Unaudited notes to the condensed financial information
for the nine-month period ended 30th September 2026 (continued)

1. Legal status and principal activities

Muscat City Desalination Company SAOG (the "Company") is a public joint stock company registered in the Sultanate of Oman. The Company was incorporated on 19 January 2013. The Company's principal activity is the sale of desalinated water. The Company commenced commercial production of potable water on 19 February 2016. The Company is listed on the Muscat Stock Exchange from 2 January 2018. Shareholding of the Company is disclosed in note 7.

2. Key agreements

Water Purchase Agreement
On 11 February 2013 the Company signed a long-term Water Purchase Agreement (WPA) with Oman Power and Water Procurement Company SAOC for the supply of 42 million imperial gallons of water per day. The agreement expires 20 years after the Scheduled Commercial Operation Date of 12 October 2014, subject to any extension period or early termination arising under the terms of the agreement.

Engineering, Procurement and Construction Contract
The Company entered into an agreement for the construction of a desalination plant with a capacity of 42 million imperial gallons of water per day with International Water Treatment LLC ("the EPC Contractor") on a turnkey basis which was completed during 2016.

Operation and Maintenance (O&M) contract
The O&M contract, which runs for 20 years after the Scheduled Commercial Operation Date of 12 October 2014, was entered into by the Company on 27 November 2013 and amended on 21 October 2017 with Muscat City Desalination Operation and Maintenance Co LLC, a related party, a company registered in the Sultanate of Oman, for operation and maintenance of the plant.

3. Summary of significant accounting policies

This condensed interim financial information is presented in Rials Omani (﷼) since that is the currency in which majority of the Company's transactions are denominated and all values are rounded to the nearest thousand (﷼'000) except when otherwise stated.

Basis of preparation and statement of compliance

The interim condensed interim financial information of the Company is prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2025.

The condensed interim financial information does not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company's annual financial statements as at 31 December 2025. In addition, results for the nine months period ended 30 September 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

Unaudited notes to the condensed financial information
for the nine-month period ended 30th September 2026 (continued)

4. Property, plant and equipment

	Civil and structural works ﷼'000	Plant and machinery ﷼'000	Pipelines ﷼'000	Decommissioning asset ﷼'000	Spares ﷼'000	Furniture, fixtures and office equipment ﷼'000	Motor vehicles ﷼'000	Capital-work-in-process ﷼'000	Total ﷼'000
Cost									
1 January 2026	31,342	46,948	19,977	770	672	237	45	-	99,991
Additions	-	4	13	-	-	2	-	-	19
Transfers/Disposal	-	-	-	-	(185)	-	-	-	(185)
30 September 2026	**31,342**	**46,952**	**19,990**	**770**	**487**	**239**	**45**	**-**	**99,825**
Accumulated depreciation									
1 January 2026	7,727	11,556	4,915	92	161	138	37	-	24,626
Charge for the period	588	900	375	17	11	29	2	-	1,922
Transfers/Disposal	-	-	-	-	(46)	-	-	-	(46)
30 September 2026	**8,315**	**12,456**	**5,290**	**109**	**126**	**167**	**39**	**-**	**26,502**
Carrying value 30 September 2026	**23,027**	**34,496**	**14,700**	**661**	**361**	**72**	**6**	**-**	**73,323**

Unaudited notes to the condensed financial information
for the nine-month period ended 30th September 2026 (continued)

4. Property, plant and equipment *(continued)*

	Civil and structural works ﷼'000	Plant and machinery ﷼'000	Pipelines ﷼'000	Decommissioning asset ﷼'000	Spares ﷼'000	Furniture, fixtures and office equipment ﷼'000	Motor vehicles ﷼'000	Capital-work-in-progress ﷼'000	Total ﷼'000
Cost									
1 January 2025	31,347	46,924	19,964	579	667	195	45	3	99,724
Additions	-	24	13	191	2	42	-	-	272
Transfers	(5)	-	-	-	3	-	-	(3)	(5)
31 December 2025	31,342	46,948	19,977	770	672	237	45	-	99,991
Accumulated depreciation									
1 January 2025	6,944	10,356	4,415	70	144	107	34	-	22,070
Charge for the year	783	1,200	500	22	17	31	3	-	2,556
31 December 2025	7,727	11,556	4,915	92	161	138	37	-	24,626
Carrying value									
31 December 2025	23,615	35,392	15,062	678	511	99	8	-	75,365

4. Property, plant and equipment *(continued)*

Property, plant and equipment are mortgaged as security for the borrowings of the Company (note 8).

