

**ALKHORAYEF WATER AND POWER TECHNOLOGIES COMPANY
AND ITS SUBSIDIARIES**
(A Saudi Joint Stock Company)
**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
together with
INDEPENDENT AUDITOR'S REVIEW REPORT
For the three-months period ended 31 March 2026

**ALKHORAYEF WATER AND POWER TECHNOLOGIES COMPANY
AND ITS SUBSIDIARIES**
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-months period ended 31 March 2026

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KPMG Professional Services Company

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Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Alkhorayef Water and Power Technologies Company

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of **Alkhorayef Water and Power Technologies Company** ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 31 March 2026;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-months period ended 31 March 2026;
- the condensed consolidated statement of changes in equity for the three-months period ended 31 March 2026;
- the condensed consolidated statement of cash flows for the three-months period ended 31 March 2026; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Alkhorayef Water and Power Technologies Company (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of **Alkhorayef Water and Power Technologies** and its subsidiaries ("the Group") are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services Company

Fahad Mubark Al Dossari
License No: 469



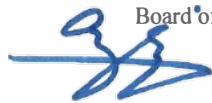
Al Riyadh, 30 Dhu Al-Qidah 1447H
Corresponding to: 17 May 2026

**ALKHORAYEF WATER AND POWER TECHNOLOGIES COMPANY
AND ITS SUBSIDIARIES**
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2026
(Saudi Arabian Riyals)

	<i>Notes</i>	31 March 2026 (Unaudited)	31 December 2025 (Audited)
ASSETS			
Non-current Assets			
Property and equipment	7	319,193,603	332,774,126
Intangible assets		1,838,683	1,905,816
Right-of-use assets		2,128,349	1,400,344
Equity accounted investees	5	4,163,243	3,278,162
Concession contract receivables	6	944,593,488	821,943,813
Capital advances		3,270,669	100,297
Total non-current assets		1,275,188,035	1,161,402,558
Current assets			
Concession contract receivables	6	38,024,106	21,428,062
Inventories		109,673,426	112,740,939
Prepayments and other assets	8	242,660,190	200,989,285
Contract assets	9	631,028,791	493,994,527
Trade and other receivables	10	636,806,023	826,380,967
Cash and cash equivalents	11	254,727,033	257,818,897
Total current assets		1,912,919,569	1,913,352,677
TOTAL ASSETS		3,188,107,604	3,074,755,235
EQUITY AND LIABILITIES			
Equity			
Share capital	12	350,000,000	350,000,000
Statutory reserve		46,474,071	46,474,071
Retained earnings		572,239,130	507,763,270
Actuarial valuation reserve		8,162,903	8,162,903
Other reserves of equity-accounted investees	5	4,391,828	3,309,256
Total equity		981,267,932	915,709,500
Non-current liabilities			
Employees' defined benefit liabilities		74,698,196	70,959,023
Lease liabilities		970,863	400,882
Term loans	13	906,058,076	742,373,458
Total non-current liabilities		981,727,135	813,733,363
Current liabilities			
Trade payables, accruals and other liabilities	14	903,174,986	1,012,279,289
Provisions	15	81,015,827	72,822,118
Zakat payable	20	22,267,433	17,361,822
Lease liabilities		709,998	679,998
Term loans	13	217,944,293	242,169,145
Total current liabilities		1,225,112,537	1,345,312,372
Total liabilities		2,206,839,672	2,159,045,735
TOTAL EQUITY AND LIABILITIES		3,188,107,604	3,074,755,235

The attached notes from 1 to 26 form an integral part of these condensed consolidated interim financial statements.

These consolidated financial statements have been authorised for issuance by the Board of Directors on behalf of the Shareholders and signed on its behalf by:



Chairman of Board of Directors



Chief Executive Officer



Chief Financial Officer

**ALKHORAYEF WATER AND POWER TECHNOLOGIES COMPANY
AND ITS SUBSIDIARIES**
(A Saudi Joint Stock Company)
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
For the three-months period ended 31 March 2026
(Saudi Arabian Riyals)

	<i>Notes</i>	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
PROFIT OR LOSS			
Revenue	18	512,878,893	636,349,970
Cost of revenue	19	<u>(402,168,490)</u>	<u>(535,193,216)</u>
Gross profit		110,710,403	101,156,754
Other (expenses) income, net		(2,254,382)	4,222,958
Selling and distribution expenses		(666,000)	(635,180)
General and administrative expenses		(31,708,360)	(26,876,816)
Impairment loss on trade receivables and contract assets	9&10	<u>(1,256,971)</u>	<u>(1,337,279)</u>
Operating profit		74,824,690	76,530,437
Finance costs		(16,988,976)	(15,787,820)
Finance income		12,775,286	5,954,767
Share of loss from equity accounted investees	5	<u>(1,229,529)</u>	<u>(3,373,292)</u>
Profit before zakat		69,381,471	63,324,092
Zakat expense	20	<u>(4,905,611)</u>	<u>(5,170,159)</u>
Net profit for the period		64,475,860	58,153,933
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income / (loss) from equity accounted investees	5	<u>1,082,572</u>	<u>(20,111,857)</u>
Other comprehensive income / (loss)		1,082,572	(20,111,857)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		65,558,432	38,042,076
Earnings per share (EPS):			
Basic and diluted earning per share	16	<u>1.84</u>	<u>1.66</u>

The attached notes from 1 to 26 form an integral part of these condensed consolidated interim financial statements.

These consolidated financial statements have been authorised for issuance by the Board of Directors on behalf of the Shareholders and signed on its behalf by:



Chairman of Board of
Directors



Chief Executive Officer



Chief Financial Officer

**ALKHORAYEF WATER AND POWER TECHNOLOGIES COMPANY AND ITS SUBSIDIARIES
AND ITS SUBSIDIARIES**
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three-months period ended 31 March 2026
(Saudi Arabian Riyals)

	Share capital	Statutory reserve	Retained earnings	Actuarial reserve	Other reserves of equity-accounted investees	Total
As at 1 January 2025 (Audited)	350,000,000	46,474,071	365,768,847	6,660,353	7,339,581	776,242,852
Profit for the period (unaudited)	-	-	58,153,933	-	-	58,153,933
Other comprehensive loss (unaudited)	-	-	-	-	(20,111,857)	(20,111,857)
Total comprehensive income (unaudited)	-	-	58,153,933	-	(20,111,857)	38,042,076
As at 31 March 2025 (Unaudited)	350,000,000	46,474,071	423,922,780	6,660,353	(12,772,276)	814,284,928
As at 1 January 2026 (Audited)	350,000,000	46,474,071	507,763,270	8,162,903	3,309,256	915,709,500
Profit for the period (unaudited)	-	-	64,475,860	-	-	64,475,860
Other comprehensive income (unaudited)	-	-	-	-	1,082,572	1,082,572
Total comprehensive income (unaudited)	-	-	64,475,860	-	1,082,572	65,558,432
As at 31 March 2026 (Unaudited)	350,000,000	46,474,071	572,239,130	8,162,903	4,391,828	981,267,932

The attached notes from 1 to 26 form an integral part of these condensed consolidated interim financial statements.

