

Board of Directors report

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Audited Annual Report 2024 of OQ Base Industries (SFZ) S.A.O.G. (“OQBI” or the “Company”) and its Subsidiary for the financial year ended 31st December 2024.

The year 2024 was a period of significant transformation and growth for our Company. We adeptly navigated various challenges, seized emerging opportunities, and delivered exceptional results across all areas of our operations. A key milestone in our journey was the successful completion of Initial Public Offering (IPO), where 49% of our share capital was offered to the public. The shares commenced trading on the Muscat Stock Exchange (MSX) on 15 December 2024, marking a pivotal moment in our corporate history. Additionally, we remain fully committed and complied with requirements of Sharia regulations, ensuring that all regulatory and governance standards were rigorously met throughout this process.

Health, Safety, Security & Environment (HSSE)

The Company has achieved remarkable progress in its Health, Safety, Security, and Environmental (HSSE) performance, demonstrating enhanced alignment with its annual HSSE objectives. A strong culture of health and safety management has contributed to exceptional safety results as of 31 December 2024. Both the Company’s methanol and LPG plants have successfully obtained relevant certifications, while the ammonia plant is in the process of securing similar accreditations in the areas of environmental, health, safety, and quality management. These advancements underscore the effectiveness of the Company’s safety initiatives, risk management strategies, and sustainability practices, reinforcing its unwavering commitment to maintaining a safer and more environmentally responsible operational framework.

Operating Performance

The Group is the only integrated producer in Oman of methanol, ammonia and LPG Products, The LPG products include propane, butane, condensate and LPG (cooking gas). The Group has achieved 31.7% higher production cumulatively for Methanol and Ammonia (1,538 MT) for twelve months period ended 31 December 2024 compared to (1,168 MT) for the same period ended 31 December 2023. The increase in production was due to effective utilisation of plant (106% and 113%) respectively for Methanol and Ammonia plants. Likewise, LPG plant has achieved utilisation of 117% resulting in 8.5% higher production for LPG products (364 MT) for Twelve months period ended 31 December 2024 as compared to volume produced of 336 MT in same period last year.

OQBI Group has exceeded the production targets for the year 2024.

Group Financial Performance Analysis

OQBI Group’s revenue increased by OMR 38.6 million, or 19.7 per cent, to OMR 234.8 million for the year ended 31 December 2024, compared to OMR 196.2 million for the year ended 31 December 2023. The increase in revenue is largely driven by Methanol product with an increase in revenue from Methanol of OMR 34.3 million or 44.4 per cent, with a total of OMR 111.6 million for the year ended 31 December 2024, compared to OMR 77.3 million for the year ended 31 December 2023. The Methanol revenue increment was due to 30 per cent higher volume and due to 11 per cent increase in the average sales price compared to 2023.

The Company has an increased adjusted EBITDA by OMR 10.0 million, or 11.8 per cent, to OMR 94.6 million for the year ended 31 December 2024, compared to OMR 84.6 million for the year ended 31 December 2023. Adjusted EBITDA has increased primarily due to increase in revenue by OMR 38.6 million which is partially offset by increase in gas consumption charge by OMR 15.9 million in the Parent Company and additional notional gas provision of OMR 14.1 million in the subsidiary.

Net profit for the year ended 31 December 2024 decreased by OMR 7.1 million, or 14.9 per cent, to OMR 40.4 million, compared to OMR 47.5 million for the year ended 31 December 2023. The decrease in net profit for the year was primarily due to an increase of notional provision of rich gas by OMR 14.1 million, or 50.4 per cent, to OMR 41.8 million in 2024 compared to OMR 27.8 million in 2023, one-off impairment of an OMR 5.3 million from a related party receivable in 2024 compared to nil in 2023 and a decline in finance income by OMR 14.9 million or 76.7 per cent, to OMR 4.5 million as compared to OMR 19.4 million due to the early maturity of fixed deposits to comply with IPO Sharia requirements.

The net profit was enhanced through offsetting effects where finance costs decreased by OMR 7.8 million or 28 per cent mainly due to discontinuation of hedge derivatives for the Group which has resulted in an additional gain of OMR 8 million or 52 per cent to OMR 23.5 million, compared to OMR 15.4 million hedge income for year ended 31 December 2023. Further, costs saw a reduction within administrative and general expenses of OMR 0.5 million, and additional other income of OMR 1.0 million.

Acknowledgments

I would like to take this opportunity to thank all our stakeholders and OQBI dedicated employees for their continued support.

On behalf of the Board of Directors, the management and all OQBI employees, we would like to express our sincere and deep gratitude to the vision and wise great leadership of the country's leader for maintaining sustainable growth and prosperity of the Omani Economy. Also wishes to place on the record thanks and gratitude to the Oman Investment Authority, Government Ministries , Integrated Gas Company, Muscat Stock Exchange, Financial Services Authority and Muscat Clearing & Depository, Shareholders, Bankers, and the Company suppliers for their guidance and support.

Thank you once again for your trust, support, and partnership. Together, we will continue to achieve greatness and contribute to a sustainable and prosperous future.

On behalf of the Board of Directors

Ali Al Lawati

OQBI Board Chairman