

**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-month and six-month periods ended 30 June 2025

**ALKHORAYEF WATER AND POWER TECHNOLOGIES COMPANY
AND ITS SUBSIDIARIES**
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and six-month periods ended 30 June 2025

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KPMG Professional Services Company

Roshn Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No. 10104245494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٤٥٤٩٤

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 30 June 2025 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 30 June 2025;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2025;
- the condensed consolidated statement of changes in equity for the six-month periods ended 30 June 2025;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2025; 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2025 condensed consolidated interim financial statements of **Alkhorayef Water and Power Technologies Company and its subsidiaries** 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



Riyadh on: 10 August 2025
Corresponding to: 16 Safar 1447H

KPMG Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of SAR 110,000,000. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مساهمة مهنية مقفلة مسجلة في المملكة العربية السعودية، رأس مالها (١١٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة الجزيرة خاصة محدودة بالضمان.

**ALKHORAYEF WATER AND POWER TECHNOLOGIES COMPANY
AND ITS SUBSIDIARIES**
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2025
(Saudi Arabian Riyals)

	<i>Notes</i>	30 June 2025 (Unaudited)	31 December 2024 (Audited)
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	7	332,127,380	340,703,773
Intangible assets		2,043,064	2,178,076
Right-of-use assets		1,652,524	1,814,487
Equity accounted investees	5	-	7,411,097
Concession contract receivables	6	485,448,949	254,588,114
Capital advances		10,549,081	10,020,303
Total non-current assets		831,820,998	616,715,850
Current assets			
Concession contract receivables	6	175,826,513	112,674,503
Inventories		84,177,856	123,377,280
Prepayments and other current assets	8	308,323,857	178,863,373
Contract assets	9	642,392,930	563,994,315
Trade and other receivables	10	602,626,638	462,461,151
Cash and cash equivalents	11	252,952,797	322,293,581
Total current assets		2,066,300,591	1,763,664,203
Total Assets		2,898,121,589	2,380,380,053
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital	12	350,000,000	350,000,000
Statutory reserve		46,474,071	46,474,071
Retained earnings		433,078,441	365,768,847
Actuarial valuation reserve		6,660,353	6,660,353
Other reserves of equity-accounted investees	5	(11,530,091)	7,339,581
Total equity		824,682,774	776,242,852
Non-current liabilities			
Employees' defined benefit liabilities		65,687,081	60,496,464
Lease liabilities		93,559	524,397
Term loans	13	473,421,758	166,836,326
Total non-current liabilities		539,202,398	227,857,187
Current liabilities			
Trade payables, accruals and other liabilities	14	918,607,933	698,606,778
Advance from customer		59,484,450	93,526,694
Provisions	15	67,325,469	34,252,683
Zakat payable	20	13,619,530	16,527,051
Lease liabilities		1,240,460	1,071,500
Term loans	13	473,958,575	532,295,308
Total current liabilities		1,534,236,417	1,376,280,014
Total liabilities		2,073,438,815	1,604,137,201
Total Equity and Liabilities		2,898,121,589	2,380,380,053

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

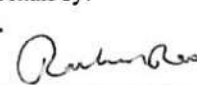
These consolidated financial statements have been authorised for issuance by the Board of Directors on behalf of the Shareholders and signed on its behalf by:



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 PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
For the three-month and six-month periods ended 30 June 2025
(Saudi Arabian Riyals)