These consolidated financial statements have been authorised for issuance by the Board of Directors on behalf of the Shareholders and signed on its behalf by:



Chairman of Board of Directors



Chief Executive Officer



Chief Financial Officer

**ALKHORAYEF WATER AND POWER TECHNOLOGIES COMPANY
AND ITS SUBSIDIARIES**
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three-months period ended 31 March 2026
(Saudi Arabian Riyals)

	31 March 2026	31 March 2025
Note	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit for the period before zakat	69,381,471	63,324,092
<u>Adjustments:</u>		
Depreciation of property and equipment	7 16,271,949	15,185,630
Depreciation of right-of-use assets	263,817	338,491
Amortization	67,133	67,134
Loss (gain) on sale of property and equipment	99,939	(98,563)
Provision for expected credit losses	9 & 10 1,256,971	1,337,279
Employees' end of service benefits- current service cost	6,275,275	5,096,802
Provisions	15 7,649,313	7,104,535
Finance income	(12,775,286)	(5,954,767)
Finance costs	16,988,976	15,787,820
Share of loss from equity accounted investees	5 1,229,529	3,373,292
	<u>106,709,087</u>	<u>105,561,745</u>
<u>Change in working capital</u>		
Prepayments and other assets	(41,670,905)	(161,333,623)
Trade and other receivables	190,059,840	(141,026,750)
Contract assets	(138,776,131)	(111,148,599)
Concenssion contract receivables	(128,134,322)	(135,159,742)
Inventories	3,067,513	26,407,833
Advance from customer	-	(18,808,959)
Trade payable, accruals and other liabilities	(104,083,689)	196,048,307
<i>Cash flows used in operating activities</i>	<u>(112,828,607)</u>	<u>(239,459,788)</u>
Finance costs paid	(21,780,562)	(11,117,617)
Employees' defined benefits paid	(2,536,102)	(1,513,564)
Net cash used in operating activities	<u>(137,145,271)</u>	<u>(252,090,969)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	7 (4,265,955)	(3,693,924)
Movement in capital advances	(3,170,372)	(5,849,976)
Proceeds from sale of property and equipment	1,474,590	169,419
Finance income received	1,176,246	87,784
Loan to equity accounted investee	5 -	(637,000)
Net cash used in investing activities	<u>(4,785,491)</u>	<u>(9,923,697)</u>
FINANCING ACTIVITIES		
Payment of principal portion of lease liabilities	(405,001)	(703,042)
Proceeds from term loans	13 269,822,991	375,699,335
Repayment of term loans	13 (130,579,092)	(143,354,622)
Net cash from financing activities	<u>138,838,898</u>	<u>231,641,671</u>
Decrease in cash and bank balances	<u>(3,091,864)</u>	<u>(30,372,995)</u>
Cash and bank balances at the beginning of the period	<u>257,818,897</u>	<u>322,293,581</u>
Cash and bank balances at the end of the period	<u>254,727,033</u>	<u>291,920,586</u>
Significant non-cash transactions		
Recognition of right-of-use assets and lease liabilities	<u>991,821</u>	<u>528,960</u>

The attached notes from 1 to 26 form an integral part of these condensed consolidated interim financial statements.

These consolidated financial statements have been authorised for issuance by the Board of Directors on behalf of the Shareholders and signed on its behalf by:

		
Chairman of Board of Directors	Chief Executive Officer	Chief Financial Officer

**ALKHORAYEF WATER AND POWER TECHNOLOGIES COMPANY
AND ITS SUBSIDIARIES**

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the three-months period ended 31 March 2026

(Saudi Arabian Riyals)

1. CORPORATE INFORMATION

Alkhorayef for Water and Power Technologies Company (the “Company”) is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010085982 dated 22 Safar 1412H (corresponding to 1 September 1991). The registered office is located at Olaya Street, As-Sahafah District – Riyadh.

The Company is engaged in contracting for buildings, roads, industrial, mechanical, marine and electrical works, cleaning of buildings and cities, operation and maintenance of medical centers, hospitals, airports, and waste disposal, and environmental pollution control. Alkhorayef Group Company (AGC) is the Parent Company and Abdullah Ibrahim Alkhorayef Sons Company (AIA) is the Ultimate Holding Company.

On 15 Shawwal 1441H (corresponding to 7 June 2020), the Company’s Board of Directors approved the plan for initial public offering of the Company by offering 30% of the Company’s shares for initial public offering by submitting an application and registering the securities to the Capital Market Authority and listing it through Saudi Stock Exchange (“Tadawul”).

On 16 Jumada Al Awal 1442H (corresponding to 31 December 2020), the Capital Market Authority announced the approval to offer 7,500,000 shares for public subscription representing (30%) of the Company’s shares.

The Company has amended its by-laws on 23 May 2024 to comply with the new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 September 2022) (hereinafter referred as “the Law”) which came into force on 26/6/1444 H (corresponding to 19 January 2023).

The Company has the following branches:

Branch Commercial Registration Number	Branch	Date of registration
1010468210	Riyadh	22 Jumada’I 1438H
1010615747	Riyadh	7 Rabi’II 1441H
2050125508	Dammam	2 Ramadan 1440H
1009099162	Riyadh	13 Rabi’I 1446H
1009099163	Riyadh	13 Rabi’I 1446H
4032275310	Taif	26 Shawwal 1445H

On 12 Safar 1443H (corresponding to 12 September 2022), the Company established a new branch in Iraq which is not operational as at 31 March 2026.

These condensed consolidated interim financial statements include the financial information of the Company and its subsidiaries and joint operations (collectively referred to as the “Group”).

