

3.1 Directors' Report to the Shareholders

Dear Owners of Summit Power Limited,

As-salamu-alaikum.

On behalf of the Board of Directors, I present the Annual Report of Summit Power Limited (SPL) for the fiscal year ended 30th June 2025. This year has been marked by significant transitions, with both cyclical challenges and strategic progress. While our financial performance was impacted by the scheduled closure of several legacy assets, we have taken decisive steps to strengthen our foundation for a sustainable and profitable future.

The global and local energy landscape is undergoing a profound transformation. We are navigating this shift with a **clear strategy: to responsibly manage our existing portfolio, resolve legacy issues, and aggressively pivot towards renewable energy and new growth opportunities.** Our resilience, strong governance, and the unwavering support of our stakeholders position us well for this next chapter.

1. Executive Summary

A Year of Transition & Resilience, highlighting our strategic initiatives and key achievements

The past year was marked by a 39% decrease in net profit to BDT 3,391 million, impacted by asset impairments, but demonstrating resilience through strategic measures.

Despite this, our core operations remain robust. We demonstrated financial discipline by reducing finance costs by 15.5%. We continued to receive significant profit contributions from our strategic investments, including BDT 879 million from Summit Meghnaghat Power Company Limited (SMPCL) this year.

The Board has recommended a final cash dividend of 10.5% (BDT 1.05 per share), reflecting our commitment to sharing our success with you, even in a challenging year.

2. Strategic & Operational Review

2.1. Portfolio Transformation: Managing the Asset Lifecycle

We proactively managed the natural lifecycle of our assets. Four plants were fully non-operational, and three operated on a reduced "No Electricity, No Payment" basis before ceasing operations. In response, we have initiated a structured asset disposal program:

Madanganj Power Plant (102 MW): A sale agreement has been signed with SABSON ENERGY FZCO (UAE).

Other Non-Operational Plants: We are actively exploring the sale of the Rupganj, Maona, Ullapara, and Jangalia plants to international buyers.

This strategic divestment will free up capital and allow us to reallocate resources to future growth areas.

2.2. Financial Performance: Navigating Headwinds

A summary of the current and the corresponding year's consolidated financial performance:

Particulars	For the Year Ended		Change	
	30th June 2025 (in million BDT)	30th June 2024 (in million BDT)	In million BDT	In %
Revenue	42,244	45,205	(2,961)	(6.6%)
Cost of Sales	(36,132)	(36,581)	449	(1.2%)
Gross Profit	6,111	8,624	(2,512)	(29.1%)
Operating Profit	5,604	8,222	(2,618)	(31.8%)
Finance expenses	(2,791)	(3,304)	513	15.5%
Profit after Income Tax	3,391	5,560	(2,169)	(39.0%)

Key Financial Drivers:

- **Impairment Impact:** The BDT 1,380 million impairment loss is a direct result of our prudent accounting practices and the planned closure of older plants.
- **Strong Associates:** Robust earnings from our stake in SMPCL, which successfully repaid its USD 190 million foreign loan, underscore the Group's financial credibility.
- **Reduced Finance Costs:** Lower interest expenses and a stable foreign exchange environment contributed to a 15.5% decrease in finance costs.

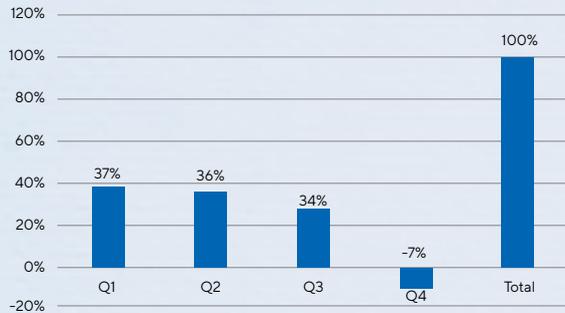
The details of the reasons relating to the above have been mentioned in the "Financial Review" section of the annual report.

2.3 Analysis of Quarterly and Annual Financial Statements

In the first, second, and third quarters, Summit Power's profit remained stable with no significant variations.

However, in the fourth quarter, profit declined sharply due to a BDT 1,380 million impairment from the shutdown of seven plants after PPA expiry, with three operating on a "No Electricity, No Payment" basis and four entirely idle during the year. This was partly offset by lower financial expenses from stable exchange rates and reduced interest costs.