		<i>For the three-month period ended 30 June (Unaudited)</i>		<i>For the six-month period ended 30 June (Unaudited)</i>	
	Note	2025	2024	2025	2024
Revenue	18	645,975,917	433,529,741	1,282,325,887	891,684,511
Cost of revenue	19	(527,524,158)	(313,937,855)	(1,062,717,375)	(693,265,799)
Gross profit		118,451,759	119,591,886	219,608,512	198,418,712
Other income		3,159,913	1,921,229	5,379,706	3,646,030
Selling and distribution expenses		(712,299)	(2,869,116)	(1,347,479)	(3,036,589)
General and administrative expenses		(54,521,387)	(17,094,697)	(81,398,203)	(34,330,608)
Impairment reversal / (loss) on trade receivables and contract assets	9&10	3,868,630	(4,300,557)	2,531,352	(6,656,925)
Gain from sale of property and equipment		173,039	(6,339)	271,602	(33,602)
Other expenses		-	(44,491)	(342,097)	(44,491)
Operating profit		70,419,655	97,197,915	144,703,393	157,962,527
Finance income		12,992,329	-	21,193,794	-
Finance costs		(15,907,332)	(11,413,313)	(31,695,152)	(22,602,737)
Share of loss from equity accounted investees	5	(3,399,457)	(2,629,270)	(6,772,749)	(3,730,839)
Profit before Zakat		64,105,195	83,155,332	127,429,286	131,628,951
Zakat expenses	20	(2,449,533)	(6,268,538)	(7,619,692)	(11,680,364)
Profit for the period		61,655,662	76,886,794	119,809,594	119,948,587
OTHER COMPREHENSIVE INCOME					
<i>Item that will be reclassified subsequently to profit or loss:</i>					
Share of other comprehensive income / loss from equity accounted investees	5	1,242,185	-	(18,869,672)	-
Other comprehensive profit / (loss)		1,242,185	-	(18,869,672)	-
Total comprehensive income for the period		62,897,847	76,886,794	100,939,922	119,948,587
Earnings per share (EPS):					
Basic and diluted earning per share	16	1.76	2.20	3.42	3.43

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

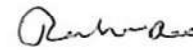
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Chairman of Board of
Directors



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 six-month period ended 30 June 2025
(Saudi Arabian Riyals)

	Share capital	Statutory reserve	Retained earnings	Actuarial Reserve	Other reserves of equity- accounted investees	Total
As at 1 January 2024 (Audited)	250,000,000	46,474,071	235,766,628	5,349,930	-	537,590,629
Increase in share capital (Unaudited) – note 12	100,000,000	-	(100,000,000)	-	-	-
Profit for the period (Unaudited)	-	-	119,948,587	-	-	119,948,587
Other comprehensive income (Unaudited)	-	-	-	-	-	-
Total comprehensive income (Unaudited)	-	-	119,948,587	-	-	119,948,587
As at 30 June 2024 (Unaudited)	350,000,000	46,474,071	255,715,215	5,349,930	-	657,539,216
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)	-	-	119,809,594	-	-	119,809,594
Other comprehensive income (Unaudited)	-	-	-	-	(18,869,672)	(18,869,672)
Total comprehensive income (Unaudited)	-	-	119,809,594	-	(18,869,672)	100,939,922
Dividends (Unaudited) – (note 21)	-	-	(52,500,000)	-	-	(52,500,000)
As at 30 June 2025 (Unaudited)	350,000,000	46,474,071	433,078,441	6,660,353	(11,530,091)	824,682,774

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 six-month period ended 30 June 2025
(Saudi Arabian Riyals)