The Company has the following wholly owned subsidiaries:

Company	Origin	Date of incorporation	Principal activity	Capital
The Fifth Package Development Company for Environmental Services	Saudi Arabia	9 October 2023	Water and waste collection and management, environmental pollution control.	100,000
The Sixth Package Development Company for Environmental Services	Saudi Arabia	21 January 2024	Water and waste collection and management, environmental pollution control.	100,000
The Seventh Package Development Company for Environmental Services	Saudi Arabia	3 July 2024	Water and waste collection and management, environmental pollution control.	100,000

**ALKHORAYEF WATER AND POWER TECHNOLOGIES COMPANY
AND ITS SUBSIDIARIES**

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the three-months period ended 31 March 2026

(Saudi Arabian Riyals)

1. CORPORATE INFORMATION (CONTINUED)

The Company has the following joint arrangements:

Join operations name	Location	Principal activities	Percentage of ownership	
			2026	2025
Engineering, procurement and construction for Rayis-Rabigh project (EPC)*	Kingdom of Saudi Arabia	Engineering, procurement and construction	50%	50%
Operation and Maintenance for Hadda and Arana Wastewater Treatment Plants in Mecca **	Kingdom of Saudi Arabia	Operations and Maintenance	49%	49%

Such unincorporated joint arrangements, whereby the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement, are classified as joint operations. In the accompanying consolidated financial statements, the Group includes in its financial statements its share in the joint operations' assets, liabilities, revenues and expenses incurred jointly.

* During 2024, the Company entered into an unincorporated joint operation with Branch of Tecnicas De Desalinizacion De Aguas S.A ("Tedagua") whereby the Company and Tedagua assumed an economic activity subject to joint control. The purpose of setting-up this operation is to collaborate with Innovative Water Transport Development Company, a joint venture company (see note 6) for the execution and completion of Engineering, Procurement and Construction works in relation to a long-term project.

** This is an unincorporated joint operation between the Company with the Branch of FCC Aqualia S.A. Company. The purpose was Operation and Maintenance of Hadda and Arana Waste Water Treatment Plants in Mecca. The hand over of the project has been completed.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed consolidated interim financial statements ("financial statements") have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2025 ("last annual financial statements").

These consolidated financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed consolidated interim financial statements are prepared under the historical cost convention using the accrual basis of accounting and going concern concept, except for the employees' end of service benefits that is measured at the present value of defined benefit obligation, which has been actuarially valued using the project unit credit method and the measurement of hedge transactions, which are stated at their mark-to-market values.

These condensed consolidated interim financial statements are presented in Saudi Riyals ("ﷲ") which is the functional and presentation currency of the of the Company its subsidiaries and joint arrangements. All amounts have been rounded to nearest Saudi Riyal, unless otherwise indicated elsewhere.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

In preparing these consolidated financial statements, management is required to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

The significant judgments made by management in applying the Group's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the consolidated financial statements for the year ended 31 December 2025.

**ALKHORAYEF WATER AND POWER TECHNOLOGIES COMPANY
AND ITS SUBSIDIARIES**

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the three-months period ended 31 March 2026

(Saudi Arabian Riyals)

4. NEW AND AMENDED STANDARDS, FORTHCOMING AND CURRENTLY EFFECTIVE

There are new standards and number of amendments to standards which are effective from 1 January 2026 and have been explained in Group's annual Consolidated Financial Statements, but they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements.

5. EQUITY ACCOUNTED INVESTEEES

<u>Investee name</u>	<u>Nature</u>	<u>Principal place of business</u>	<u>Principal activities</u>	<u>Percentage of ownership</u>	
				<u>31 March 2026</u>	<u>31 December 2025</u>
Innovative Water Transport Development Company ("IWTD")	Joint venture	Saudi Arabia	Operations and Maintenance	50%	50%
Erwaa Water Company ("EWC")	Associate	Saudi Arabia	Operations and Maintenance	49%	49%

<u>Investee name</u>	<u>Notes</u>	<u>Carrying value</u>	
		<u>31 March 2026</u> <u>(Unaudited)</u>	<u>31 December 2025</u> <u>(Audited)</u>
Innovative Water Transport Development (IWTD)	5.1	4,163,243	3,278,162
Erwaa Water Company ("EWC")	5.2	(5,856,006)	(5,311,610)

Movement in the equity accounted investees during the year was as follows:

<u>Three months ended 31 March 2026 (Unaudited)</u>	<u>EWC</u>	<u>IWTD</u>	<u>Total</u>
At the beginning of the period	-	3,278,162	3,278,162
Obligation for loss – opening balance (note 15)	(5,311,611)	-	(5,311,611)
Share of loss	(1,032,038)	(197,491)	(1,229,529)
Share in other comprehensive income	-	1,082,572	1,082,572
Loan transfer to long term interest in associate (note 5.2) - net	487,643	-	487,643
Obligation for loss - ending balance (note 15)	(5,856,006)	-	(5,856,006)
At the end of the period	-	4,163,243	4,163,243

<u>Three months ended 31 March 2025 (Unaudited)</u>	<u>EWC</u>	<u>IWTD</u>	<u>Total</u>
At the beginning of the period	-	7,411,097	7,411,097
Obligation for loss – opening balance (note 15)	(21,091,049)	-	(21,091,049)
Share of loss	(3,350,550)	(22,742)	(3,373,292)
Share in other comprehensive loss	-	(20,111,857)	(20,111,857)
Loan transfer to long term interest in associate (note 5.2)	17,959,839	-	17,959,839
Obligation for loss - ending balance (note 15)	(6,481,760)	(12,723,502)	(19,205,262)
At the end of the period	-	-	-

5.1 Innovative Water Transport Development (IWTD)

The Group entered into an agreement with Cobra Group to establish a limited liability company named Innovative Water Transport Development Company ("IWTD"). Accordingly, IWTD was established with paid up capital of ₪ 100,000 (100 shares of ₪ 1,000 each) on 11 Rabi Al-Alkhirah 1445H (corresponding to 26 October 2023) with commercial registration number 4030529953.

**ALKHORAYEF WATER AND POWER TECHNOLOGIES COMPANY
AND ITS SUBSIDIARIES**

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the three-months period ended 31 March 2026

(Saudi Arabian Riyals)

5. EQUITY ACCOUNTED INVESTEEES (CONTINUED)

5.1 Innovative Water Transport Development (IWTD)

IWTD is a joint venture in which the Company has 50% ownership interest. The Company and the co-venturer have appointed 2 members each to the Board of IWTD. Given that decisions regarding relevant activities are taken through unanimous approval of the Board, the Company does not have the power to unilaterally direct the relevant activities of IWTD.

IWTD is structured as a separate vehicle and the Company has a residual interest in the net assets of IWTD. Accordingly, the Company has classified its interest in IWTD as a joint venture.

IWTD is licensed to engage in water supply and water transportation and storage in accordance with the license of the Saudi Arabian General Investment Authority (“SAGIA”).

