local economy. As a Joint Supplier Registration System member, the Company adheres to the Omani national procurement system for the oil and gas industry, providing better access to SMEs. For tenders below OMR 50k, SMEs are given preference in commercial evaluations, while tenders above OMR 50k include strategies to maximize In-Country Value (ICV). In 2024, OQGN spent OMR 15.43 million on local procurement, amounting to 29% of the total procurement budget.

At OQGN, Corporate Social Responsibility (CSR) remained a key focus, particularly in fostering strong relationships with the communities surrounding our operations. To enhance our impact, we established a dedicated Corporate Social Investment (CSI) Committee and implemented a digital dashboard to monitor budget allocations, track CSR support distribution across regions, and ensure alignment with the CSI framework's focus areas.

In 2024, OQGN launched a diverse range of educational, social, and innovative initiatives, starting with Murshid's Educational Pack—a cartoon magazine designed to introduce key business concepts, solutions, and technologies in a simplified manner for students in grades 1 to 6, helping them better understand the company and its operations. OQGN also sponsored 400 government school students as part of Muscat Marathon 2024, reinforcing our commitment to promoting sports, health, and well-being among youth. The selected schools are strategically located near our pipeline network, strengthening community engagement and fostering a culture of active living. Additionally, the OQGN Innovation Hub was established, benefiting two schools in the Al Dakhiliyah Governorate. The hub features an upgraded laboratory infrastructure, equipping students and teachers with the latest technological tools and solutions for enriched learning experience.



and provided educational workshops and networking opportunities to more than 75 participants, connecting them with major industry players across the tourism, entertainment, trade, hospitality, and industrial sectors. The programme aims to strengthen supply chains and enhance the role of SMEs in driving economic and social development in the region.

OQGN encourages its employees to volunteer. In 2024, the Company organized several volunteering initiatives, including cleaning affected areas in Al Batinah North, the Salalah Cleaning Campaign, health and safety awareness workshops, visiting Eid in-patients, a project delivery workshop, elderly home visits, the Green OQGN Initiative, the Duqm Plantation Initiative, and a blood donation campaign. 439 employees contributed 659 hours to volunteering, benefiting 6,167 people.

Additionally, as part of our commitment to environmental sustainability, OQGN distributed 1,550 trees to employees and community members in 2024, further reinforcing our dedication to a greener future.

Recognizing academic excellence, OQGN awarded the top 30 achievers in the General Diploma (98% and above) in collaboration with the Ministry of Education. This initiative reflects OQGN's commitment to supporting education and empowering the next generation of leaders by acknowledging their dedication, hard work, and exceptional academic performance.

In North Al Sharqiyah, OQGN supported the Al Kamil wa Al Wafi Summer Camp, a capacity-building programme aimed at enhancing problem-solving skills among youth during the summer break. Plans are underway to expand this initiative to other governorates in the coming years. In Dhofar, OQGN backed a unique initiative featuring Omani Bike Riders, who toured Salalah to raise awareness about pipeline right-of-way safety. During the Khareef Dhofar season 2024, they distributed safety kits to visitors, reinforcing our commitment to community well-being.

Additionally, OQGN launched the Tassaoud Programme, a three-day initiative aimed at supporting SME development in alignment with Oman Vision 2040 and the Sustainable Development Goals (SDGs). This programme, conducted in collaboration with Riyada (Authority for SME Development), took place in Al Dakhiliyah



Financial Statements

for the Year Ended 31 December 2024

Independent Auditor's Report to the Shareholders of OQ Gas Networks SAOG

✧ Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of OQ Gas Networks SAOG (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, 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 2024 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) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have 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.

Other Matters

The financial statements of OQ Gas Networks SAOG for the year ended 31 December 2023 were audited by another auditor, who expressed an unmodified opinion on those financial statements on 26 February 2024.

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.

Key audit matter

How our audit addressed the key audit matter

RECOGNITION OF REVENUE FROM CONSTRUCTION SERVICES PROVIDED UNDER SERVICE CONCESSION ARRANGEMENT.

(Refer to Notes 2, 3.3(d) and 4 to the financial statements.)

The Company's operations are governed by a concession arrangement with the Government of Sultanate of Oman (GOSO) whereby the Company has the exclusive right to "Build-Operate-Transfer (BOT)" the Natural Gas Transportation Network ("Infrastructure") in the Sultanate of Oman. Furthermore, the Company's revenues are regulated under the price control framework established by the Authority for Public Services Regulation (APSR).

For BOT arrangements under the scope of IFRS Interpretations Committee ("IFRIC") 12 "Service Concession arrangement", the Company accounted for their construction revenue by reference to the "allowed return on assets" on the construction services delivered in the construction phase.

The Company's financial statements include revenue from construction services amounting to RO 36.3 million representing 50% of the Company's total revenue.

We focused on auditing the revenue from construction services under concession arrangement because it can be materially affected by the assumptions and estimates used (i.e. the estimates on projected construction costs and the gross margin). The process of recognizing these costs and revenues involves significant management judgment and estimates, particularly concerning the percentage of completion of construction projects.

Our audit procedures in this area included the following:

- Inspected the agreements relating to the Service Concession and price control framework and discussing with the Company's management their review procedures exercised thereon.
- Understood and evaluated the management's policies, key controls and processes in allocation of the considerations for the construction of the infrastructure among the different services as provided by the Company under concession arrangement.
- Assessed the reasonableness of the key assumptions and estimates as applied by management in determining the amounts of construction services revenue by comparing the projected construction costs as estimated by management against the total approved budget costs and inspected the relevant signed construction contracts on a sample basis.
- Performed test of details on construction cost samples, ensuring documentation accuracy and adherence to accounting policies and completion calculations
- Tested the mathematical accuracy of the calculations of the amounts of construction services revenue recognized by the Company.

Based on our audit procedures, we found the key assumptions and estimates used by management in determining the recognition amount of construction services revenue to be supportable by the evidence obtained and procedures performed.

Other Information Included in the Company's 2024 Annual Report

Other information consists of the information included in the Company's 2024 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 2024Annual 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 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.

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.

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.



Imtiaz Ibrahim
Muscat
5 March 2025

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.

From the matters communicated to 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.

Statement of Financial Position as at 31 December 2024

	Notes	2024 RO	2023 RO
ASSETS			
Non-current assets			
Capital work in progress	12	940,337	-
Concession receivables	13	909,265,346	772,021,688
Contract assets	13	117,045,327	241,190,684
Right of use assets	14	9,372,503	8,335,277
Investment properties	15	3,670,288	4,735,728
Deferred tax assets	11	7,195,979	4,374,629
		1,047,489,780	1,030,658,006
Current assets			
Concession receivables	13	30,869,283	29,729,191
Inventories	16	2,968,613	2,741,132
Trade and other receivables	17	13,684,135	14,784,867
Cash and cash equivalents	18	15,816,311	23,770,963
		63,338,342	71,026,153
TOTAL ASSETS		1,110,828,122	1,101,684,159
EQUITY AND LIABILITIES			
Equity			
Share capital	19	433,062,392	433,062,392
Legal reserve	19	40,910,742	36,131,199
Actuarial reserve		75,721	120,640
Retained earnings		151,781,006	177,665,996
Total equity		625,829,861	646,980,227
Liabilities			
Non-current liabilities			
Term loan	20	345,669,934	320,193,115
Employees' end of service benefits	21.2	578,153	512,356
Lease liabilities	22	10,448,558	8,887,425
Deferred income	23	5,262,377	4,673,519
Deferred tax liabilities	11	60,443,332	48,840,723
		422,402,354	383,107,138
Current liabilities			
Term loan	20	9,267,800	9,275,240
Lease liabilities	22	198,210	187,831
Trade and other payables	24	53,129,897	62,133,723
		62,595,907	71,596,794
Total liabilities		484,998,261	454,703,932
TOTAL EQUITY AND LIABILITIES		1,110,828,122	1,101,684,159

These financial statements were approved by the Company's Board of Directors on 5 March 2025 and were signed on their behalf by:

Chairman

Board Member

The attached notes 1 to 36 form part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 31 December 2024

	Notes	2024 RO	2023 RO
INCOME			
Revenue	5	72,194,715	88,968,986
Finance income	8	75,628,554	83,189,841
Other income	10	6,946,194	1,872,688
		154,769,463	174,031,515
EXPENSES			
Construction costs	5	(33,634,716)	(55,637,561)
Operating expenses	6	(24,953,565)	(21,959,551)
Administrative expenses	7	(14,374,495)	(12,179,726)
Finance cost	9	(25,230,003)	(21,813,376)
		(98,192,779)	(111,590,214)
Profit before income tax		56,576,684	62,441,301
Taxation	11	(8,781,259)	(6,929,513)
PROFIT FOR THE YEAR		47,795,425	55,511,788
OTHER COMPREHENSIVE LOSS:			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
Defined benefit obligation actuarial (loss) / gain	21	(44,919)	29,343
Items that are or maybe reclassified subsequently to profit or loss			
Effective portion of changes in fair value of cash flow hedges – net of tax		-	385,188
Reclassified to statement of profit or loss on termination of hedge	8	-	(8,769,328)
Other comprehensive loss for the year		(44,919)	(8,354,797)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		47,750,506	47,156,991
BASIC AND DILUTED EARNINGS PER SHARE (BAIZAS)	27	11.04	12.82