Depreciation charge for the period is recognised as follows:

	Unaudited 30 September 2026 ﷼'000	Unaudited 30 June 2025 ﷼'000
Operating costs (note 15)	**1,896**	1,892
Administrative and general expenses (note 16)	**31**	25
	1,927	1,917

Operating costs include depreciation on right-of-use asset of ﷼ 5,342.940.

5. Trade and other receivables

	Unaudited 30 September 2026 ﷼'000	Audited 31 December 2025 ﷼'000
Trade receivables	**1,611**	1,438
Prepayments and other receivables	**121**	95
Deposits	**3**	3
	1,735	1,536

6. Cash and cash equivalents

	Unaudited 30 September 2026 ﷼'000	Audited 31 December 2025 ﷼'000
Cash in hand	**-**	-
Cash at bank	**620**	1,198
Short term deposits	**3,064**	1,154
	3,684	2,352

The short-term deposits are denominated in US Dollars and are with Sumitomo Mitsui Banking Corporation Limited in London with maturities of less than one month. These deposits yield interest at an insignificant rate.

Unaudited notes to the condensed financial information
for the nine-month period ended 30th September 2026 (continued)

7. Capital and reserves

(a) Share capital

The authorised share capital comprises of 250,000,000 (2019: 250,000,000) ordinary shares of 100 Baiza each and the issued share capital comprises 155,550,400 (2019: 155,550,400) fully paid-up shares of 100 Baiza each.

The Shareholders of the Company are:

	Unaudited 30 September 2026		Audited 31 December 2025	
	Number of shares	**%**	Number of shares	%
Summit Water Middle East Company	**50,553,880**	**32.5**	50,553,880	32.5
Malakoff Oman Desalination Company Limited	**50,553,880**	**32.5**	50,553,880	32.5
Others	**54,442,640**	**35.0**	54,442,640	35.0
	155,550,400	**100**	155,550,400	100

The two main shareholding companies are registered in Cayman Islands and British Virgin Islands respectively

(b) Legal reserve

Article 132 of the Commercial Companies Law (promulgated by Royal Degree 18/2019) requires that 10% of a company's net profit be transferred to a non-distributable statutory reserve until the amount of the statutory reserve becomes equal to at least one-third of the Company's paid up share capital.

(c) Dividend

During the Annual General Meeting held on 26 March 2026 ("AGM"), the Company's shareholders resolved to authorise the Board of Directors to determine and distribute cash dividends in May and November 2026, out of the retained earnings of the Company as reflected in the Company's audited financial statements for the financial year ended 31 December 2025, provided that the aggregate amount of the dividends shall not exceed Baiza 5.464 per share (i.e. totalling circa ﷼ 850,000), to the Company's shareholders who are registered in the Company's shareholders' register at the Muscat Clearing & Depository Company SAOC as at dates to be determined by the Board of Directors.

Pursuant to the authority granted by the shareholders at the above-mentioned AGM, the Board of Directors, at its meeting held on 22 April 2026, resolved to distribute cash dividends with a value of Baiza 2.732 per share out of the Company's retained profits for the period ended 31 December 2025 to the shareholders who are registered in the Company's register at the Muscat Clearing & Depository Company SAOC as at 17 May 2026, amounting to ﷼ 425,000. The dividend was paid in May 2026.

The Board of Directors, at its meeting held on 26 October 2026, have resolved the distribution of cash dividends of value 2.732 baizas per share out of the retained profits for the period ended 31 December 2025, pursuant to the authority granted by the shareholders at the Annual General Meeting held on 26 March 2026, to the shareholders who are registered in the Company's register as at 17 November 2026 amounting to circa RO 425,000 and will be paid in November 2026.

Unaudited notes to the condensed financial information
for the nine-month period ended 30th September 2026 (continued)

8. Term loans

	Unaudited 30 September 2026 ﷼'000	Audited 31 December 2025 ﷼'000
Term loans	**36,540**	39,422
Less: deferred finance charges	**(571)**	(627)
	35,969	38,795
Less: current portion of term loans	**(3,957)**	(3,873)
Non-current portion of term loans	**32,012**	34,922

Facilities
On 25 July 2013, the Company entered into a long-term financing agreement for loan facilities ("the term loans") in the aggregate maximum amount of ﷼ 81,451,616 (USD 211,837,752) with a consortium of international banks. On 28 September 2023, the Company entered into rate switch amendment agreements, for loan facilities and interest rate swap derivatives with the lenders and hedging providers respectively, which are to provide for the transition from USD LIBOR to the secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York.