% of quarterly profit on total Profit

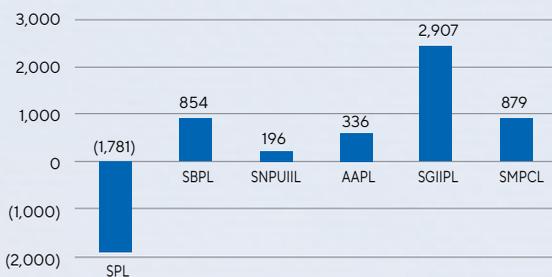


Bar chart: Percentage of profit/loss in each quarter.

Quarter	Consolidated Net Profit in Million BDT
1st	1,279
2nd	1,205
3rd	1,160
4th	(253)
Total	3,391

Recently, SMPCL has fully repaid its **USD 190 million foreign project financing** to an international consortium of lenders. This milestone strengthens Bangladesh's image as a credible and responsible partner in global finance.

Net profit of FY 2024-25 (in BDT Million)

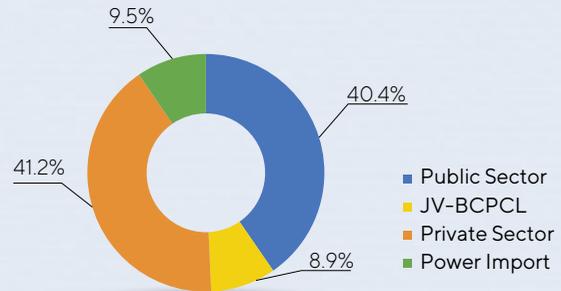


Bar Chart: The contribution of SPL, along with its subsidiaries and associate companies, to its net profit after tax is shown in the bar chart.

2.4. Our Market Leadership

SPL, together with its subsidiaries and associates within the Summit Group, remains the most significant private power producer in Bangladesh, with a total portfolio of 2,036 MW and an 18% market share in the private sector. Your Company, SPL, operates 733 MW across eight plants and holds a 7% market share.

Breakdown of the installed capacity of Public and Private Sector in Bangladesh



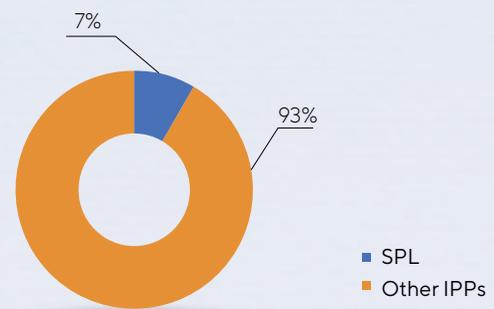
Graph: The country's total installed capacity is 28,098 MW, distributed across various sectors as shown in the graph above. (Source: BPDB Annual Report 2023-24)

Installed Capacity of Power Plants as of 30 June 2024 (MW)

Public Sector	
BPDB	6350
APSCCL	1394
EGCB	1032
RPCL	182
NWPGCL	1401
B-R Powergen Ltd. (BRPL)	312
CPGCBL	575
Joint Venture (BCPCL)	
	2478
Private Sector	
IPP/SIPP	10478
Rental	137
NENP (no Electricity No Payment)	852
REB (for PBS's only)	251
Power Import	2,656
System Total Installed Capacity (MW)	28,098

Source: BPDB Annual Report 2023-2024.

Market Share in Private Sector



* Total Capacity in Private Sector 11,467 MW

Pie Chart: Presently, your Company, SPL, operates an installed capacity of 733 MW. In the IPP sector, SPL serves 7% of the

market through 8 power plants. SPL, along with its associate companies, is the largest private-sector power producer in Bangladesh, with a market share of around 18%.

2.5 Financial Statements and Directors' Reports of all the Subsidiaries

The Financial Statements and Directors' Reports of all the subsidiaries have been presented in the "Brief Disclosures of Subsidiaries" of the Annual Report.

Additional operating and financial data, as well as analytical reviews, have been presented in the "Financial Highlights", "Business Review", and "Financial Review" sections of the Annual Report. Also, discussions on Cost of Goods Sold, Gross Profit Margin, and Net Profit Margin have been elaborated in the "Financial Review" section, and the "Performance Review of Our Plants by Various Segmentation" section presents five years of plant performance.