The attached notes 1 to 36 form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 31 December 2024

	Notes	Share capital RO	Legal reserve RO	Hedging reserve RO	Actuarial reserve RO	Retained earnings RO	Total equity RO
At 1 January 2023		336,787,392	30,580,020	8,384,140	91,297	232,749,715	608,592,564
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Net profit for the year		-	-	-	-	55,511,788	55,511,788
Other comprehensive income							
Changes in fair value of cash flow hedges		-	-	385,188	-	-	385,188
Reclassified to statement of profit or loss on termination of hedge	8	-	-	(8,769,328)	-	-	(8,769,328)
Defined benefit obligation actuarial gain	21	-	-	-	29,343	-	29,343
Total comprehensive loss / income for the year		-	-	(8,384,140)	29,343	55,511,788	47,156,991
Transfer to legal reserve	19	-	5,551,179	-	-	(5,551,179)	-
TRANSACTIONS WITH OWNERS OF THE COMPANY							
Settlement on termination of hedge entered with parent company	8	-	-	-	-	(8,769,328)	(8,769,328)
Bonus shares	19	96,275,000		-	-	(96,275,000)	-
AT 31 DECEMBER 2023		433,062,392	36,131,199	-	120,640	177,665,996	646,980,227
At 1 January 2024		433,062,392	36,131,199	-	120,640	177,665,996	646,980,227
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Net profit for the year		-	-	-	-	47,795,425	47,795,425
Other comprehensive income						-	-
Defined benefit obligation actuarial loss	21	-	-	-	(44,919)	-	(44,919)
Total comprehensive loss / income for the year		-	-	-	(44,919)	47,795,425	47,750,506
Transfer to legal reserve	19	-	4,779,543	-	-	(4,779,543)	-
TRANSACTIONS WITH OWNERS OF THE COMPANY							
Dividend	19	-	-	-	-	(68,900,872)	(68,900,872)
AT 31 DECEMBER 2024		433,062,392	40,910,742	-	75,721	151,781,006	625,829,861

The attached notes 1 to 36 form part of these financial statements.

Statement of Cash Flows

for the Year Ended 31 December 2024

	Notes	2024 RO	2023 RO
OPERATING ACTIVITIES			
Profit before income tax		56,576,684	62,441,301
Adjustments for:			
Depreciation		985,471	1,013,171
Allowance for expected credit loss	7	-	249,837
Reversal / provision for obsolete inventories	6 & 10	(2,941)	15,316
Provision for employees' end of service benefits	21	99,471	100,688
Income on concession assets	13.7	25,093,030	27,557,568
Deferred income	10	(279,022)	(24,361)
Gain transferred on termination of hedge	8	-	(8,769,328)
Interest income on call accounts and short-term deposits	8	(961,402)	(1,690,904)
Exchange gain	10	(324,562)	-
Finance cost	9	25,230,003	21,813,376
		106,416,732	102,706,664
WORKING CAPITAL CHANGES:			
Inventories	16	(224,540)	(629,242)
Trade and other receivables	17	1,100,732	15,300,044
Trade and other payables	24	(13,961,888)	(9,804,655)
Cash generated from operations		93,331,036	107,572,811
Employees' end of service benefits paid	21.2	(78,593)	(115,761)
Interest paid		(24,212,674)	(18,591,245)
Interest income received on fixed deposits	8	961,402	1,690,904
Receipt of connection fee	23	1,028,875	98,683
NET CASH GENERATED FROM OPERATING ACTIVITIES		71,030,046	90,655,392
INVESTING ACTIVITIES			
Additions to capital work in progress	12	(940,337)	-
Increase in concession receivable	13	-	(16,828,427)
Increase in contract asset	5.1	(33,634,716)	(55,637,561)
Movement in term deposits		-	18,600,000
NET CASH USED IN INVESTING ACTIVITIES		(34,575,053)	(53,865,988)
FINANCING ACTIVITIES			
Loan repaid to parent company		-	(136,710,500)
Repayment of term loan	20	(9,267,800)	(257,540,493)
Proceeds from term loan	20	35,000,000	337,762,000
Payment of loan issuance costs	20	(373,445)	(3,911,799)
Dividends paid		(68,900,872)	-
Payment of lease liabilities	22	(867,528)	(1,395,239)
NET CASH USED IN FINANCING ACTIVITIES		(44,409,645)	(61,796,031)
Net decrease in cash and cash equivalents		(7,954,652)	(25,006,627)
Cash and cash equivalents at 1 January	18	23,770,963	48,777,590
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	18	15,816,311	23,770,963

The attached notes 1 to 36 form part of these financial statements.

Notes to the

Financial Statements

at 31 December 2024

✧ 1 Corporate Information

OQ Gas Networks SAOG ("the Company") was incorporated as a closely held joint-stock company under the Commercial Companies Law of Oman on May 23, 2000. On October 24, 2023, the Company was listed on the Muscat Stock Exchange (MSX) following the OQ SAOC's (Parent Company) decision to undertake a secondary sale of up to 49% of its shares through an Initial Public Offering (IPO). Since 2023, the Parent Company, which is wholly owned by the Government of the Sultanate of Oman via the Oman Investment Authority ("OIA" / "Ultimate Parent Company"), retains a 51% ownership stake in the Company.

The Company's operations were initially governed by the Concession Agreement dated August 22, 2000, ratified by Royal Decree 78/2000 on August 28, 2000. From January 1, 2018, a new revenue and tariff mechanism, the Regulatory Asset Base (RAB), was introduced via an amendment to the August 22, 2000 Tariff and Transportation Agreement ("Amended

TTA"). On June 9, 2020, the Company signed an Amended Concession Agreement with the Government of the Sultanate of Oman, which was ratified on October 28, 2020 by Royal Decree 122/2020. This Amended Concession Agreement, which supersedes the Amended TTA, maintains the same terms for determining and charging transportation charges, resulting in no change to the accounting treatment.

The Company's objective is to acquire, construct, operate, maintain, repair and augment gas transportation pipelines and perform other activities relating to the gas transportation.

The Company holds 100% ownership of Energy Infrastructure Company LLC ("EIC") (Previously Gas Transmission Company LLC ("GTC")) registered in the Sultanate of Oman which is non-operational and hence not consolidated. The Company plans to use EIC to conduct any non-regulated business in the future.

✧ 2 Significant Agreements

2.1 Concession Agreement

Amended Concession Agreement
On June 9, 2020, the Government of Sultanate of Oman (the "Government" or "GOSO"), acting through the Ministry of Energy and Minerals (MEM) and the Ministry of Finance (MOF), entered into an Amended Concession Agreement (the "Concession Agreement") with the Company (acting as an "Operator") to regulate the Natural Gas Transportation Network which mainly consists of gas transportation pipelines, gas supply stations and compressor stations.

As per the terms of the Concession Agreement, the Company will:

- design, finance, construct, acquire and own Natural Gas Transportation Network ("the Concession assets" or "Infrastructure" or "Regulated Asset Base" or "NGTN");
- maintain and repair the NGTN;
- protect the NGTN against all external interferences including physical and cyber related;
- use the NGTN to transport gas on behalf of MEM (the "Shipper") to the industrial consumers of the gas in Oman;
- connect new customers to the NGTN; and
- undertake all other technical and operational tasks to ensure he efficient operation of the NGTN.

In return, the Company charges a cost reflective tariff to the Shipper based on:

- a pre-determined rate of return on the Regulated Asset Base;
- an allowance for depreciation of the Regulated Asset Base; and
- an allowance to cover the operating expenses and pass through cost.

The term of the Concession Agreement is 50 years. At the end of the term of the Concession Agreement, the Infrastructure will be transferred to the Government against purchase consideration equal to the higher of gross value of Regulated Asset Base or the outstanding debt.

In 2023, MEM transferred their rights and obligations under the Concession Agreement to Integrated Gas Company ("IGC"), a state-owned company. Following the transfer, IGC started acting as the Shipper under the Concession Agreement.

The following key documents form part of the Concession Agreement:

RAB Revenue Rules
These rules describe the Price Control / Tariff Setting process, provide regulatory accounting guidelines and provide the computation mechanism of maximum allowed revenues.

RAB Tariff Rules
These rules focus on cost reflectivity and a stable tariff development and establish gas transportation tariff charges payable by the shippers and connected parties by reference to maximum allowed revenues.

Price Control Regulation
The Company's revenue is regulated under the price control framework established by the Authority for Public Service Regulation (APSR). The current Price Control Regulation 3 (PC3) agreement is effective from January 1, 2024, through December 31, 2027.

Transportation Framework Agreement ("TFA")
TFA entered between the Company (as gas transporter) and the MEM (as the Shipper). The purpose of TFA is to establish the contractual framework between the Company and the Shipper making the Transportation Code binding.

Previous Concession Agreement
The Previous Concession Agreement with the Government of the Sultanate of Oman was for a period of 27 years starting from 22 August 2000. Under the Previous Concession Agreement, the Company was granted a concession for the construction, ownership, operation and maintenance of two gas pipelines from Fahud to Sohar and from Saih Rawl to Salalah and the ownership, operation and maintenance of the Government Gas Transportation System. Under the Previous Concession Agreement, the Company was operating as an Agency of the Government. The terms of the Previous Concession Agreement have been amended by the Concession Agreement to implement fully the RAB structure.