Interest
The term loans bear interest at three-month USD LIBOR plus margin until 11 July 2023. Effective from 12 July 2023, the term loans bear interest at cumulative compounded SOFR plus credit adjustment spread and margin. The effective interest rate for the period was 5.16% (31 December 2025: 5.16%).

Security
The term loans are secured by a commercial mortgage over the Company's assets and a legal mortgage over the Company's rights, title and interest in the Usufruct Agreement dated 11 February 2013. In addition, a charge has been created over all of the Company's shares.

Covenants
The facilities agreements contain certain covenants relating to liquidity. These include restrictions on the debt/equity ratio, the debt service coverage ratio and the loan life cover ratio. The Company satisfied with these covenants for the interest period in 2026.

9. Hedging Reserve

Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cashflow hedging instruments related to hedge transactions that have not yet occurred. In accordance with the Common Terms Agreement, the Company is required to enter into interest rate hedging agreements to cap the Company's exposure to fluctuating interest rates. This requirement covers the term loans.

The hedging arrangement obliges the Company to pay fixed interest at the rate of 2.86% per annum on a quarterly basis for the term loans. These cash flow hedges were assessed as highly effective as at 30th September 2026 (For the year ended 31 December 2025: highly effective).

Unaudited notes to the condensed financial information
for the nine-month period ended 30th September 2026 (continued)

9. Hedging Reserve (*continued)*

In a process of Libor transition to new benchmark, the Company entered into revised IRS Confirmation Agreements in 2023, by which, the Company changed the reference rate from Libor to Daily Cumulative Compounded Secured Overnight Financing Rate (SOFR) with the adjustment of International Swaps and Derivatives Association (ISDA) fallback Credit Adjustment Spread. After the transition, the interest rate swaps have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount.

The classification of the fair values of the derivative financial instruments based on the remaining period to maturity from the reporting date is as follows:

	Unaudited 30 September 2026	Audited 31 December 2025
	﷼'000	*﷼'000*
Current portion	**235**	110
Non-current portion	**1,895**	995
Cumulative changes in fair value	**2,130**	1,105
Cumulative changes in fair value are recognised as follows:		
Cumulative changes in fair value	**2,130**	1,105
Related deferred tax liability / asset	**(320)**	(166)
Cumulative changes in fair value, net of deferred tax	**1,810**	939

10. Provision for decommissioning obligation

The decommissioning cost represents the present value of management's best estimate of the future cost to remove the facilities and restore the affected area at the Company's leased site to its original condition. The estimate has been made on the basis of an independent report by a professional consultant, discounted at 5.89% to its present value over the plant's estimated remaining useful life of 31 years.

11. Shareholders' bridge loans

	Unaudited 30 September 2026	Audited 31 December 2025
	﷼'000	﷼'000
Summit Water Middle East Company	**789**	789
Malakoff Oman Desalination Company Limited	**789**	789
Sumitomo Corporation	**2,129**	2,129
Malakoff International Limited	**2,129**	2,129
Interest accrued	**59**	31
	5,895	5,867
Less: current portion of Shareholders' bridge loans	**(700)**	(700)
Non-current portion of Shareholders' bridge loans	**5,195**	5,167

11. Shareholders' bridge loans *(continued)*

Facilities

The Shareholders' loans of ﷼ 1,691,800 (USD 4,400,000) were provided in October 2015. Further Shareholders' loans of ﷼ 4,037,250 (USD 10,500,000) were provided during the year ended 31 December 2016. Further, amount due to related parties (ultimate shareholders) of ﷼ 4,257,842 (USD 11,073,711) were converted into shareholders' loan in July 2017.

The Shareholders' loans are due for repayment subject to the consent of the term loan lenders which is dependent on cash flows.

The Shareholders' loan will be repaid in line with the projections in IPO prospectus and waterfall mechanism. An amount of ﷼ 600,000 was paid in November 2025. An amount of ﷼ 700,000 will be repaid within the next 12 months.