		30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
	Note		
OPERATING ACTIVITIES			
Profit for the period before zakat		127,429,286	131,628,951
<u>Adjustments:</u>			
Depreciation of property and equipment	7	30,813,632	26,403,617
Depreciation of right-of-use assets		690,923	989,504
Amortization		135,012	
(Gain) / Loss on sale of property and equipment		(271,602)	33,602
Provision for employees' defined benefits		9,284,797	8,096,476
Provision for expected credit losses		(2,531,352)	6,656,925
Other provisions		20,239,834	3,921,288
Finance income	5	(732,449)	-
Finance costs		31,695,152	22,602,737
Share of loss from equity accounted investees	5	6,772,749	3,730,839
Settlement of finance lease liability		-	(192,467)
		<u>223,525,982</u>	<u>203,871,472</u>
<u>Changes in working capital:</u>			
Prepayments and other current assets		(129,460,484)	(94,386,174)
Trade and other receivables		(149,127,720)	3,622,286
Contract assets		(66,905,030)	(135,595,455)
Inventories		39,199,424	(7,723,887)
Concession contract receivables	6	(294,012,845)	(49,674,379)
Advance from customer		(34,042,243)	86,804,881
Trade payable, accruals and other liabilities		211,464,986	123,272,071
Amount due to related parties		-	(1,824,199)
<i>Cash flows (used in) / generated from operating activities</i>		<u>(199,357,930)</u>	<u>128,366,616</u>
Finance costs paid		(23,137,834)	(21,277,410)
Zakat paid		(10,527,213)	(15,292,584)
Employees' defined benefits paid		(4,094,180)	(2,546,663)
Net cash (used in) / generated from operating activities		<u>(237,117,157)</u>	<u>89,249,959</u>
INVESTING ACTIVITIES			
Purchase of property and equipment	7	(22,479,282)	(34,717,904)
Movement in capital advances		(528,778)	(31,275,039)
Proceeds from sale of property and equipment		513,645	197,918
Investment in equity accounted investee	5	-	(50,000)
Loan to equity accounted investee	5	(5,475,750)	(4,361,000)
Payment received on loan to equity accounted investee	5	809,839	-
Net cash used in investing activities		<u>(27,160,326)</u>	<u>(70,206,025)</u>
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(790,839)	(823,979)
Finance costs paid on lease liabilities		(21,162)	(50,521)
Proceeds from term loans	13	514,984,197	462,691,883
Repayment of term loans	13	(266,735,498)	(379,052,573)
Dividends paid	21	(52,500,000)	-
Net cash generated from financing activities		<u>194,936,699</u>	<u>82,764,810</u>
Net change in cash and bank balances		<u>(69,340,784)</u>	<u>101,808,744</u>
Cash and bank balances at the beginning of the period	11	<u>322,293,581</u>	<u>69,143,003</u>
Cash and bank balances at the end of the period		<u>252,952,797</u>	<u>170,951,747</u>
SIGNIFICANT NON-CASH TRANSACTIONS			
Recognition of right-of-use assets and lease liabilities		528,961	-
Increase in share capital through issue of bonus shares		-	100,000,000

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

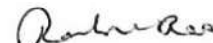
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Chief Executive Officer



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**ALKHORAYEF WATER AND POWER TECHNOLOGIES COMPANY
AND ITS SUBSIDIARIES**
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month and six-month periods ended 30 June 2025
(Saudi Arabian Riyals)

1. CORPORATE INFORMATION

Alkhorayef 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 King Abdulaziz Road – Riyadh.

The Company is engaged in contracting 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 (AIA) is the Ultimate Holding Company.

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 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 30 June 2025.

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

The Company has the following joint arrangements:

Join operations name	Location	Principal activities	Percentage of ownership	
			2025	2024
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%

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

**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-month and six-month periods ended 30 June 2025

(Saudi Arabian Riyals)

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 2024 (“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.

These condensed consolidated interim financial statements are presented in Saudi Riyals (“SR”) which is the functional and presentation currency 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 2024

4. NEW AND AMENDED STANDARDS, FORTHCOMING AND CURRENTLY EFFECTIVE

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025.

The following new standards and amendments were applied for the first time in 2025, but did not have an impact on the condensed consolidated interim financial statements of the Group.

<u>New currently effective requirements</u>	<u>Mandatory effective date</u>
Lack of Exchangeability – Amendments to IAS 21	1 January 2025
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s condensed consolidated interim financial statements are as follows.	
<u>Forthcoming requirements</u>	<u>Effective for annual periods beginning on or after</u>
Classification and measurement of financial instruments – Amendments to IFRS 9 and 7	1 January 2026
Contracts Referencing Nature- dependent Electricity – Amendments to IFRS 9 and 7	1 January 2026
Annual improvements to IFRS standards – Volume 11	1 January 2026
IFRS 18 presentation and disclosure in financial statements	1 January 2027
IFRS 19 Subsidiaries without public accountability: Disclosures	1 January 2027

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**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-month and six-month periods ended 30 June 2025

(Saudi Arabian Riyals)

5. EQUITY ACCOUNTED INVESTEEES

Investee name	Nature	Principal place of business	Principal activities	Percentage of ownership	
				30 June 2025	31 December 2024
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%

Investee name	Notes	Carrying value		
		30 June 2025	31 December 2024	30 June 2024
Innovative Water Transport Development (IWTD)	5.1	--	7,411,097	--
Erwaa Water Company ("EWC")	5.2	--	--	--
Total		--	7,411,097	--