The following is the summarized financial information of IWTD, based on its financial statements prepared in accordance with IFRS:

	31 March 2026	31 December 2025
Total current assets	232,320,434	141,750,739
Total non-current assets	2,041,570,428	1,830,632,937
Total current liabilities	(289,127,799)	(227,008,407)
Non-current liabilities	(1,977,712,057)	(1,740,732,408)
Net assets	<u>7,051,006</u>	<u>4,642,861</u>
Income tax payable by Cobra Instalaciones Servicios SA	<u>1,275,480</u>	<u>1,913,463</u>
	<u>8,326,486</u>	<u>6,556,324</u>
Carrying amount of interest in associate at 50%	<u>4,163,243</u>	<u>3,278,162</u>

	31 March 2026	31 December 2025
Revenue	208,134,070	1,236,274,581
Depreciation and amortization	80,679	(322,714)
Interest expense	(30,722,542)	(79,612,896)
Tax and zakat	(1,270,558)	(218,938)
Loss for the period / year	(394,982)	(205,220)
Other comprehensive income / (loss) for the period / year (note 5.1 a)	2,165,144	(8,060,650)
Total comprehensive income (loss) for the period / year	<u>1,770,162</u>	<u>(8,265,870)</u>
Group share in total comprehensive income / (loss) for the period/year at 50%	<u>885,081</u>	<u>(4,132,935)</u>

- a) As at 31 March 2026, IWTD held Interest Rate Swaps (“IRS”) of a notional value of ₪ 2.5 billion (31 December 2025: ₪ 2.5 billion), in order to hedge its exposure to special commission rate risks related to term financing. Changes in the fair value of the Interest Rate Swaps have been recognized in other comprehensive income. The cash flow hedge reserve represents the effective portion of cash flow hedges.
- b) In accordance with the income tax regulations set forth by the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia, the income tax expense is fully borne by the other foreign shareholder, Cobra. As a result, the Company’s share of the joint venture’s profit / loss for the period excludes its portion of the tax expense. Presented is a reconciliation of the joint venture’s profit / loss for the period to share of profit / loss recognized in the statement of profit or loss.

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5. EQUITY ACCOUNTED INVESTEEES (CONTINUED)

5.2 Erwaa Water Company (“EWC”)

The Group entered into an agreement with Veolia Middle East Group to establish a limited liability company named Erwaa Water Company (“EWC”). Accordingly, EWC was established with a capital of **ﷲ** 500,000 (500 shares of **ﷲ** 1,000 each) on 3 Jumada Al-Alkhirah 1443H (corresponding to 6 January 2022).

The Group has paid **ﷲ** 245,000 representing 49% of share capital to EWC. The Group has determined that it has significant influence because it has meaningful (but not majority) representation on the Board of Directors of the associate. The investment is accounted for using the equity method in these financial statements. EWC had no contingent liabilities or capital commitments as at 31 March 2026.

The following is the summarized financial information of EWC, based on its financial statements prepared in accordance with IFRS:

	31 March <u>2026</u>	31 December <u>2025</u>
Total current assets	39,408,535	30,127,138
Total non-current assets	795,472	983,511
Total current liabilities	(41,667,723)	(26,868,176)
Non-current liabilities	(71,145,951)	(74,745,940)
Net liabilities	(72,609,667)	(70,503,467)
Carrying amount of interest in associate at 49%	(35,578,737)	(34,546,699)

	31 March <u>2026</u>	31 December <u>2025</u>
Revenue	17,503,318	34,591,057
Depreciation and amortization	(188,037)	(830,601)
Interest expense	(1,105,593)	(3,415,619)
Tax and zakat	-	43,244
Loss for the year	(2,106,200)	(27,460,508)
Group share in loss for the period/year at 49%	(1,032,038)	(13,455,649)

The cumulative share of loss amounting to **ﷲ** 35.58 million has exceeded the carrying value of investment as at 31 March 2026. The Group has recognized additional losses as an obligation and has presented them under the liabilities since the Group has a legal obligation to record additional losses in proportion of its ownership percentage in accordance with the terms of the agreement. This obligation amount has been adjusted against the loan given to the associated company and considered as long-term interest in associate. EWC is expected to generate profits over the life of the project.

During the year ended 31 December 2022, shareholders of EWC agreed to provide funding to EWC to support its working capital requirements in proportion to their ownership percentage. Accordingly, an agreement between the Company and EWC was signed, under which the Company agreed to provide a maximum loan amount of **ﷲ** 22.1 million. The loan carries rate of 3-month SIBOR plus profit margin and has a maturity date of 4 May 2028 when the principal portion of the loan is due in full. During the period ended 31 March 2026, the Company has provided additional funding of **ﷲ** nil (31 December 2025: **ﷲ** 11.66 million) proportionate to its share in the EWC.

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5. EQUITY ACCOUNTED INVESTEES (CONTINUED)

5.2 Erwaa Water Company (“EWC”) (continued)

Movement in loan to associate:

	31 March <u>2026</u>	31 December <u>2025</u>	31 March <u>2025</u>
Opening balance	29,235,088	17,322,839	17,567,837
Addition during the period/year	-	11,662,000	637,000
Interest income	487,643	1,736,105	-
Repayments	-	(1,485,856)	-
Transfer to long-term interest in associate*	<u>(29,722,731)</u>	<u>(29,235,088)</u>	<u>(17,959,839)</u>
Closing balance	<u>-</u>	<u>-</u>	<u>244,998</u>

*The Group has transferred the loan to associate by considering this as long-term interest in associate.

6. CONCESSION CONTRACT RECEIVABLES

	31 March <u>2026</u>	31 December <u>2025</u>
Financial asset arising from service concession arrangement	<u>982,617,594</u>	<u>843,371,875</u>
<i>Classified as:</i>		
-Non-current	944,593,488	821,943,813
-Current	<u>38,024,106</u>	<u>21,428,062</u>
	<u>982,617,594</u>	<u>843,371,875</u>

The movement in financial asset arising from service concession arrangement is as follows:

	31 March <u>2026</u>	31 December <u>2025</u>
Opening balance	843,371,875	367,262,617
Revenue for the period/year	160,770,370	736,401,288
Billing	(32,636,048)	(296,848,028)
Finance income	11,111,397	36,555,998
Closing balance	<u>982,617,594</u>	<u>843,371,875</u>

During 2024, the Group has entered into 3 long-term operation and maintenance agreements (“LTOM Agreement”) with a government related entity for a period of 15 years. The scope of the LTOM agreement is rehabilitation and remediation work of sewage treatment plants while simultaneously providing operation and maintenance services. All the relevant output of the plants will be purchased and off taken by the government related entity. At the end of the LTOM Agreement, the plants would be transferred back to government related entity. The receivables are from Government and is at stage 1. The unbilled operation and maintenance portion has been shown in note 10.