12. Shareholders' stand – by equity loans

	Unaudited 30 September 2026 ﷼'000	Audited 31 December 2025 ﷼'000
Summit Water Middle East Company	**377**	377
Malakoff Oman Desalination Company Limited	**377**	377
	754	754

Facilities
The Shareholders' stand-by equity loans of ﷼ 837,031 (USD 2,176,932) were provided in November 2015. In March 2018, the Shareholders' stand-by equity loans of ﷼ 83,703 (USD 217,693) provided by Cadagua Al Ghubrah UK Limited were repaid.

13. Accruals and other payables

	Unaudited 30 September 2026 ﷼'000	Audited 31 December 2025 ﷼'000
Trade payables	**1,451**	1,233
Other payables	**682**	651
	2,133	1,884

Trade and other payables include an amount of ﷼ 1,037,378 (31 December 2025: ﷼ 1,006,673), due to Muscat City Desalination Operation and Maintenance Company LLC, a related party.

Unaudited notes to the condensed financial information
for the nine-month period ended 30th September 2026 (continued)

14. Related party transactions

Related parties comprise the shareholders, directors, key management personnel and any business entities in which these parties have the ability to control or exercise significant influence. The Company maintains significant balances with these related parties which arise in the normal course of business. The terms and conditions of related party transactions are mutually agreed.

	Unaudited 30 September 2026 £'000	Unaudited 30 September 2025 £'000
Operation and maintenance cost to Muscat City Desalination Operation and Maintenance Company LLC	**3,622**	3,580
Other cost to Muscat City Desalination Operation and Maintenance Company LLC	**(90)**	50
Electricity bonus transferred	**203**	190
Interest expense on Shareholders' loans	**89**	98
Key management compensation	**174**	169
Director sitting fees and Allowances	**27**	29

15. Operating costs

	Unaudited 30 September 2026 £'000	Unaudited 30 September 2025 £'000
Operation and maintenance cost	**3,450**	3,409
Electricity charges	**3,452**	3,474
Depreciation (note 4)	**1,896**	1,892
	8,798	8,775

16. Administrative and general expenses

	Unaudited 30 September 2026 £'000	Unaudited 30 September 2025 £'000
Employee costs	**320**	312
Insurance	**164**	162
Legal and professional expenses	**65**	62
Depreciation (note 4)	**31**	25
Others	**144**	144
	724	705

Unaudited notes to the condensed financial information
for the nine-month period ended 30th September 2026 (continued)

17. Finance costs (net)

	Unaudited 30 September 2026 ﷼'000	Unaudited 30 September 2025 ﷼'000
Interest expense on term loans and interest swaps	**1,474**	1,632
Interest expense on Shareholders' bridge loan	**89**	98
Amortisation of deferred finance cost	**57**	57
Interest income on term deposits	**(35)**	(34)
Other finance cost	**79**	72
	1,664	1,825

18. Income tax
No provision for income tax has been made for the period ended 30th September 2026 in view of the taxable losses for the period.

Deferred tax arises on account of tax losses and temporary differences between the tax base of assets and liabilities and their carrying values in the statement of financial position. Deferred tax asset on losses has been recognised to the extent of future taxable income as management consider it probable that sufficient taxable income may arise prior to their expiry to obtain the benefits therefrom.

19. Earnings per share

	Unaudited 30 September 2026	Unaudited 30 September 2025
Profit for the period (﷼ in '000s)	**2,033**	1856
Weighted average number of shares outstanding during the period (in thousands)	**155,550**	155,550
Earnings per share (basic and diluted) (Baiza)	**13**	12

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

	Unaudited 30 September 2026	Audited 31 December 2025
Net assets (﷼ in '000)	**27,961**	25,482
Number of shares outstanding at period end (in thousands)	**155,550**	155,550
Net assets per share (Baiza)	**180**	164
Net assets per share excluding hedging reserve (Baiza)	**168**	158

Unaudited notes to the condensed financial information
for the nine-month period ended 30th September 2026 (continued)

21. Lease commitments

The Company adopted IFRS 16 from 1 January 2019 for a plot of land on which the plant is built has been leased from the Government of the Sultanate of Oman (represented by the Ministry of Housing) for a period of 25 years from 11 February 2013. The lease term can be extended by an additional 25 years at the request of the Company. Lease rental is paid at the rate of ﷼ 15,045 per annum.

22. Financial instruments

The Company's financial risk management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2025.