3. Our Growth Strategy: Building the Future of Energy

Our strategy is built on **three pillars** to ensure long-term value creation:

- Expand Renewable Energy Portfolio:** We will actively pursue opportunities under the new government policy, "বেসরকারি অংশগ্রহণে নবায়নযোগ্য জ্বালানি নির্ভর বাণিজ্যিক বিদ্যুৎ উৎপাদন নীতিমালা, ২০২৫", investing in solar, wind, and other clean energy sources.
- Pioneer Energy Storage Solutions:** We are evaluating investments in energy storage to enhance grid stability and unlock the full potential of intermittent renewables.
- Optimize Capital & Resolve Legacy Issues:** We are committed to unlocking value from non-core assets and actively resolving the long-standing receivable of BDT 6,956 million from BREB, for which we continue to pursue all available legal avenues with confidence.

4. Dividend

The Board is pleased to recommend a final cash dividend of 10.5% (BDT 1.05 per share), amounting to BDT 1,121 million. This is subject to shareholder approval at the 28th Annual General Meeting (AGM) on 24th December 2025.

During the FY 2024-25, the net profit attributable to owners of the Company amounted to BDT 408 million. The Company's financial situation for the year ended 30th June 2025 for appropriation is as follows:

Profit Appropriation	Amount (in million BDT)
Net Profit for the Year	408
Profit Brought Forward	20,081
Profit Available for Appropriation	20,489
Appropriations:	
Proposed Final Cash Dividend	1,121
Total Appropriation for the Year	(1,121)
Transferred to Retained Earnings	19,368

4.1 Unclaimed Dividend

According to BSEC Directive No. BSEC/CMRRCD/2021-386/03 dated 14th January 2021, SPL has transferred BDT 45,459,140 to the Capital Market Stabilization Fund (CMSF) for the financial year ending on 30th June 2025. The rest of the amounts payable to shareholders have been published through the 'Investor Relations' section of the Company website.

A summary of the unclaimed dividend has also been presented in the Annual Report under the section 'Other Disclosures'.

5. Governance & Leadership

5.1. Board of Directors

- Mr. Mohammad Latif Khan, Mr. Muhammad Farid Khan, and Mr. Faisal Karim Khan will retire by rotation and, being eligible, offer themselves for re-election.
- Ms. Farzanah Chowdhury was appointed as an Independent Director on 12th December 2024. Her appointment will be placed for formal shareholder approval at this AGM.

The composition of the Board and its activities, along with other disclosures, have been detailed in the "Statement of Corporate Governance" section.



Founder Chairman of Summit Group observing live plant operation

5.2. Corporate Governance

We maintain the highest standards of governance through our:

- Code of Conduct and Ethics (2011)
- Corporate Governance Code (2018)
- Code of Conduct for the Board and CEO (2021)

Our Board Committees (Audit and Nomination & Remuneration) function robustly to ensure oversight and accountability.

Taking advantage of the group's reputation and management expertise, the Investment Committee assesses new business opportunities and investments to support the future growth of Summit Power Limited..

5.3. Directors' Remuneration and Other Benefits

Remuneration, performance, and other related perquisites/benefits of Executive Directors are reviewed annually and approved by the Board after having the recommendation of NRC as disclosed in Notes 34.1 of the financial statements. Non-Executive Directors, including Independent Directors, are paid only an attendance fee per meeting. The Board meeting attendance fees in total for all directors have also been disclosed in the same note.

6. Key Challenges & Risk Management

- **Policy Uncertainty:** We seek a clear government framework for the decommissioning and relocation of power plants.
- **Working Capital Stress:** Delayed payments from utility companies remain a sector-wide challenge, necessitating costly short-term financing.
- **Currency Volatility:** We continue to manage our foreign currency exposure proactively.

7. Our People & Culture

This year, we undertook the difficult but necessary step of parting ways with 43 colleagues due to plant closures. We are deeply grateful for their service and ensured their departures were handled with respect and in full compliance with our HR policies. Concurrently, we promoted 54 high-performing employees, demonstrating our commitment to internal talent development and succession planning.

8. Compliance & Assurance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and give an accurate and fair view of the Company's state of affairs. The Board, based on a detailed analysis, has a reasonable expectation that the Company has adequate resources to continue as a going concern.