2.2 Asset Transfer Agreements

The Company entered into an asset transfer agreement (the "Asset Transfer Agreement" or "ATA") with the Government of the Sultanate of Oman dated 13 May 2018, whereby the Company acquired the ownership of gas transportation facilities from the Government with effect from 1 January 2018 for a purchase price of RO 288,344,063 of which RO 174,821,600 was settled by issuing the shares to the Company's shareholders and remaining was settled in cash.

The Company entered into two separate ATAs with the Government of the Sultanate of Oman effective from 1 July 2019 and 31 December 2019 for purchase of gas transportation pipeline system and ancillary assets at a purchase price amounting to RO 183,669,552 and RO 42,616,114 respectively. As per the ATAs, 50% of the purchase price was settled by issuing the shares to the Company's shareholders and remaining was settled in cash.

The Company entered into an ATA on 3 August 2023 to acquire infrastructure assets from a related party for purchase price amounting to RO 16,828,427.

✳ 3 Accounting Policies

3.1 Basis of Preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by IASB, and the applicable requirements of the Commercial Companies Law of Oman 2019 and Ministerial Decision 146/2021 issuing Commercial Companies' Regulations and the applicable requirements of Financial Services Authority (FSA). These financial statements have been prepared on historical cost basis except for end of service benefits which have been measured at present value of defined benefit obligation based on actuarial valuation.

3.2 Adoptions of New and Revised International Financial Reporting Standards (IFRS)

New and amended standards and interpretations

New standards, amendments to standards and interpretations effective for the periods beginning on or after 1 January 2024 are set out below.

- Amendment to IAS 7 and IFRS 7, Supplier Finance Arrangements;
- Amendments to IFRS 16, Lease liability in a sale and leaseback;
- Amendments to IAS 1, Classification of liabilities as current or non current and non current liabilities with covenants.

The above amendments had no impact on the Company's financial statements.

New and amended IFRSs in issue but not yet effective

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

IFRS 18, Presentation and disclosure in financial statements. Effective date of this standard is annual periods beginning on or after 1 January 2027. The new standard introduces the following key requirements:

- Companies are required to classify all income and expenses into five categories in the statement of profit or loss, namely operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Company's net profit will not change.
- Management-defined Performance Measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Company is still in the process of assessing the impact of new standard on the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs.

The following new and amended accounting standards are not expected to have any impact on the Company's financial statements.

- Lack of exchangeability (Amendments to IAS 21)
- Classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7)
- Subsidiaries without public accountability (IFRS 19)

3.3 Summary of Accounting Policies

(a) Measurement of 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, regardless of whether that price is directly observable or estimated using another valuation technique.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
2. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
3. Level 3 inputs are unobservable inputs for the asset or liability.

(b) Functional and presentation currency

These financial statements are presented in Omani Rials (RO), which is the Company's functional and presentation currency. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(c) Service concession arrangement

As disclosed in note 2 of these financial statements, during 2020, the GOSO acting through the MEM has entered into a Concession Agreement with the Company.

Management has evaluated the applicability of IFRIC 12 and concluded that the concession agreement falls within the purview of the "financial assets" model as defined in IFRIC 12.

IFRIC 12 applies to public service concession contracts in which the grantor of the concession controls/ regulates:

- the services to be rendered by the operator (through utilization of the infrastructure), to whom and at what price; and
- any residual interest over the infrastructure at the end of the contract.

The Company's concession agreement is covered by IFRIC 12 for the following reasons:

1. the Company has a service concession agreement signed with Government of Oman for a 50-year period;
2. the Company renders transport services through utilization of NGTN;

3. the grantor controls the services rendered and the conditions under which they are rendered, through the regulator APSR; and
4. the assets used to render the services revert to the conceding entity at the end of the concession period.

IFRIC 12 defines the following models to account for the concession agreement:

1. Financial asset model – when the operator has the unconditional contractual right to receive cash or other financial asset from the grantor;
2. Intangible asset model – when the operator receives from the conceding entity the right to collect a tariff based on use of the structure;
3. Bifurcated/ mixed model –when the concession includes simultaneously commitments of guaranteed remuneration by the grantor and commitments of remuneration dependent on the level of utilization of the concession infrastructures.

Management decided that the most suitable model for its concession agreement is the financial asset model as the company has unconditional right to receive the cash for the construction services and there is no demand risk. As disclosed in note 2, the Company receives return on assets based on a pre-determined rate of return and an allowance for depreciation of the assets which is not dependent on the utilization of the assets.

In accordance with the requirements of the IFRIC 12, the Company recognised the assets recorded under the old arrangement as property, plant and equipment, as financial asset. The financial asset is increased by the various projects relating to the concession being recorded based on construction revenue, acquisition of infrastructure assets, finance income recognised using the effective interest rate method on the financial asset, and decreased by the payments received from the grantor. The financial asset is accounted for in line with the accounting policies stated below relating to the financial assets.

Contract asset

A contract asset is initially recognised for revenue earned from construction services. Upon completion of construction, the amount recognised as contract assets is reclassified to concession receivables.

Contract liability

A contract liability is recognised if the payments received or payments due (whichever is earlier) from the grantor exceed the revenue which the Company is entitled to under RAB revenue rules re-calculated based on the actual cost drivers.

Income on concession assets

Income on concession receivable and contract assets is recognized using the effective interest method. This income is only notional income and does not represent actual interest income received by the Company.

If the arrangement had not fallen under IFRIC 12, the Company would have recorded property, plant and equipment and revenue calculated under the RAB revenue rules. Further the cash outflows relating to construction services have been classified under investing activities in the cashflow statement as they reflect cash outflows resulting in the recognition of assets.

(d) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Construction of infrastructure

In accordance with IFRIC 12, construction of the infrastructure by the Company is a service that it provides to the grantor, distinct from the transportation, operation and maintenance service and, as such, will be remunerated by it. The Company assumes that there is a market based margin on the construction services equal to the rate of return on assets pre-agreed with the regulator. Construction costs and income relating to construction are recorded in the statement of profit or loss for the year, considering the requirements of IFRIC 12 in the captions "construction revenue" and "construction cost".

Revenue from construction of the Infrastructure is recognised over time on a surveys of performance completed to date or milestones reached. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Under the Concession Agreement, the Company invoices to the Shipper for the revenue allowed under the RAB revenue rules.

No revenue is recognised if it is not probable that the Company will collect the consideration to which the Company will be entitled in exchange for the services that will be provided to customers. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the Shipper's ability and intention to pay that amount of consideration when it is due.

Allowance for expenditures

Allowance for expenditure represents the Company's entitlement for a fixed allowance for operating and administrative expenses as per the RAB revenue rules. Revenue is recognised when the related costs are incurred satisfying the performance obligations.

Allowance for pass-through cost

Allowance for pass-through cost represents the reimbursement of fuel gas and regulator fees (together presented as pass through cost under operating expenses) and current tax expense, at actuals, as per the RAB revenue rules. Revenue is recognised when the related costs are incurred satisfying the performance obligations.

Project management services

Project management services fee has been accrued for providing supervision services on construction of various gas related projects to related and third parties. The revenue for these services is booked overtime.

(e) Capital work in progress

Capital work in progress is the cost incurred on project under construction not covered under the service concession agreement. Capital work-in-progress is measured at cost, net of accumulated impairment losses, if any, and is not depreciated until it is transferred to completed assets, which occurs when the underlying asset is ready for its intended use.

(f) Investment properties

Investment properties is initially measured at cost and subsequently in accordance with the cost model i.e. cost less accumulated depreciation and less accumulated impairment losses.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. Rental income from investment properties is recognised as other income.

The estimated useful life of investment properties is 30 years.

(g) Inventories

Stores and spares, raw materials and chemicals are valued at cost or net realisable value which is less. The cost of stores and spares is based on the weighted average cost principle and includes expenditure incurred in acquiring and bringing the items of inventory to their existing location and condition.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in bank and at hand, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company’s cash management.

(i) Contribution in aid of construction

When capital contributions in aid of construction are received toward the cost of constructing connection or any other assets, they are initially recorded at fair value as deferred income in the statement of financial position. These contributions are recorded as revenue over the useful life of the constructed asset.

(j) Financial instruments

Initial recognition and measurement of financial assets and financial liabilities

Financial assets and financial liabilities are recognised in the Company’s statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets, unless it is a trade receivable without a significant financing component, or financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. A trade receivable without significant financing component is initially measured at the transaction price.

For the transactions that has significant financing component the company has a policy choice to apply either the simplified approach or the general approach in accordance with IFRS 9.

Financial assets

Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets that meet both of the following conditions are measured at amortised cost and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Subsequent measurement and gains and losses

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

Amortised cost and effective interest rate method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Impairment of financial assets

The Company applies IFRS 9 Expected Credit Loss (ECL) Model;

Under IFRS 9, loss allowances are measured on either of the following bases:

- General approach (12 month ECL): these are ECLs that result from possible default events within 12 months after the reporting date; and

The Company does not have any financial assets classified as measured at FVOCI debt instruments or FVOCI – equity instruments.