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7. PROPERTY AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings	33 years	Furniture and fixtures	7 years
Heavy machines	7 years	Motor vehicles	5 years

<i>31 March 2026 (unaudited)</i>	<u>Land</u>	<u>Buildings</u>	<u>Heavy Machines</u>	<u>Furniture and fixtures</u>	<u>Motor vehicles</u>	<u>Total</u>
						(Unaudited)
<u>Cost:</u>						
1 January	24,766,950	90,640,912	345,414,107	33,842,028	159,470,220	654,134,217
Additions	-	83,000	3,436,650	183,545	562,760	4,265,955
Disposals	-	-	(70,000)	(1,193,978)	(2,207,467)	(3,471,445)
31 March	<u>24,766,950</u>	<u>90,723,912</u>	<u>348,780,757</u>	<u>32,831,595</u>	<u>157,825,513</u>	<u>654,928,727</u>
<u>Accumulated depreciation:</u>						
1 January	-	5,092,435	194,032,994	15,049,174	107,185,488	321,360,091
Charge for the period	-	724,632	9,582,050	951,614	5,013,653	16,271,949
Disposals	-	-	(43,370)	(730,862)	(1,122,684)	(1,896,916)
31 March	<u>-</u>	<u>5,817,067</u>	<u>203,571,674</u>	<u>15,269,926</u>	<u>111,076,457</u>	<u>335,735,124</u>
<u>Carrying value:</u>						
31 March 2026 (Unaudited)	<u>24,766,950</u>	<u>84,906,845</u>	<u>145,209,083</u>	<u>17,561,669</u>	<u>46,749,056</u>	<u>319,193,603</u>

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7. PROPERTY AND EQUIPMENT (CONTINUED)

<i>31 December 2025</i>	<u>Land</u>	<u>Buildings</u>	<u>Heavy machinery</u>	<u>Furniture and fixtures</u>	<u>Motor vehicles</u>	<u>Total</u>
<i>Cost:</i>						
1 January	22,500,000	86,151,561	317,536,995	29,925,830	148,941,102	605,055,488
Additions	2,266,950	4,643,650	32,094,288	4,751,662	12,697,059	56,453,609
Disposals	-	(154,300)	(4,217,176)	(835,464)	(2,167,941)	(7,374,881)
31 December	<u>24,766,950</u>	<u>90,640,911</u>	<u>345,414,107</u>	<u>33,842,028</u>	<u>159,470,220</u>	<u>654,134,216</u>
<i>Accumulated depreciation:</i>						
1 January	-	2,438,226	160,846,579	12,079,053	88,987,857	264,351,715
Charge of the year	-	2,805,840	36,974,203	3,645,435	19,680,032	63,105,510
Disposals	-	(151,632)	(3,787,788)	(675,314)	(1,482,401)	(6,097,135)
31 December	<u>-</u>	<u>5,092,434</u>	<u>194,032,994</u>	<u>15,049,174</u>	<u>107,185,488</u>	<u>321,360,090</u>
<i>Net book value</i>						
<i>31 December 2025</i>	<u>24,766,950</u>	<u>85,548,477</u>	<u>151,381,113</u>	<u>18,792,854</u>	<u>52,284,732</u>	<u>332,774,126</u>

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8. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Advances to suppliers	177,146,561	165,743,649
Prepaid expenses	58,447,062	28,223,410
Employees' advances and receivables	1,223,737	1,554,101
Others	5,842,830	5,468,125
	<u>242,660,190</u>	<u>200,989,285</u>

9. CONTRACT ASSETS

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)	31 December 2025 (Audited)
Opening balance	591,615,617	663,614,398	663,614,398
Value of work performed during the period / year	512,878,893	636,349,970	2,473,951,052
Progress billings made during the period / year	(365,806,558)	(533,373,504)	(2,545,949,833)
	738,687,952	766,590,864	591,615,617
Advances received from customers	(96,376,549)	(67,601,499)	(88,080,345)
	642,311,403	698,989,365	503,535,272
Less: provision for expected credit losses	(11,282,612)	(22,183,462)	(9,540,745)
Closing balance	<u>631,028,791</u>	<u>676,805,903</u>	<u>493,994,527</u>

9.1. Contract assets relate to the Group's right to receive consideration for work completed but not billed at the reporting date. Due to the nature of the Group activities and the nature of its majority of customers (government-related entities), certain milestones need to be completed before billings are approved to issued.

9.2. Movement of provisions for expected credit losses on contract assets:

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)	31 December 2025 (Audited)
Opening balance	9,540,745	23,846,451	23,846,451
Charge / (reversal) for the period / year	1,741,867	(1,662,989)	(14,305,706)
Closing balance	<u>11,282,612</u>	<u>22,183,462</u>	<u>9,540,745</u>

	31 March 2026			31 December 2025		
	Gross carrying amount	Expected credit loss	Expected credit loss rate	Gross carrying amount	Expected credit loss	Expected credit loss rate
0-90 days	330,767,888	1,069,177	0.69%	261,371,744	755,028	0.28%
91-180 days	93,149,510	719,173	0.77%	73,502,324	481,797	0.66%
181-270 days	69,461,375	799,242	1.15%	71,285,455	736,188	1.03%
271-360 days	69,407,782	1,163,523	1.68%	34,968,930	568,097	1.62%
361-450 days	29,513,771	936,208	3.17%	15,813,247	532,359	3.37%
451-540 days	14,110,019	633,007	4.49%	18,941,737	1,014,211	5.35%
541-630 days	16,403,553	1,145,982	6.99%	14,307,557	1,224,877	8.56%
631-720 days	11,039,055	1,008,716	9.14%	4,432,046	483,333	10.91%
More than 720 days	8,458,450	3,807,584	45.02%	8,912,232	3,744,855	42.02%
Total	<u>642,311,403</u>	<u>11,282,612</u>		<u>503,535,272</u>	<u>9,540,745</u>	

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10. TRADE AND OTHER RECEIVABLES

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Trade receivables	647,587,707	837,742,761
Retention receivables	16,591,004	16,495,790
	664,178,711	854,238,551
Less: provision for expected credit losses	(27,372,688)	(27,857,584)
	636,806,023	826,380,967

Movement of provisions for expected credit losses on trade receivables and retentions:

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)	31 December 2025 (Audited)
Opening balance	27,857,584	13,021,674	13,021,674
(Reversal) charge for the period / year	(484,896)	3,000,268	14,835,910
Closing balance	27,372,688	16,021,942	27,857,584

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. Trade receivables include amounts totaling **ﷲ** 635 million which is due from Government and quasi-Government institutions (31 December 2025: **ﷲ** 799 million).

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed. The Group does not hold collateral as security.