The statutory auditor, ACNABIN, Chartered Accountants, has issued an unmodified audit opinion. The Board recommends the appointment of ACNABIN for the 2026 fiscal year and MAK & Co., Chartered Accountants, as the Compliance Auditor, subject to shareholder approval.

9. Other Disclosures

A. Corporate Social Responsibility (CSR) and Sustainability Reporting

The three sections on the 'Corporate Social Responsibility (CSR)', 'Environment and Sustainability Report', and 'Integrated Reporting' elaborate on these topics.

B. Compliance and Financial Reporting

As per the rule, your Company has followed the International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS). This has been compiled to present the financial position and performance fairly. While preparing the financial statements, the following points were considered:

- Selection of suitable accounting policies and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Ensuring that the financial statements have been prepared in accordance with IFRS/IAS;
- Preparing the financial statements on a going concern basis.

Proper accounting records have been kept so that at any given point, the Company's financial position can be reflected with reasonable accuracy, ensuring its financial statements comply with the Companies Act 1994, the Securities & Exchange Rules 1987, and other regulatory requirements. In compliance with the requirements of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018 and BSEC's Notification dated 20th June 2018, the Directors are also pleased to make the following declarations in their report:

- Financial statements prepared by the management of the Company present true and fair view of the state of affairs, the result of its operations, cash flows, and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the financial statements, and the accounting estimates are based on reasonable and prudent judgement;
- International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) have been followed in preparation of the financial statements, and any departure therefrom has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored as described in the '**Statement of Corporate Governance**';
- Minority shareholders have been protected from abusive actions in the interest of controlling shareholders acting either directly or indirectly, and have adequate means of redress;
- From inception, the financial performance of the Company has been growing as seen in the '**Financial Highlights**' section;
- Significant deviations from the last year's operating results of the Company have been highlighted, and the reasons thereof have been well explained in the 'Financial Review' section.

- The segment-wise or product-wise performance (to the extent it is reportable) has been disclosed in the **'Performance Review of our Plants by Various Segmentation'** section.
- Key operating and financial data of at least the preceding 5 (five) years have been summarised;
- No bonus shares or stock dividend has been declared as an interim dividend during the year.
- The total number of Board meetings held during the year and attendance by each Director have been shown in the **'Statement of Corporate Governance'** section.
- A statement of 'Management Discussion and Analysis' has been presented in the **'Management Discussion and Analysis'** section;
- Directors' profiles of all the Directors have been disclosed in the **'Profile of our Directors'** section;
- Declaration or certification by the CEO and the CFO to the Board, as required under condition No. 3(3), has been disclosed in the **'Declaration by MD and CFO'** section in the Annual Report;
- The present shareholding structure of the Company is shown in the **'Pattern of Shareholding'** section.
- The report, as well as the certificate regarding compliance with the conditions of the Corporate Governance Code dated 3 June 2018, as required under condition No. 9, has been disclosed in the **'Certificate on Corporate Governance' and 'Compliance Status on BSEC Notification on Corporate Governance'** sections.

C. Risk Assessment and System of Internal Control

The Board is committed and acknowledges its responsibility to oversee the Company's risk management and internal controls, including reviewing their adequacy, integrity, and effectiveness, and to establish an appropriate control environment and framework to safeguard shareholders' investments and the Company's assets. The Company has exposures to credit, liquidity, and market risks from its use of the financial instruments, along with other operational risks. All of these risks and their mitigations are disclosed in Notes 40 to the financial statements and in the **'Statement of Risk Management and Internal Control'** section.

D. Related Party Transaction

The related party transactions were carried out by the Company on a commercial basis in the normal course of business, including making advances to Summit Oil & Shipping Co Ltd (SOSCL) against the supply of HFO to power plants of SPL's subsidiaries during the year, which have been disclosed in **Note 45** to the financial statements.

E. Extra-Ordinary Gain or Loss

As per IAS 1, no extraordinary gain or loss has been recognised in the financial statements.

F. Utilisation of Proceeds from Public Issues, Rights Issues and/or Through any Other Instrument

The Initial Public Offering (IPO) of SPL was made in 2005, and the funds raised thereby have already been utilised, as reported to the regulators. Funds raised through the issuance of Rights Shares in 2008 have also been utilised and reported to the regulators accordingly. No further issue of any instrument was made during the year.

G. Going Concern

While approving the financial statements, the Directors reviewed key operational and financial indicators to assess the Company's ability to continue as a going concern.