- Simplified approach (Lifetime ECL): these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Company applies simplified approach to measuring credit losses, which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

General approach

The Company applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognised based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognised based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset. The Company applies general approach to all financial assets except trade receivable.

(i) Significant increase in credit risk

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

historical experience and informed credit assessment and including forward- looking information

To determine whether a financial instrument has low credit risk, the Company uses internal credit ratings which are mapped to the external credit rating agencies such as Moody's etc. The Company considers that rating within the investment grade are financial instruments with a low risk and have less likelihood of default. Where the external rating of a financial instrument is not available, the Company reviews the ability of the counterparty by reviewing their financial statements and other publicly available information.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held) or the financial asset is more than 90 days past due. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial

asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

1. significant financial difficulty of the issuer or the borrower;
2. a breach of contract, such as a default or past due event (see (ii) above);
3. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
4. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
5. the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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.

(v) Measurement of ECLs

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

Derecognition of financial assets

The Company derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or

- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Classification of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Company does not have financial liabilities that are classified as at FVTPL.

Subsequent measurement

All financial liabilities are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points

paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Off-setting

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 realise the asset and settle the liability simultaneously.

(k) 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 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 exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets an assessment is made at each reporting date to determine whether there is an indication that previously recognised

impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(l) Provisions

Provisions are recognised on the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that it will result in an outflow of economic benefit that can be reliably estimated.

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

(m) 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.

The Company as a lessee

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis

is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease or, if that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a separate line item in the statement of financial position.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

Right-of-use asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Vehicle leases run for a period of 3 years and infrastructure leases run for periods ranging from 3 to 30 years.

At each reporting date, the Company reviews the carrying value of right of use asset to determine if there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. If the recoverable amount is less than the carrying value, then an impairment loss is recognized in profit or loss.

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

(n) Employees' end of service benefits

Defined contribution plan

Company makes payment to the Omani Government Social Security scheme under Royal Decree 72/91 for Omani employees, calculated as a percentage of the employees' salary. The Company's obligations are limited to these contributions, which are expensed when due.

Defined benefit plan

The Company also provides end-of-service benefits to its expatriate employees in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law 2003 and its amendments subject to the completion of a minimum service period.

The Company's obligation in respect of the defined benefit plan is calculated by a qualified actuary under projected unit credit method, by estimating the amount of future benefit that employees have earned in the current or prior periods and discounting that amount.

Actuarial gains or losses arising from experience-based adjustments and changes in actuarial assumptions are recognized in other comprehensive income. Service costs and interest costs are recognized in profit or loss.

(o) Taxation

Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent it relates to items recognised directly in equity, in which case it is recognised in OCI. Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
 - is not a business combination; and
 - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

(p) Foreign currency

Items included in the Company’s financial statements are measured in Omani Rial (RO) which is the functional currency, being the economic environment in which the Company operates (the functional currency). These financial statements are presented in Omani Rial (the presentation currency).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss as they arise.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary

assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

(q) Earnings per share

The Company presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. If the number of shares changes as a result of a stock split or reverse stock split, the earnings per share for all periods presented is adjusted retrospectively as if the new shares had been outstanding during those periods.

(r) Dividend distribution

Dividend distribution is recognized as a liability in the period in which the dividends are approved by the Company’s shareholders.

(s) Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Substantially, all the assets of the Company form part of one concession agreement and one regulatory asset base model. The Company’s assets and services are managed as one segment. The chief operating decision maker considers the business of the Company as one operating segment and monitors accordingly. During the year, the company invested in pipelines for transporting hydrogen and carbon dioxide which are not part of the concession agreement (note 12). Since these assets are below the quantitative threshold specified in IFRS 8: Operating Segments, these are not reported as a separate segment.

✧ 4 Critical Judgements and Key Sources of Estimation Uncertainty

In preparing these financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty are as follows:

Critical judgments in applying accounting policies
The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the entity’s accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Concession Arrangement
Management has evaluated the applicability of IFRIC 12 and concluded that the concession agreement falls within the purview of the “financial assets” model as defined in IFRIC 12. The evaluation is disclosed in detail in note 3.3 (d).

Recognition of deferred tax assets
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

End of service benefits
The end of service benefits obligation is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

✧ 5 Revenue

	Notes	2024 RO	2023 RO
SERVICES TRANSFERRED OVER TIME:			
Construction revenue	5.1 & 13.2	36,254,860	59,621,210
Allowance for expenditures		30,920,241	24,403,041
Allowance for pass through cost		4,791,378	4,817,684
Project management and other services		228,236	127,051
		72,194,715	88,968,986

5.1 Construction revenue is recognized on market-based margin on the construction cost of RO 33,634,716 (2023: RO 55,637,561), equal to the rate of return on assets pre-agreed with the regulator.

5.2 All the revenue is generated from customers within the Sultanate of Oman.

* 6 Operating Expenses

	Notes	2024 RO	2023 RO
Employee costs	21.1	11,402,138	9,710,667
Repair and maintenance		4,905,068	4,346,710
Pass through costs		4,791,378	4,817,684
Insurance		2,553,555	1,702,629
Depreciation of right of use assets	14	813,326	863,335
Catering and accommodation		429,764	415,176
Health and safety cost		58,336	88,034
Provision of obsolete inventories	16	-	15,316
		24,953,565	21,959,551

* 7 Administrative Expenses

	Notes	2024 RO	2023 RO
Employee costs	21.1	8,988,180	8,010,249
Information technology cost		1,698,424	986,783
Legal and professional		965,860	671,387
Building and maintenance service		604,624	421,070
Travel		598,617	672,286
Utilities and office expenses		292,948	341,855
Depreciation of investment property	15	172,145	149,836
Donations		148,623	-
Allowance for expected credit loss	17.2	-	249,837
Other expenses		905,074	676,423
		14,374,495	12,179,726

Administrative expenses are presented net of reimbursement of expenses for operation and maintenance of RO 454,608 (2023: RO 480,437).

The total fee for audit and non-audit related services incurred to auditors for the year ended 31 December 2024 was RO 42,000 (2023: 45,000).

* 8 Finance Income

	Notes	2024 RO	2023 RO
Income on concession assets	8.1	74,667,152	72,729,609
Transfer from OCI on termination of hedge	8.2	-	8,769,328
Interest income on short term deposits and call accounts	8.3	961,402	1,690,904
		75,628,554	83,189,841

8.1 Income on concession assets is as follows:

Concession receivables	13.1	62,079,110	57,869,671
Contract assets	13.2	12,588,042	14,859,938
		74,667,152	72,729,609

8.2 On 15 June 2023, the Parent Company terminated the interest swap agreement with the Company after reassessing its risk management strategy following the refinancing of the Company's borrowings. Both parties were relieved of any obligation and liabilities associated with the agreement. This resulted in transfer of cumulative gain on the hedge of RO 8,769,328 from OCI to finance income. Since the termination was made at nil purchase consideration,

the loss on the termination of the interest swap agreement has been recognized within equity as an adjustment to the retained earnings.

8.3 Profit on call accounts in Islamic banks is RO 920,894 (2023: RO 559,590) and interest on call accounts in conventional banks is RO 40,508 (2023: RO 1,131,314). The call accounts had an interest / profit rate of 0.70% to 5.75% (2023: 3.8% to 5.45%).

* 9 Finance Cost

	Notes	2024 RO	2023 RO
Interest on term loan from commercial banks	9.1	24,162,611	18,849,769
Interest on lease liabilities	22	588,488	567,490
Amortization of deferred finance cost	20	478,904	2,363,966
Interest on loan from Parent Company	25(a)	-	32,151
		25,230,003	21,813,376

9.1 Interest on term loan from commercial banks was ranging from 5.7% and 7.25% (2023: 5.7% and 7.88%).

* 10 Other Income

	Notes	2024 RO	2023 RO
Allowance for operating expenditures related to prior years	10.1	5,276,189	-
Tender fee and others		523,779	108,915
Net exchange gain		324,562	-
Amortization of deferred income	23	279,022	24,361
Income from investment property	25(a)	297,113	1,739,412
Scrap sales		242,588	-
Reversal of provision for obsolete inventories	16	2,941	-
		6,946,194	1,872,688

10.1 During the year, the regulator agreed to provide an adjustment for additional allowance for operating expenditures to the Company related to prior years.

* 11 Taxation

As per Article 4 of the RAB Revenue Rules of the Amended Concession Agreement with the Government of Sultanate of Oman, the Shipper will reimburse all Oman income tax liabilities to the Company. Any current tax expense is recognised and reimbursement of same from the Shipper is recognised under allowance for expenditures as revenue.

The Company is subject to income tax in accordance with the Income Tax Law of the Sultanate of Oman at the enacted tax rate of 15% (2023: 15%) of taxable income. For the purpose of determining the taxable results for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes includes items related to both income and expense. These adjustments are based on the current understanding of the existing tax laws, regulations and practices.

The effective tax rate for the year is 15.5% (2023: 11.1%).