	31 March 2026			31 December 2025		
	Gross carrying amount	Expected credit loss	Expected credit loss rate	Gross carrying amount	Expected credit loss	Expected credit loss rate
Not due	352,496,280	1,669,974	0.47%	481,927,404	2,591,702	0.53%
0-90 days	75,841,018	2,856,397	3.77%	121,389,926	3,338,491	2.75%
91-180 days	9,989,053	784,048	7.85%	21,932,331	857,304	3.9%
181-270 days	16,803,676	814,563	4.85%	16,560,619	885,452	5.3%
271-360 days	9,357,704	607,599	6.49%	39,414,704	2,410,643	6.12%
More than 360 days	199,690,980	20,640,107	10.34%	173,013,566	17,773,992	10.27%
Total	664,178,711	27,372,688		854,238,550	27,857,584	

The trade receivables balance includes balances receivable from the following related parties:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Innovative Water Transport Development Company (note 17.3)	44,559,806	37,052,733
Erwa Water Company (note 17.3)	2,757,576	1,794,120
	47,317,382	38,846,853

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11. CASH AND BANK BALANCES

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Bank balances	248,381,937	257,753,963
Cash in hand	6,345,096	64,934
	254,727,033	257,818,897

12. SHARE CAPITAL

Share capital as at 31 March 2026 and 31 December 2025 was as follows:

	Number of shares	Capital	Shareholding
31 March 2026			
Alkhorayef Group Company	14,700,000	147,000,000	42%
Alkhorayef Investment Company *	1,575,000	15,750,000	4.5%
Public and other minor shareholders	18,725,000	187,250,000	53.5%
	35,000,000	350,000,000	100%
31 December 2025			
Alkhorayef Group Company	16,275,000	162,750,000	46.5%
Public and other minor shareholders	18,725,000	187,250,000	53.5%
	35,000,000	350,000,000	100%

The authorized and paid-up share capital of the Company as at 31 March 2026 and 31 December 2025 was ₪ 350 million divided into 35 million shares of ₪ 10 each.

*During the current period, Alkhorayef Group Company transferred 4.5% from its shares to Alkhorayef Investment Company.

13. TERM LOANS

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Long-term loans	976,044,800	807,544,800
Short term loans	152,850,543	182,106,645
Total loans	1,128,895,343	989,651,445
Less: transaction cost subject to amortization	(4,892,974)	(5,108,842)
Amortized cost of term loans	1,124,002,369	984,542,603
Less non-current portion of long-term loan	(906,058,076)	(742,373,458)
Current loans	217,944,293	242,169,145

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)	31 December 2025 (Audited)
<i>Below is the movement of the loans and borrowings:</i>			
Balance at 1 January	984,542,603	699,131,634	699,131,634
Upfront fees paid during the period/year	-	-	(6,044,265)
Loans obtained during the period/year	269,822,991	375,699,335	932,750,896
Amortization of upfront fees during the period/year	215,868	-	935,423
Payments made during the period/year	(130,579,092)	(143,354,622)	(642,231,085)
Balance at 31 March / 31 December	1,124,002,370	931,476,347	984,542,603

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13. TERM LOANS (continued)

The Group has obtained Sharia Compliant Murabaha loan facilities from commercial banks for a total amount of ₪ 1,124 million (31 December 2025: ₪ 984 million). These facilities are maturing from 2026 to 2032. These loans carry varying Murabaha profit rates in conformity with the applicable loan agreements. These facilities bear profit margin at market rates, which are generally based on Saudi Inter Bank Offer Rate (“SIBOR”) and are secured by assignment of proceeds from pre-specified contracts.

Finance cost on term loans and related payments for the year are disclosed in the statement of cash flows.

As at 31 March 2026, the Group’s total loan balance was ₪ 1,124,003,370 (31 December 2025: ₪ 984,542,603), of which ₪ 62,500,000 (31 December 2025: nil) relates to senior debt at the subsidiary level.

As at 31 March 2026, the Group has borrowings of amount ₪ 906,058,076 classified as non – current liabilities, which are subject to covenants set by lenders. These covenants include:

- Liquidity rate should not be less than 1:1,
- Financial leverage ratio should not exceed 3:1

The assessment of compliance with these covenants is performed at the end of each reporting period as per the loan agreements. As of 31 March 2026, the Group is in compliance with all the applicable covenants, and therefore, these borrowings are classified as non – current liabilities.

At 31 March 2026, undrawn committed borrowing facilities amounted to ₪ 2,701 million (31 December 2025: ₪ 2,997 million).

14. TRADE PAYABLES, ACCRUALS AND OTHER LIABILITIES

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Project accruals	643,216,601	625,948,599
Trade payables	180,500,850	211,378,755
Employee accruals	48,708,096	65,304,089
Accrued interest	14,129,260	19,149,874
VAT payable	6,771,473	19,926,239
Due to related parties (note 17.3)	4,117,784	4,370,592
Accrued BOD remuneration	4,080,417	3,645,000
Dividend payable	-	61,250,000
Other	1,650,505	1,306,141
	<u>903,174,986</u>	<u>1,012,279,289</u>

15. PROVISIONS

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Provision for penalties	45,447,488	58,229,752
Provision for onerous contracts	7,886,158	7,886,158
Obligation for loss from an equity accounted investee (note 5)	5,856,006	5,311,610
Risk provision	17,200,000	-
Other provisions	4,626,175	1,394,598
	<u>81,015,827</u>	<u>72,822,118</u>

15.1 Provision for onerous contracts is made for contracts under which are unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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15. PROVISIONS (continued)

- 15.2 Management has actively contested penalties imposed under the Ejada Program through the program's formal dispute mechanisms and, where necessary, through legal proceedings. Taking into account a consistent record of favorable outcomes in similar cases, the Company has released a provision amounting to ₪ 17,200,000 during the period.
- 15.3 Management has recognized a risk provision of ₪ 17,200,000 in respect of potential future losses associated with Erwaa Water Company (EWC) contract with NWC based on an assessment that an outflow of economic resources is probable and can be reliably estimated.

16. EARNINGS PER SHARE

Basic earnings per share attributable to the shareholders is calculated based on the weighted average number of outstanding shares during the period.

Diluted earnings per share is calculated by adjusting basic earnings per share for the weighted average number of additional shares that would have been outstanding, assuming the conversion of all dilutive potential shares.

There has been no item of dilution affecting the weighted average number of shares.

	For the three-months period ended 31 March	
	2026 (Unaudited)	2025 (Unaudited)
Profit for the period (₪) attributable to ordinary shareholders	<u>64,475,860</u>	<u>58,153,933</u>
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	<u>35,000,000</u>	<u>35,000,000</u>
Basic and diluted earnings per share of profit for the period (₪)	<u>1.84</u>	<u>1.66</u>

17. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties of the Group include shareholders, Board of Directors, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties.