As noted in paragraph 2.1, seven power plants are currently shut down. Two plants (Ashulia Unit I and Madhabdi Unit I), despite having PPAs valid until November 2028, remain idle due to gas unavailability and may be disposed of, subject to NoC from BREB. Madanganj Power Plant ceased operation in August 2024, and following BPDB's NoC, the Board approved its sale to SABSON ENERGY FZCO. Three other plants (Rupganj, Maona, and Ullapara) previously operated on a "No Electricity, No Payment" basis until March 2025 and are now suspended per MPEMR directive. The Company is also exploring international buyers for these plants and the Jangalia Power Plant.

Based on these developments and continued operation of the remaining plants, the Directors believe the Company has sufficient resources and legal capacity to continue its operations.

The operational status of all plants is detailed in Notes 1.2-1.6 of the financial statements.

H. Management Declaration

Trade receivables with the Bangladesh Rural Electrification Board (BREB)

Trade receivables of BDT 6,956 million from the three Expansion Power Plants (Ashulia Unit II, Madhabdi Unit II and Chandina Unit II) remain unsettled with BREB. The Company received favourable arbitration decisions from BERC in 2016 and 2018, and the High Court upheld the rulings in 2017. However, the Appellate Division, on 9 March 2023, allowed BREB's appeal. Based on legal advice, the Company believes its claim remains strong and, as per Board resolution dated 28 August 2023, has filed a review petition. Further details are provided in **Note 11.1** to the financial statements.

I. Matters emphasised by ACNABIN in the Independent Auditor's Report

In the Independent Auditor's Report to the shareholders on the financial statements 2024-25, ACNABIN, Chartered Accountants, has drawn attention to the following notes while stating that their opinion was not modified in respect of these matters:

1. **Long outstanding trade receivable from BREB:** As of 30 June 2025, an amount of BDT 6,956,415,757 relating to the three Expansion Power Plants remains unsettled by BREB. The matter is currently pending before the Honourable Appellate Division of the Supreme Court (AD). Details are provided in note 11.1 of the financial statements.
2. **Taxation on Dividend Income:** The dividends received by the Company from the tax-exempt profits of other companies over the past years are to be treated as tax-free income in reference to the judgment of the Appellate Division of the Honourable Supreme Court of Bangladesh. Details are provided in note 49(R) of the financial statements.
3. **Applicability of Workers' Profit Participation and Welfare Fund (WPPF):** The Group/Company employs only managers, and all of their employees are part of the management authority entrusted with managerial responsibilities, and all other services are outsourced. As such, the Group/Company does not have any "beneficiary" for the Act and therefore no such fund is required to be created. This is supported by the opinion obtained by the Group/Company from the external legal counsel. Details are provided in note 49(H)(iv) of the financial statements.

J. Status of Compliance

In accordance with the requirement stipulated in condition no. 7.00 of the Bangladesh Securities and Exchange Commission (BSEC) notification no. BSEC/ CMRRCD/2006-158/207/ Admin/80 dated 3rd June 2018, issued under section 2CC of the Ordinance 1969, the Corporate Governance Compliance Report is shown in the 'Status of Compliance with the Corporate Governance Code (CGC)' section of the Annual Report. While preparing its financial statements, SPL has compiled all the applicable standards of IFRS/IAS as disclosed in the 'Compliance Report on IFRS/IAS' section of the Annual Report.

K. Minority Interest

The Board of Directors is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders, including the rights of its minority shareholders, while promoting integrity, transparency, and accountability.

L. Contribution to the National Exchequer and the Economy

SPL has contributed BDT 575 million in taxes and fees to the national economy. The breakdown is available in the 'Contribution to The National Exchequer and The Economy' section.

10. In Memoriam

We remember with deep respect and affection Mr. Syed Fazlul Haque, a Director of Summit Group, whose wisdom and unwavering ethical compass were instrumental in shaping our Company. His legacy of integrity continues to guide us.

11. Acknowledgment

We extend our sincere gratitude to our shareholders, employees, customers, and partners for their steadfast trust and support. As we navigate the evolving energy sector, your Board remains focused on steering Summit Power towards a future of sustainable growth and enduring value.

Sincerely,



Mohammad Latif Khan

Chairman

On behalf of the Board of Directors

22 October 2025