(a) Tax expense

The taxation charge for the year is comprised of:

	2024 RO	2023 RO
CURRENT TAX		
• Prior year	-	(45,431)
	-	(45,431)
DEFERRED TAX		
• in respect of current year	8,431,259	6,974,944
• in respect of prior year	350,000	-
	8,781,259	6,974,944
	8,781,259	6,929,513

(b) Tax reconciliation

The reconciliation of taxation on the accounting profit at the applicable rate of 15% and the taxation charge in these financial statements is as under:

	2024 RO	2023 RO
Profit before tax	56,576,684	62,441,301
Tax on accounting profit @15%	8,486,503	9,366,195
ADD / (LESS) TAX EFFECT OF:		
Tax exempt revenues	(55,244)	(2,391,251)
Prior year deferred tax	350,000	-
Prior year current tax	-	(45,431)
	8,781,259	6,929,513

The Company’s tax assessments have been completed and agreed with Oman Taxation Authorities for all years up to 31 December 2021. The Company’s management is of the opinion that additional taxes, if any, assessed for the open tax years would not be material to the Company’s financial position as at 31 December 2024.

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 project. Under Pillar Two, multinational enterprises (MNEs) whose annual revenue exceeds EUR750 million (in two of the last four years) are liable to pay corporate income tax at a minimum effective tax rate of 15% in each jurisdiction they operate. The enacted law includes the implementation of a Domestic Minimum Top-up Tax (DMTT) and Income Inclusion Rule (IIR). These rules are effective for fiscal years beginning on or after 1 January 2025. Management is awaiting the issuance of detailed regulations and is in process of assessing the impact of these rules on the Company.

(c) Deferred tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15% (2023: 15%).

The deferred tax liability and deferred tax charge in the profit or loss and other comprehensive income are attributable to the following items:

	1 January 2024	Charge to profit or loss	Charged to other com- prehensive income	Transferred to retained earnings on termination of hedge	31 December 2024
	RO	RO	RO	RO	RO
TAXABLE TEMPORARY DIFFERENCES					
Effect of accelerated tax depreciation	47,590,431	11,447,026	-	-	59,037,457
Right of use assets	1,250,292	155,583	-	-	1,405,875
DEFERRED TAX LIABILITIES	48,840,723	11,602,609	-	-	60,443,332
DEDUCTIBLE TEMPORARY DIFFERENCES					
Brought forward losses	(3,013,341)	(2,585,623)	-	-	(5,598,964)
Lease liability	(1,361,288)	(235,727)	-	-	(1,597,015)
DEFERRED TAX ASSETS	(4,374,629)	(2,821,350)	-	-	(7,195,979)

	1 January 2023	Charge to profit or loss	Charged to other com- prehensive income	Transferred to retained earnings on termination of hedge	31 December 2023
	RO	RO	RO	RO	RO
TAXABLE TEMPORARY DIFFERENCES					
Effect of accelerated tax depreciation	39,033,452	8,556,979	-	-	47,590,431
Right of use assets	1,295,884	(45,592)	-	-	1,250,292
Derivatives	1,479,555	-	67,973	(1,547,528)	-
DEFERRED TAX LIABILITIES	41,808,891	8,511,387	67,973	(1,547,528)	48,840,723
DEDUCTIBLE TEMPORARY DIFFERENCES					
Brought forward losses	(1,430,574)	(1,582,767)	-	-	(3,013,341)
Provision	(5,168)	5,168	-	-	-
Lease liability	(1,402,444)	41,156	-	-	(1,361,288)
DEFERRED TAX ASSETS	(2,838,186)	(1,536,443)	-	-	(4,374,629)

At the reporting date, the Company has cumulative tax losses of RO 39.7 million (2023: RO 20.1 million) available for adjustment from future taxable

profits. The management has determined that the cumulative tax losses will expire from 2026 to 2029.

* 12 Capital Work in Progress

	2024 RO	2023 RO
AT 1 JANUARY	-	-
Additions during the year	940,337	-
At 31 December	940,337	-

Capital work in progress represents work done on project to construct pipelines to transport hydrogen and carbon dioxide. This relates to project under construction not covered under the service concession agreement.

✳ 13 Concession Assets

13.1 Concession receivables

	Notes	2024 RO	2023 RO
At 1 January		801,750,879	815,070,529
Acquisition during the year	13.3	-	16,828,427
Transferred from contract assets	13.2	163,311,810	4,174,125
Adjustment for penalties		-	(1,447,618)
Transferred from / to investment property	15	893,295	(3,899,781)
Income on concession assets during the year	8	62,079,110	57,869,671
Billed during the year	13.4	(87,900,465)	(86,844,474)
		940,134,629	801,750,879
CLASSIFIED AS:			
Non-current asset		909,265,346	772,021,688
Current asset		30,869,283	29,729,191
		940,134,629	801,750,879

13.2 Contract assets

	Notes	Due from Shipper RO	Due from others (note 13.6) RO	Total RO
At 1 January 2024		240,290,734	899,950	241,190,684
Additions during the year	5	36,254,860	-	36,254,860
Transferred to concession receivables upon completion	13.1	(163,311,810)	-	(163,311,810)
Adjustment		2,183,268	-	2,183,268
Income on concession assets during the year	8	12,588,042	-	12,588,042
Billed during the year	13.4	(11,859,717)	-	(11,859,717)
AT 31 DECEMBER 2024		116,145,377	899,950	117,045,327

	Notes	Due from Shipper RO	Due from others (note 13.6) RO	Total RO
At 1 January 2023		182,290,147	1,802,283	184,092,430
Additions during the year	5	59,621,210	-	59,621,210
Transferred from / (to) receivable from a related party		1,136,267	(902,333)	233,934
Transferred to concession receivables upon completion	13.1	(4,174,125)	-	(4,174,125)
Income on concession assets during the year	8	14,859,938	-	14,859,938
Billed during the year	13.4	(13,442,703)	-	(13,442,703)
AT 31 DECEMBER 2023		240,290,734	899,950	241,190,684

13.3 During 2023, the Company acquired infrastructure assets from a related party for RO 16,828,427.

13.4 This represents the revenue under the RAB revenue rules, calculated based on the actual cost drivers, and comprises of:

	Notes	2024 RO	2023 RO
Return on RAB assets and working capital		76,438,050	71,866,103
Depreciation allowance		23,322,132	28,421,074
		99,760,182	100,287,177

Billed during the year has been categorized in concession receivable and contract asset as below

	Notes	2024 RO	2023 RO
Billed during the year against concession receivable	13.1	87,900,465	86,844,474
Billed during the year against contract asset	13.2	11,859,717	13,442,703
		99,760,182	100,287,177

13.5 Concession receivables and contract assets have effective interest rate of 7.42% (2023: 7.43%) per annum and will be settled / recovered over the term of the Concession Agreement.

13.6 Due from others include receivable on account of the Pipe rack on behalf of a related party to be constructed at Salalah Port.

13.7 Income on concession assets and billed during the year are presented in the statement of cashflows as cashflow from operating activities as below:

	Notes	2024 RO	2023 RO
Billed during the year	13.4	99,760,182	100,287,177
Income on concession assets during the year		(74,667,152)	(72,729,609)
		25,093,030	27,557,568

13.8 For the purposes of impairment assessment, the concession receivables are considered to have low credit risk as the counterparty of this receivable is Integrated Gas Company (which is considered as equivalent of the Government of Oman). For the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12 months ECL using general approach.

None of the balances at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings, the management of the Company has assessed that ECL is insignificant, and hence have not recorded any loss allowances on these balances.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance.

* 14 Right-of-Use Assets

The Company leases building, land for various infrastructure and vehicles for operations.

	Notes	Leasehold land RO	Motor vehicles RO	Building RO	Total RO
At 1 January 2024		7,932,536	-	402,741	8,335,277
Additions	22	1,779	1,828,128	20,645	1,850,552
Depreciation	6	(261,258)	(369,781)	(182,287)	(813,326)
AT 31 DECEMBER 2024		7,673,057	1,458,347	241,099	9,372,503
At 1 January 2023		8,140,152	205,296	299,788	8,645,236
Additions	22	83,183	220,716	249,477	553,376
Depreciation	6	(290,799)	(426,012)	(146,524)	(863,335)
AT 31 DECEMBER 2023		7,932,536	-	402,741	8,335,277

* 15 Investment Properties

	Notes	2024 RO	2023 RO
COST			
At 1 January		5,060,140	1,160,359
Transfer from concession receivable	13.1	-	3,899,781
Transfer to concession receivable	13.1	(995,372)	-
At 31 December		4,064,768	5,060,140
ACCUMULATED DEPRECIATION			
At 1 January		324,412	174,576
Depreciation for the year	7	172,145	149,836
Transfers to concession receivables	13.1	(102,077)	-
At 31 December		394,480	324,412
CARRYING AMOUNT		3,670,288	4,735,728

On 31 December 2019, the Head Office building was transferred to investment property because it was no longer used by the Company in rendering the services under the concession arrangement. During the year, the building was transferred back to concession receivable.

During 2023, the Fahud accommodation building was transferred to investment property because it was no longer use by the Company in rendering services under the concession arrangement. The accommodation is rented out to a related party and the rent is recorded as other income. The fair value assessment of the investment property was carried out by management resulting in fair value of RO 3.6 million (2023: RO 5.5 million) which is higher than the carrying value.