The terms of the transactions with related parties are approved by the Group's management. The significant transactions with related parties during the period are within the Group's normal course of business and are summarized below:

<u>Name of related party</u>	<u>Relationship</u>	<u>Nature of transactions</u>	Volume of transactions for the three-months period ended 31 March	
			2026 (Unaudited)	2025 (Unaudited)
Alkhorayef Group company ("AGC")	Parent Company	Shared service cost	453,715	453,715
Abdullah Ibrahim Alkhorayef Sons Company ("AIA")	Ultimate Parent Company	Land rental	71,300	83,800
Alkhorayef Commercial Company	A subsidiary to the Parent	Sales Purchases	-	3,519 752,369
Al Khorayef Petroleum Company	A subsidiary to the Parent	Sales	1,725	-
Alkhorayef Printing Solutions ("APS")	A subsidiary to the Parent	Purchases	29,745	255,507

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17. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

<u>Name of related party</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Volume of transactions for the three-months period ended 31 March</u>	
			<u>2026 (Unaudited)</u>	<u>2025 (Unaudited)</u>
Saudi Part Center Company("SPC")	A subsidiary to the Parent	Purchases	5,000	5,720
Alkhorayef Lubricants Company	A subsidiary to the Parent	Purchases	320,268	127,587
Erwaa Water Company ("EWC")	An associate to the Company	Loan	-	637,000
		Finance income	487,643	-
		Revenue	15,845,129	3,528,231

Key management compensation

Key management personnel of the Group comprise of key members of the management having authority and responsibility for planning, directing and controlling the activities of the Group. The compensation to key management is shown below:

<u>Name of related party</u>	<u>Nature of transactions</u>	<u>Volume of transactions for the three-months period ended 31 March</u>	
		<u>2026 (Unaudited)</u>	<u>2025 (Unaudited)</u>
Key management personnel	Short-term benefits	11,344,051	1,984,219
	Post-employment benefits	401,522	118,628
Board of directors	Remuneration and sitting fees	870,417	736,444

17.1 Sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables balance.

17.2 Key management personnel of the Group comprise of key members of the management having authority and responsibility for planning, directing and controlling the activities of the Group. The amounts disclosed are the amounts recognized as an expense during the reporting period related to key management personnel.

17.3 The breakdown of amounts due from related parties is as follows:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Innovative Water Transport Development Company	44,559,806	37,052,733
Erwa Water Company – loan	28,175,000	28,175,000
Erwa Water Company – trade balance	2,757,576	1,794,120
	75,492,382	67,021,853

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17. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

The breakdown of contract assets from related parties is as follows:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Erwa Water Company	52,455,831	38,215,602
Innovative Water Transport Development Company	32,952,240	47,006,618
	<u>85,408,071</u>	<u>85,222,220</u>

The breakdown of amounts due to related parties is as follows:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Alkhorayef Commercial Company	3,680,000	3,680,000
Alkhorayef Lubricants Company	271,065	396,796
Alkhorayef Printing Solution	161,719	293,796
Saudi Parts Center Company	5,000	-
	<u>4,117,784</u>	<u>4,370,592</u>

18. REVENUES

Set out below is the disaggregation of the Group's revenue:

	For the three months period ended 31 March	
	2026 (Unaudited)	2025 (Unaudited)
<i>Revenue from contract with customers / Types of services</i>		
Water (see note "a" below)	173,479,467	333,191,974
Wastewater (see note "b" below)	243,756,655	221,394,163
Integrated Water Solutions (see note "c" below)	97,434,268	81,763,833
Gross revenue	<u>514,670,390</u>	<u>636,349,970</u>
Less: provision for expected penalties	(1,791,497)	-
Net revenue	<u>512,878,893</u>	<u>636,349,970</u>

a) Categories of services (Water)

	For the three months period ended 31 March	
	2026 (Unaudited)	2025 (Unaudited)
Water Networks	121,295,319	278,446,135
Water Withdraw and Treatment	52,184,149	54,745,839
	<u>173,479,468</u>	<u>333,191,974</u>

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18. REVENUES (CONTINUED)

18.1 Disaggregated revenue information (continued)

b) Categories of services (Wastewater)

	For the three months period ended 31 March	
	2026	2025
	(Unaudited)	(Unaudited)
Wastewater Networks	50,559,108	20,063,889
Wastewater Treatment	193,197,547	201,330,274
	<u>243,756,655</u>	<u>221,394,163</u>

c) Categories of services (Integrated Water Solutions)

	For the three months period ended 31 March	
	2026	2025
	(Unaudited)	(Unaudited)
City Management	36,005,487	31,145,105
Water Management Services	40,002,255	29,718,801
Stormwater Networks	21,426,526	20,899,927
	<u>97,434,268</u>	<u>81,763,833</u>

Geographical markets

The Group operates exclusively in the Kingdom of Saudi Arabia and therefore no additional geographical market information is presented in these condensed consolidated interim financial statements. Revenue on contracts is recognised over time in line with the revenue recognition policy. More than 97% of revenue is from contracts with Government entities.

19. COST OF REVENUES

	For the three months period ended 31 March	
	2026	2025
	(Unaudited)	(Unaudited)
Materials consumed	185,286,434	329,353,272
Employees' salaries and other benefits	131,804,624	126,593,338
Repair and maintenance	20,765,902	20,890,246
Depreciation and amortisation	15,347,916	14,427,832
Utilities	10,942,268	10,606,282
Penalties	8,264,026	3,391,785
Rent	6,373,489	7,801,572
Professional fees	3,947,198	4,079,258
Insurance	2,795,800	2,771,330
Others	16,640,833	15,278,301
	<u>402,168,490</u>	<u>535,193,216</u>

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20. ZAKAT

The movement in Zakat provision during the period is as follows:

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)	31 December 2025 (Audited)
Opening Balance	17,361,822	16,527,051	16,527,051
Provision for the period/year	4,905,611	5,170,159	17,354,316
Provision no longer required	-	-	(5,981,599)
Amount recorded in statement of profit and loss	22,267,433	21,697,210	27,899,768
Paid during the period/year	-	-	(10,537,946)
	22,267,433	21,697,210	17,361,822

Status of zakat and VAT assessment

Zakat returns have been submitted based on the consolidated zakat base of Abdullah Ibrahim Alkhorayef Sons Company (Ultimate Parent Company) up to the year ended 31 December 2020. Final assessments of Ultimate Parent Company have been agreed up to the year ended 31 December 2019. The Group has also pledged to the Capital Market Authority that the Ultimate Parent Company will bear any additional zakat amounts that might relate to the years till 2020 and earlier. In May 2021 the Company has separately registered with Zakat Tax and Custom Authority (the "ZATCA") and has filed separate Zakat returns for the years up to 31 December 2023. During the year ended 31 December 2025, the Company obtained approval from the ZATCA to file a consolidated zakat return on behalf of the Company and its subsidiaries and accordingly the returns for the years ended 31 December 2024 and 2025 were filed on a consolidated basis. The Company has obtained final assessment for years up to 31 December 2024 and no additional provision is required for any of the years assessed.