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

30 June 2025 (Unaudited)	EWC	IWTD	Total	31 December 2024
				Total (Audited)
At the beginning of the period	--	7,411,097	7,411,097	--
Additions during the year	--	--	--	50,000
Obligation for loss – opening balance (note 15)	(21,091,049)	--	(21,091,049)	(7,632,952)
Share of (loss) / profit	(6,772,799)	50	(6,772,749)	(13,436,581)
Share of other comprehensive (loss) / income	--	(18,869,672)	(18,869,672)	7,339,581
Loan transfer to long term interest in associate (note 5.2)	22,721,199	--	22,721,199	17,322,839
Obligation for loss - ending balance (note 15)	(5,142,649)	(11,458,525)	(16,601,174)	(3,768,210)
At the end of the period	--	--	--	7,411,097

30 June 2024 (Unaudited)	EWC	IWTD	Total
At the beginning of the year	-	-	-
Additions during the year	-	50,000	50,000
Obligation for loss – opening balance (note 15)	(7,632,952)	-	(7,632,952)
Share of (loss) / profit	(3,250,859)	(479,980)	(3,730,839)
Obligation for loss - ending balance (note 15)	(10,883,811)	(429,980)	(11,313,791)
At the end of the year	-	-	-

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 SR 100,000 (100 shares of SR 1,000 each) on 11 Rabi Al-Alkhirah 1445H (corresponding to 26 October 2023) with commercial registration number 4030529953.

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.

**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-month and six-month periods ended 30 June 2025
(Saudi Arabian Riyals)

5. EQUITY ACCOUNTED INVESTEES (CONTINUED)

5.1 Innovative Water Transport Development (IWTD) (continued)

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:

	30 June 2025	31 December 2024
Total current assets	210,824,458	288,852,845
Total non-current assets	1,173,441,546	594,678,771
Total current liabilities	(65,539,525)	(54,883,191)
Non-current liabilities	(1,345,200,208)	(813,826,232)
Net (liabilities) / assets	(26,473,729)	14,822,193
Income tax payable by Cobra Instalaciones Servicios SA ("Cobra")	3,556,679	--
Net assets after Cobra's share of income tax	(22,917,050)	14,822,193
Carrying amount of interest in associate at 50%	(11,458,525)	7,411,097

	30 June 2025	31 December 2024
Revenue	576,347,410	594,122,453
Depreciation and amortization	(161,357)	(108,122)
Interest expense	(33,005,273)	(38,070,472)
Tax and zakat	(3,556,679)	(8,608)
(Loss) / profit for the period / year	(3,556,579)	43,031
Other comprehensive (loss) / income for the period / year (note 5.1 a)	(37,739,343)	14,679,162
Total comprehensive (loss) / income for the period / year	(41,295,922)	14,722,193

Group share in total comprehensive income for the period / year at 50% (note 5.1 b)	(18,869,622)	7,361,097
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- a) As at 30 June 2025, IWTD held Interest Rate Swaps ("IRS") 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. Below 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.

	30 June 2025	31 December 2024
Loss / Profit for the period / year	(3,556,579)	43,031
Add: Income tax allocated to Cobra	3,556,679	--
	100	43,031
Group share in profit for the period / year at 50%	50	21,516
Group share in other comprehensive income for the period / year at 50%	(18,869,672)	7,339,581
Group share in total comprehensive income for the period / year at 50%	(18,869,622)	7,361,097

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5. EQUITY ACCOUNTED INVESTEES (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 SR 500,000 (500 shares of SR 1,000 each) on 3 Jumada Al-Alkhirah 1443H (corresponding to 6 January 2022).

The Group has paid SR 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 30 June 2025.

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

	30 June 2025	31 December 2024
Total current assets	28,824,821	28,498,317
Total non-current assets	3,249,262	3,658,214
Total current liabilities	(26,183,382)	(23,393,110)
Non-current liabilities	(62,755,671)	(51,806,379)
Net liabilities	(56,864,970)	(43,042,958)
Carrying amount of interest in associate at 49%	(27,863,835)	(21,091,049)
	30 June 2025	31 December 2024
Revenue	15,442,004	40,176,475
Depreciation and amortization	408,952	814,277
Interest expense	(2,028,917)	(2,134,330)
Tax and zakat	--	491,749
Loss for the year	(13,822,039)	(27,465,504)
Group share in loss for the period / year at 49%	(6,772,799)	(13,458,097)

The cumulative share of loss amounting to SR 27.86 million has exceeded the carrying value of investment as at 30 June 2025. 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 SR 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 30 June 2025, the Company has provided additional funding of SR 5.48 million (31 December 2024: SR 7.45 million) proportionate to its share in the EWC. The full amount of the loan has been provided to EWC as at 30 June 2025.