Fair value measurement

The fair value measurement of the investment property is a level 3 fair value measurement calculated based on discounted cash flows using significant unobservable inputs.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Property description	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Five story commercial building with basement floor, Plot No. 4, Al Khuwair area 41, at Wilayat Bausher.	Income capitalization: The valuation model uses the income the property generates to estimate fair value.	2023 - Rent per month at RO 33,096 - Annual yield 10.8%	The estimated fair value would increase / (decrease) if: - Monthly rent was higher / (lower); - Annual yield is higher / (lower);
80 room accommodation in Fahud		2024 and 2023 - Rent per month at RO 62,643 - Maintenance expenses per month at RO 37,884 - Annual yield 7.4%	The estimated fair value would increase / (decrease) if: - Monthly rent was higher / (lower); - Maintenance expense was (higher) / lower - Annual yield is higher / (lower);

* 16 Inventories

	Notes	2024 RO	2023 RO
Stores, spares and consumables		2,980,426	2,758,441
Less: Provision for obsolete inventories	16.1	(11,813)	(17,309)
		2,968,613	2,741,132

16.1 Movement in the provision for obsolete inventories is as follows:

	Notes	2024 RO	2023 RO
At 1 January		17,309	34,450
(Reversal) / charge for the year	6 & 10	(2,941)	15,316
Provision written off		(2,555)	(32,457)
AT 31 DECEMBER		11,813	17,309

☀ 17 Trade and Other Receivables

	Notes	2024 RO	2023 RO
Receivables from IGC	17.1 & 25 (c)	11,866,225	11,226,498
Due from related parties	25 (d)	462,967	933,395
		12,329,192	12,159,893
Prepaid insurance		160,328	144,562
Project management fee receivable from third parties		757,384	328,425
Advances to employees		37,687	74,146
Advances to contractors		76,403	675,238
Accrued revenue		60,625	49,700
Other receivables		283,526	1,373,913
Allowance for expected credit losses	17.2	(21,010)	(21,010)
		13,684,135	14,784,867

17.1 Receivable from IGC represents revenue receivable on account of invoices billed to IGC. The average credit period on invoices raised to the customer is 30 days. No interest is charged on outstanding trade receivables.

17.2 As at reporting date, the Company had recognized an allowance for expected credit losses of RO 21,010 (2023: RO 21,010) against project management fee receivable from third parties.

Movement of allowance for expected credit loss is as follows:

	Notes	2024 RO	2023 RO
As at 1 January		21,010	-
Allowance for expected credit loss	7	-	249,837
Bad debt written off	17.4	-	(228,827)
31 DECEMBER		21,010	21,010

17.3 The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes

forward-looking information. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

17.4 During 2023, advances to employees of RO 226,627 and project management fee receivable from third parties of RO 2,200 were written off. There are no write-offs in 2024.

All trade and other receivables are expected to be realized within one year of the reporting date.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank. Accordingly, the management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None

of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no significant impairment loss.

☀ 19 Share Capital and Reserves

19.1 Share capital

The Company's authorized share capital is RO 500,000,000 (2023: RO 500,000,000).

The paid-up share capital comprises of 4,330,623,920 shares of RO 0.1 each (2023: 4,330,623,920 shares of RO 0.1 each).

Details of shareholders who hold 10% or more of the Company's shares are as follows:

The shareholding at the reporting date is as follows:

	Number of shares	% of share holding	Number of shares	% of share holding
	2024	2024	2023	2023
OQ SAOC	2,201,618,200	51.00	2,201,618,200	51.00

19.2 Legal reserve

Article 132 of the Commercial Companies Law of Sultanate of Oman requires that 10% of the Company's net profit after tax to be transferred to a non-distributable legal reserve until the amount of the legal reserve equals to one-third of the Company's share capital. This reserve is not available for distribution. During the year, RO 4.78 million (2023: RO 5.55 million) has been transferred to legal reserve.

On 7 January 2024, the shareholders approved to pay a dividend of 7.62 baissa per share relating to the third quarter ended on 30 September 2023.

On 18 March 2024, the shareholders approved to pay a final dividend of 2.54 baissa per share relating to the last quarter of the year ended 31 December 2023.

On 20 October 2024, the shareholders approved to pay a dividend of 5.75 paisa per share relating to the six-month period ended on 30 June 2024.

Dividends approved subsequent to the reporting date are disclosed in note 34.

19.3 Dividends

On 26 June 2023, the shareholders in an ordinary general meeting approved the issue of 96,275,000 bonus shares of RO 1 each through capitalization of retained earnings.

☀ 18 Cash and Cash Equivalents

	2024 RO	2023 RO
Cash at bank	15,807,469	23,759,086
Cash in hand	8,842	11,877
CASH AND CASH EQUIVALENTS	15,816,311	23,770,963

Cash at bank comprises of cash at Islamic banks of RO 15,167,816 (2023: RO 21,824,100) and cash at conventional banks of RO 639,653 (2023: RO 1,934,986).

* 20 Term Loans

	Notes	2024 RO	2023 RO
Term loans	20.1	358,488,300	333,124,380
Less: unamortized transaction cost	20.2	(3,550,566)	(3,656,025)
		354,937,734	329,468,355
ANALYSED AS FOLLOWS:			
Non-current		345,669,934	320,193,115
Current		9,267,800	9,275,240
		354,937,734	329,468,355

20.1 The change in the term loans during the year is as follows:

	Notes	2024 RO	2023 RO
At 1 January		333,124,380	252,902,873
Drawdowns during the year		35,000,000	337,762,000
Repayment during the year		(9,267,800)	(257,540,493)
Exchange gain		(368,280)	-
AT 31 DECEMBER		358,488,300	333,124,380

20.2 The change in unamortized transaction cost during the year is as follows:

	Notes	2024 RO	2023 RO
At 1 January		3,656,025	2,108,192
Paid during the year		373,445	3,911,799
Amortised during the year	9	(478,904)	(2,363,966)
AT 31 DECEMBER		3,550,566	3,656,025

20.3 On 19 June 2023, the Company entered into two unsecured conventional term financing facilities of RO 60 million, denominated in Omani Rial and RO 86.65 million (USD225 million), denominated in US Dollars, with a syndicate of financial institutions.

On 19 and 20 June 2023, the Company entered into two Wakala Facility Agreements with local and regional banks, of RO 165 million, denominated in Omani Rial and RO 152.11 million (USD395 million), denominated in US Dollars.

20.4 Drawdowns

During the year, the Company made a drawdown of RO 35 million on these facilities. At the reporting date, the unutilized balance of the term loans was RO 91 million (2023: RO 126 million)

20.5 Repayments

These facilities are repayable in semi-annual instalments commencing six months after the date of execution of the relevant agreement, with the final

instalment of the Omani Rial denominated facilities representing 70% of the relevant facility amount repayable on their 10th anniversary; and the final instalment of the USD denominated facilities representing 82% of the relevant facility amount repayable on their 7th anniversary.

20.6 Interest

Interest on Omani Rial denominated facilities is payable at the rate of 5.70% per annum until the 4th anniversary and thereafter at the base rate (the monthly "Private Sector OMR Time Deposit" rate as published in the most recent CBO Bulletin) plus 2% per annum, while interest on USD denominated facilities is payable at the compounded SOFR rate, plus the applicable margin, which is set at 1.9% per annum, amended in December 2024 to 1.25%.

20.7 Covenants

The Company is not subject to any financial ratio covenant in relation to these facilities.

* 21 Employees Costs

21.1 Employee costs comprise the following:

	Notes	2024 RO	2023 RO
Wages and salaries		13,156,891	11,819,122
Current service cost on long term benefits		99,471	100,688
Contributions into unfunded defined contribution plan		1,240,687	1,134,568
Other benefits		5,893,269	4,666,538
		20,390,318	17,720,916
EMPLOYEE COST IS CLASSIFIED AS BELOW:			
Operating expenses	6	11,402,138	9,710,667
Administrative expenses	7	8,988,180	8,010,249
		20,390,318	17,720,916

21.2 Employee end of service benefits

The movement in employees' end of service benefits is as follows:

	Notes	2024 RO	2023 RO
At 1 January		512,356	556,772
Paid to related party on transfer of employees	25 (a)	-	(241,061)
Received from related party on transfer of employees	25 (a)	-	309,950
Charge for the year	21.1	99,471	100,688
Un-realised actuarial gain	21.2	44,919	(29,343)
Paid during the year		(78,593)	(184,650)
AT 31 DECEMBER		578,153	512,356

The amount of actuarial gain or loss recognised in the statement of other comprehensive income

	2024 RO	2023 RO
Experience adjustment	23,280	(29,343)
Change in financial assumption (discount rate)	21,639	-
	44,919	(29,343)

At reporting date, the amount of obligation for expatriate employees is computed by actuarial valuations using the projected unit credit method as per IAS 19. Following are the key assumptions used in the actuarial valuation:

	2024 RO	2023 RO
Discount rate	5.25%	6%
Future salary increase	3%	3%
Retirement age in years	60	60

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2024 RO		2023 RO	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% points)	(16,693)	18,013	(15,351)	16,027
PROJECTED SALARY (0.50% POINTS)	18,212	(16,590)	16,424	(15,861)

22 Lease Liabilities

	Notes	2024 RO	2023 RO
Gross lease liabilities		34,783,132	21,459,372
Future finance charges		(24,136,364)	(12,384,116)
		10,646,768	9,075,256
CLASSIFIED AS:			
Non-current		10,448,558	8,887,425
Current		198,210	187,831
		10,646,768	9,075,256

The movement in lease liabilities is as follows:

	Notes	2024 RO	2023 RO
As at 1 January		9,075,256	9,349,629
Additions during the year	14	1,850,552	553,376
Accretion of interest	9	588,488	567,490
Payments		(867,528)	(1,395,239)
AT 31 DECEMBER		10,646,768	9,075,256
Interest expense recognised in profit or loss	9	588,488	567,490
TOTAL CASH OUT FLOWS FOR LEASES		867,528	1,395,239

The Company does not face a significant liquidity risk with regard to its liabilities. Lease liabilities are monitored within the Company’s treasury function. Maturity analysis of the lease liabilities is disclosed in note 29.