The Group is submitting its VAT returns consistently on a monthly basis and has received the final assessment up to the year 31 December 2023 and no additional provision is required for any of the years assessed.

21. DIVIDENDS

No dividend was declared for the period ended 31 March 2026.

22. OPERATING SEGMENTS

The Chief Executive Officer (CEO), which has been identified as the Chief Operating Decision Maker (CODM), monitors the operating results of its reportable segments separately to make decisions about resource allocation and performance assessment.

The Group has three (3) operating segments: water, waste-water and integrated water solution. The Group's CODM evaluates the segments' revenue on a regular basis in deciding how to allocate resources among the segments and in assessing segment performance.

The CODM evaluates the performance of the Group's segments based on revenue. The Group uses revenue as its principal measure of segment performance as it enhances the Group's ability to compare past financial performance with current performance and analyse underlying business performance and trends.

Performance is measured by the CODM based on revenue as reported in the management accounts. Management believes that this measure is the most relevant in evaluating the Group. As such, expenses, assets and liabilities related to segments are neither included in the internal management reports nor provided regularly to the management.

As the operations of the Group are conducted in the Kingdom of Saudi Arabia, accordingly, for management purposes, the Group is organized into business units based on its products and services and has three reportable segments.

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22. OPERATING SEGMENTS

The accounting policies of the operating segments are the same as the Group's accounting policies. All intercompany transactions within the reportable segments have been appropriately eliminated. Details of the Group's operating and reportable segments are as follows:

Water	The segment represents project and O&M services for; Deep waterwalls Water treatment plants Water distribution networks Firework networks
Waste water management	The segment represents project and O&M services for; Wastewater networks Treated sewage effluent networks
Integrated Water Solution	The segment represents project and O&M services for; Stormwater networks City management which encompasses turkey solutions Support and asset services for lead detection, fabrication, laboratories and asset services

The following table presents information for the Group's operating segments for the period ended 31 March 2026 and 31 March 2025, respectively.

Based on nature of services:

For the year ended 31 March 2026	Water	Waste-water	Integrated Water Solution	Total
Revenue	173,301,234	243,040,351	96,537,308	512,878,893
Cost of revenue	<u>(177,509,454)</u>	<u>(139,423,214)</u>	<u>(85,235,822)</u>	<u>(402,168,490)</u>
Gross (loss) / profit	(4,208,220)	103,617,137	11,301,486	110,710,403
Unallocated income (expenses)				
Other expenses, net				(2,254,382)
Selling and distribution expenses				(666,000)
General and administrative expenses				(31,708,360)
Impairment loss on trade receivables and contract assets				(1,256,971)
Finance costs				(16,988,976)
Finance income				12,775,286
Share of loss from an equity accounted investee				<u>(1,229,529)</u>
Profit before zakat				69,381,471
Zakat expense				<u>(4,905,611)</u>
Profit for the period				<u>64,475,860</u>

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22. OPERATING SEGMENTS (CONTINUED)

<u>For the year ended 31 March 2025</u>	<u>Water</u>	<u>Waste-water</u>	<u>Integrated Water Solution</u>	<u>Total</u>
Revenue	333,191,974	221,394,163	81,763,833	636,349,970
Cost of revenue	<u>(290,712,739)</u>	<u>(162,077,595)</u>	<u>(82,402,882)</u>	<u>(535,193,216)</u>
Gross profit / (loss)	42,479,235	59,316,568	(639,049)	101,156,754
Unallocated income (expenses)				
Other income, net				4,222,958
Selling and distribution expenses				(635,180)
General and administrative expenses				(26,876,816)
Impairment loss on trade receivables and contract assets				(1,337,279)
Finance income				5,954,767
Finance costs				(15,787,820)
Share of loss from an equity accounted investee				<u>(3,373,292)</u>
Profit before zakat				63,324,092
Zakat expense				<u>(5,170,159)</u>
Profit for the period				<u><u>58,153,933</u></u>

Geographical segments:

All of the Group's operating assets and principal markets of activity are located in the Kingdom of Saudi Arabia.

23. CONTINGENCIES

The Group has provided a financial guarantee in Favor of Innovative Water Transport Development Company, a Joint Venture Company, for an amount of SAR 296,232,611. The group has accounted for the Expected Credit Loss on the above financial guarantee as per IFRS 9.

There were no other significant contingencies and commitments as at 31 March 2026 and 2025.

24. FAIR VALUES OF FINANCIAL INSTRUMENTS

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. In estimating the fair value of an asset or liability. The principal or the most advantageous market must be accessible to the Group.

The Group's financial assets consist of cash and bank balances, trade and other receivables, contract assets, concession contract receivables and other current assets, and its financial liabilities consist of term loans, trade and other payables and lease liabilities.

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24. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of the financial instruments of the Group are not materially different from their carrying values at the reporting date.

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Financial assets		
Amortized cost		
Bank balances	254,727,033	257,818,897
Trade receivables	647,587,707	837,742,761
Contract assets	738,687,951	591,615,617
Concession contract receivables	982,617,594	843,371,875
Other financial assets	2,470,657	2,556,120
	<u>2,626,090,942</u>	<u>2,533,105,270</u>
Financial liabilities		
Amortized cost		
Trade and other payables	180,500,850	211,378,755
Term loans	1,128,895,343	989,651,445
Lease liabilities	1,680,861	1,080,880
	<u>1,311,077,054</u>	<u>1,202,111,080</u>

25. SUBSEQUENT EVENTS AND CURRENT GEOPOLITICAL SITUATION

No events have occurred subsequent to the reporting date and before the issuance of these condensed consolidated interim financial statements which require adjustment or disclosure in these condensed consolidated interim financial statements.

The Group continues to monitor the regional geopolitical developments and their potential impact on Saudi Arabia given that the majority of the Group's operations are conducted within Saudi Arabia. While the situation remains evolving, the Group maintains a robust operational framework to manage associated risks. These developments have not had a material impact on Group's financial statements for the period ended 31 March 2026; however, given the evolving nature of the conflict, the potential long-term impact on the Group's business will continue to be assessed on future reporting dates.

26. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been approved by the Board of Directors on 23 Dhu Al-Qidah 1447H (corresponding to 10 May 2026).