23 Deferred Income

The Company has received contributions in aid of construction of connection assets. Movement in the liability recognized in the statement of financial position is as follows:

	Notes	2024 RO	2023 RO
At 1 January		4,673,519	4,864,801
Contributions received		1,028,875	98,683
Contribution reversed		(160,995)	(265,604)
Recognized as income	10	(279,022)	(24,361)
AT 31 DECEMBER		5,262,377	4,673,519

24 Trade and Other Payables

	Notes	2024 RO	2023 RO
Payables to contractors for construction contracts		16,582,271	26,648,517
Contract liability		17,810,816	12,962,719
Accrued expenses and provisions		10,566,109	7,637,740
Trade payables		4,251,900	11,220,450
Interest payable on term loan		753,226	803,289
Due to related parties	25 (e)	108,440	578,795
Other payables		3,057,135	2,282,213
		53,129,897	62,133,723

25 Related Parties

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 Related Party Disclosures. Related parties comprise the shareholders, directors, key management personnel and business entities that have the ability to control or exercise significant influence over financial and operating decisions of the Company. The Company maintains balances with these related parties which arise in the normal course of business from the commercial transactions at mutually agreed terms. Outstanding balances at year end are unsecured and settlement occurs in cash.

Government of Sultanate of Oman (the Government) indirectly owns the Company. The Company has applied the exemptions in IAS 24 related to transactions with the Government and other entities controlled, jointly controlled or significantly influenced by the Government. In this respect, the Company has disclosed certain information, to meet the disclosure requirements of IAS 24, in this note.

Most of the related party transactions are with the Government / state owned entities (such as IGC) and with the entities under common control by the Parent Company.

(a)	Notes	2024 RO	2023 RO
TRANSACTIONS WITH SHIPPER			
Invoiced to IGC under RAB revenue rules		145,596,087	137,946,289
Classified as:			
Allowance for expenditures	5	30,920,241	24,403,041
Allowance for pass-through costs	5	4,791,378	4,817,684
Allowance for operating expenditures related to prior years	10	5,276,189	-
Billed during the year against concession receivable	13.1	87,900,465	86,844,474
Billed during the year against contract assets	13.2	11,859,717	13,442,703
Recognized in contract liability	24	4,848,097	8,438,387
		145,596,087	137,946,289
REVENUE FROM IGC			
Construction revenue	5	36,254,860	59,621,210
Concession income	13	74,667,152	72,729,609
Fuel gas cost		4,591,362	4,359,180
TRANSACTIONS WITH OTHER RELATED PARTIES			
Income from investment property	10	297,113	1,739,412
Interest on loan from Parent Company	9	-	32,151
Other income		345,450	-
Training cost		107,263	217,043
IT related services cost to Parent Company		1,459,114	1,040,039
Acquisition of concession receivable	13.1	-	16,828,427
End of service benefits paid to related party on transfer of employees	21	-	241,061
End of service benefits received from related party on transfer of employees	21	-	309,950

(b) Key management personnel compensation is as follows:

Key management compensation and board remuneration during the year is as below:

	2024 RO	2023 RO
Short term benefits (Wages and salaries)	131,007	111,287
Other benefits	45,817	34,293
Board remuneration	123,694	75,000
	300,518	220,580

(c) Receivables from IGC (note 17)

	2024 RO	2023 RO
RECEIVABLES FROM INTEGRATED GAS COMPANY	11,866,225	11,226,498

(d) Amounts due from Parent Company and other related parties under common control (note 17)

	2024 RO	2023 RO
Parent Company	-	67,357
Subsidiaries of the Parent Company	462,967	866,038
	462,967	933,395

(e) Amounts due to Parent Company and other related parties under common control (note 24)

	2024 RO	2023 RO
Parent Company	107,180	375,111
Subsidiaries of the Parent Company	1,260	203,684
	108,440	578,795

✧ 26 Commitments and Contingencies

The Company is defending certain actions brought by a contractor in relation to work carried out by him for the Company. The Company is also defending action brought by MEM to indemnify MEM for penalties it incurred due to delays in project delivery. Although liability is not admitted, if the defence against the actions by the contractor and MEM is unsuccessful, then the Company may be liable for an amount of RO 20.9 million (2023: RO 19.7 million) out of which RO 19.5 million relates

to the action by MEM. The Parent Company has agreed to indemnify the Company from and against any amount determined to be payable by the Company in respect of the MEM claim. Based on legal advice, the Company’s management believes that the defence against the actions will be successful.

As at reporting date, the Company had commitments pertaining to the capital projects under construction of RO 15.8 million (2023: RO 42.2 million).

✧ 27 Earnings per Share

Earnings per share are calculated by dividing the profit for the year by number of weighted average shares issued during the year.

	2024 RO	2023 RO
Profit for the year	47,795,425	55,511,788
Weighted average number of shares	4,330,623,920	4,330,623,920
BASIC AND DILUTED EARNINGS PER SHARE (BAIZAS)	11.04	12.82

✧ 28 Financial Instruments

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in note 3 to the financial statements.

	Notes	2024 RO	2023 RO
FINANCIAL ASSETS (AT AMORTISED COST)			
Concession receivables	13.1	940,134,629	801,750,879
Trade and other receivables excluding advances	17	13,570,045	14,035,483
Cash and cash equivalents	18	15,816,311	23,770,963
		969,520,985	839,557,325
FINANCIAL LIABILITIES (AT AMORTISED COST)			
Term loans	20	354,937,734	329,468,355
Lease liabilities	22	10,646,768	9,075,256
Trade and other payables excluding contract liability	24	35,319,081	49,171,004
		400,903,583	387,714,615

The carrying amounts of financial asset and financial liabilities recognized in the financial statement approximate their fair values unless stated otherwise.

✧ 29 Financial Risk Management

29.1 Market Risk

The Company’s activities expose it to a variety of financial risks including the effects of changes in market risk, (including foreign exchange risk and interest rate risk) liquidity risk and credit risk. 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. Risk management is carried out by the management under policies approved by the Board of Directors.

Market risk is the risk that changes in market prices, such as foreign currency rates and interest rates 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 on risk.

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company is exposed to foreign currency risk arising from currency exposures primarily with respect to the US Dollar. The Omani Rial is pegged to the US Dollar. Since most of the foreign currency transactions are in US Dollars, management believes that the currency rate fluctuations would have an insignificant impact on the post-tax profit.

(ii) Interest rate risk

The Company is exposed to interest rate risk as it borrows funds at floating interest rates. Further, the Company is exposed to interest rate risk on its interest bearing assets (bank deposits) and loan from related party. The Company manages interest rate risk by placing deposits for short periods to earn interest at market rates. The management monitors the interest rate risk by setting limits on the interest rate gaps for stipulated periods.

At the reporting date, interest rate risk profile of the Company's interest-bearing financial instrument was:

	Notes	2024 RO	2023 RO
FIXED RATE INSTRUMENTS			
TERM LOAN FROM COMMERCIAL BANKS	20	127,250,000	96,750,000
FLOATING RATE INSTRUMENTS			
TERM LOAN FROM COMMERCIAL BANKS	20	231,238,300	236,374,380

Sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial instruments at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

Sensitivity analysis for floating rate instruments

For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. At reporting date, if interest rates on USD denominated borrowings had been 1% higher/lower with all other variables held constant, profit for the year would have been lower / higher, mainly as a result of higher / lower interest expense on floating rate liabilities as shown below:

	Notes	2024 RO	2023 RO
TERM LOAN	20	2,312,383	2,363,744

29.2 Liquidity Risk

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

Responsibility for liquidity risk management rests with the Board of Directors. The Board has built an appropriate liquidity risk management framework

for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows.

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2024	Carrying amount	Contractual cash flows	Up to 1 year	1 to 5 years	Over 5 years
	RO	RO	RO	RO	RO
Term loans	354,937,734	487,751,648	31,463,069	141,573,993	314,714,586
Lease liabilities	10,646,768	34,783,132	1,579,616	5,583,230	27,620,286
Trade and other payables excluding contract liability	35,319,081	35,319,081	35,319,081	-	-
	400,903,583	557,853,861	68,361,766	147,157,223	342,334,872
2023	Carrying amount	Contractual cash flows	Up to 1 year	1 to 5 years	Over 5 years
	RO	RO	RO	RO	RO
Term loans	329,468,355	473,597,426	15,905,997	130,969,714	326,721,715
Lease liabilities	9,075,256	21,459,372	620,221	2,273,611	18,565,540
Trade and other payables excluding contract liability	49,171,004	49,171,004	49,171,004	-	-
	387,714,615	544,227,802	65,697,222	133,243,325	345,287,255

Trade payables are interest free. The amounts included above for variable interest rate instruments for financial liabilities (as disclosed in interest rate risk section of this note) is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

continues to monitor the willingness of the customer to pay the amount receivable and provide for any amounts deemed unrecoverable, therefore the Company considers the credit risk to be minimal.

With respect to credit risk arising from the other financial assets of the Company, including cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company limits its credit risk with regard to bank balances by only dealing with banks with acceptable credit rating.

In order to minimise credit risk, the management develop and maintain the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

29.3 Credit Risk

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

As at reporting date, the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

The Company has significant concentration of credit risk with the Government of the Sultanate of Oman represented by the Shipper. The management

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

The tables below details the credit quality of the Company's financial assets carried at amortised cost and contract assets, as well as the Company's maximum exposure to credit risk by credit risk rating grades. Based on ECL model, loss allowance on other financial assets are not recognised being not material.

	External credit rating	12-month or lifetime ECL	Gross amount (Discounted) RO	ECL %	Loss allowance RO	Net carrying amount RO
2024						
Concession receivables	Ba1	12 months	940,134,629	-	-	940,134,629
Cash and bank balances	Ba1	12 months	15,816,311	-		15,816,311
Trade and other receivables excluding advances	-	Lifetime	13,591,055	-	(21,010)	13,570,045
			969,541,995		(21,010)	969,520,985
2023						
Concession receivables	Ba2	12 months	801,750,879	-	-	801,750,879
Cash and bank balances	Ba2	12 months	23,770,963	-	-	23,770,963
Trade and other receivables excluding advances	-	Lifetime	14,056,493	-	(21,010)	14,035,483
			839,578,335	-	(21,010)	839,557,325

The status of past due balances of financial assets are as follows:

	Gross amount (Discounted) RO	Not due RO	Past due Upto 30 days RO	Upto 365 days RO	Over 365 days RO
2024					
Concession receivables	940,134,629	940,134,629	-	-	-
Cash and bank balances	15,816,311	15,816,311	-	-	-
Trade and other receivables excluding advances	13,570,045	12,196,318	380,092	390,179	603,456
	969,520,985	968,147,258	380,092	390,179	603,456
2023					
Gross carrying amount:					
Concession receivables	801,750,879	801,750,879	-	-	-
Cash and bank balances	23,770,963	23,770,963	-	-	-
Trade and other receivables excluding advances	14,035,483	13,105,883	2,463	415,926	511,211
	839,557,325	838,627,725	2,463	415,926	511,211

Details of basis of ECL allowance on each financial asset is given in note 3 and notes of respective financial asset.

The exposure to credit risk for trade and other receivables at the reporting date relates customers originating from Oman only.

✧ 30 Capital Risk Management

The Company's policy is to maintain an optimum capital base to maintain investor, creditor and market confidence to sustain future growth of business as well as return on capital.

The Board of Directors monitors the return on equity. The Board of Directors also monitors the level of dividends to ordinary shareholders. There were no changes in the Company's approach to capital management during the year.

The Company's management reviews the capital structure of the Company on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The gearing ratio at reporting date was 35% (2023: 32%).

and term deposits) and equity of the Company (comprising issued capital, reserves and retained earnings). Lease liabilities are excluded from the calculation of net debt.

The capital structure of the Company consists of gearing ratio being net debt (interest bearing borrowings offset by cash and bank balances

Gearing ratio
The gearing ratio at year end was as follows:

	2024 RO	2023 RO
Net debt	339,121,423	305,697,392
Total equity	625,829,861	646,980,227
TOTAL CAPITAL EMPLOYED	964,951,284	952,677,619
Gearing ratio	35%	32%

✧ 31 Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("COD"). COD, 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 these financial statements. The strategic business unit is managed as one segment. For the strategic business unit, COD 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. COD considers the business of the Company as one operating segment and monitors accordingly. The requirements of IFRS 8: Operating Segments – paragraphs 31 to 34 relating to entity wide disclosures have been covered under statement of financial position, statement of profit and loss and other comprehensive income and also in notes 1 to 4 to these financial statements.

* 32 Reconciliation of Changes in Liabilities to Cashflows Arising from Financing Activities

The below table details changes in in the Company's liabilities arising from financing activities including both cash and non-cash changes:

	At 1 January	Financing cash inflow	Financing cash outflow	Non cash items	At 31 December
2024					
Term loan from commercial banks	333,124,380	35,000,000	(9,267,800)	(368,280)	358,488,300
Loan issuance cost	(3,656,025)	-	(373,445)	478,904	(3,550,566)
Finance lease liability	9,075,256	-	(867,528)	2,439,040	10,646,768
	338,543,611	35,000,000	(10,508,773)	2,549,664	365,584,502
2023					
Term loan from commercial banks	252,902,873	337,762,000	(257,540,493)	-	333,124,380
Loan issuance cost	(2,108,192)	-	(3,911,799)	2,363,966	(3,656,025)
Loan from Parent Company	137,600,804	-	(136,710,500)	(890,304)	-
Finance lease liability	9,349,629	-	(1,395,239)	1,120,866	9,075,256
	397,745,114	337,762,000	(399,558,031)	2,594,528	338,543,611

* 33 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 longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels. 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 currently in the process of embedding climate related risks in its Risk Management Framework as part of its commitment towards OQGN's Sustainability strategy, that includes setting proper risk appetite metrics and maintaining policies, processes and controls to incorporate environmental and climate change risks in the management of its risk categories.

The Company acknowledges the need for further efforts to fully integrate climate in the Company's risk assessments and management protocols.

* 34 Subsequent Event

In a meeting held on 5 March 2025, the board of directors proposed a final dividend of 4.92 baizas per share for the second half of the year ended 31 December 2024.

* 35 Comparative Information

Certain comparatives information has been reclassified to conform to the presentation for the current year. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or equity.

* 36 General

Figures have been rounded off to the nearest RO unless otherwise stated.

Appendix

Glossary

APSR	Authority for Public Services Regulation
ARC	Audit Risk Committee
BAT	Best available techniques
BCM	Billion cubic meters
BCM	Business continuity management
BCP	Business continuity plan
BEC	Board Executive Committee
BHT	Brand Health Tracker
BVS	Block valve station
Bz	Baisa (subunit of the Omani rial; 1,000 baisa = 1 Omani rial)
CAGR	Compound annual growth rate
CCL	Commercial Companies Law
CCUS	Carbon capture, utilization, and storage
CEO	Chief executive officer
CFO	Chief financial officer
CMA	Capital Market Authority
CP	Cathodic protection
CRL	Rich and Lean Gas Segregation Project
CSI	Corporate social investment
DWDM	Dense wavelength-division multiplexing

EBITDA	Earnings before interest, taxes, depreciation, and amortization
EDRMS	Electronic Document Record Management System
EIA	Environmental Impact Assessment
E-PTW	Electronic permit to work
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
ESG	Environmental, social, and governance
ESIA	Environmental and Social Impact Assessment
FDI	Foreign direct investment
FID	Final investment decision
FMS	Fiscal metering system
FSA	Financial Services Authority
GDP	Gross domestic product
GHG	Greenhouse gas
GNH	Gas Network Hub
GRI	Global Reporting Initiative
GSS	Gas supply station
HSE	Health, safety, and environment
IFRS	International Financial Reporting Standards
ICV	In-country value

IGC	Integrated Gas Company
IPO	Initial public offering
ISO	International Organization for Standardization
JSA	Job Safety Analysis Guideline
KPI	Key performance indicator
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
LTI	Lost time injury
LTNDP	Long-Term Network Development Plan
MCM	Million cubic meters
MEM	Ministry of Energy and Minerals
MoU	Memorandum of understanding
MSX	Muscat Stock Exchange
Mtpa	Million tons per year
MVIF	Motor vehicle incident frequency
NDA	Non-disclosure agreement
NGTN	Natural Gas Transportation and Distribution Network
NPS	Net Promoter Score
NRC	Nomination and Remuneration Committee
OLNG	Oman Liquefied Natural Gas

OMR	Omani rial
OQGN	OQ Gas Networks
OXY	Occidental Petroleum Corporation
PC	Price Control Period
PDO	Petroleum Development Oman
QHSSE	Quality, health, safety, security, and environment
RAB	Regulatory Asset Base
RTP	Remote Techno Plug technology
SAOC	Société Anonyme Omanaise Close (an Omani closed joint stock company)
SAOG	Société Anonyme Omanaise Générale (an Omani public joint stock company)
SCADA	Supervisory control and data acquisition
SEZAD	Special Economic Zone at Duqm
SOGL	South Oman Gas Line
TRIF	Total recordable injury frequency
WACC	Weighted average cost of capital