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5. EQUITY ACCOUNTED INVESTEEES (CONTINUED)

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

Movement in loan to associate:

	30 June 2025	31 December 2024	30 June 2024
Opening balance	17,322,839	9,847,195	9,847,195
Addition during the period / year	5,475,750	7,448,000	4,361,000
Interest income	732,449	1,054,838	--
Repayments	(809,839)	(1,027,194)	--
Transfer to long-term interest in associate*	(22,721,199)	(17,322,839)	--
Closing balance	--	--	14,208,195

*During the period ended 30 June 2025 and the year ended 31 December 2024, the Group has transferred the loan to associate by considering this as long-term interest in associate.

6. CONCESSION CONTRACT RECEIVABLES

	30 June 2025	31 December 2024
Financial asset arising from service concession arrangement	661,275,462	367,262,617
<i>Classified as:</i>		
-Non-current	485,448,949	254,588,114
-Current	175,826,513	112,674,503
	661,275,462	367,262,617

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

	30 June 2025	31 December 2024
Opening balance	367,262,617	--
Additions for the period / year	294,012,845	367,262,617
Closing balance	661,275,462	367,262,617

During the year ended 31 December 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>30 June 2025</i>	<i>Land</i>	<i>Buildings</i>	<i>Heavy machinery</i>	<i>Furniture and fixtures</i>	<i>Motor vehicles</i>	<i>Total</i>
						(Unaudited)
<u>Cost:</u>						
At the beginning of the period	22,500,000	86,151,561	317,536,995	29,925,830	148,941,102	605,055,488
Additions	-	35,500	14,136,308	3,918,474	4,389,000	22,479,282
Disposals	-	(92,000)	(228,500)	(135,072)	(587,765)	(1,043,337)
At the end of the period	22,500,000	86,095,061	331,444,803	33,709,232	152,742,337	626,491,433
<u>Accumulated depreciation:</u>						
At the beginning of the period	-	2,438,226	160,846,579	12,079,053	88,987,857	264,351,715
Charge for the period	-	1,379,050	17,997,487	1,709,734	9,727,361	30,813,632
Disposals	-	(92,000)	(191,301)	(125,908)	(392,085)	(801,294)
At the end of the period	-	3,725,276	178,652,765	13,662,879	98,323,133	294,364,053
<u>Carrying value:</u>						
30 June 2025 (Unaudited)	22,500,000	82,369,785	152,792,038	20,046,353	54,419,204	332,127,380
31 December 2024 (Audited)	22,500,000	83,713,335	156,690,416	17,846,777	59,953,245	340,703,773

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7. PROPERTY AND EQUIPMENT (CONTINUED)

<i>30 June 2024</i>	<i>Buildings</i>	<i>Heavy machinery</i>	<i>Furniture and fixtures</i>	<i>Motor vehicles</i>	<i>Capital work in progress</i>	<i>Total</i>
						(Unaudited)
<u>Cost:</u>						
At the beginning of the period	4,015,717	293,180,003	21,356,759	130,140,808	90,714,500	539,407,787
Additions	61,850	15,073,050	2,014,695	10,796,020	6,772,289	34,717,904
Disposals	-	(127,487)	(46,650)	(320,630)	-	(494,767)
At the end of the period	<u>4,077,567</u>	<u>308,125,566</u>	<u>23,324,804</u>	<u>140,616,198</u>	<u>97,486,789</u>	<u>573,630,924</u>
<u>Accumulated depreciation:</u>						
At the beginning of the period	2,089,238	140,755,839	11,916,380	76,798,769	-	231,560,226
Charge for the period	141,039	16,091,678	1,073,387	9,097,513	-	26,403,617
Disposals	-	(54,928)	(22,629)	(185,690)	-	(263,247)
At the end of the period	<u>2,230,277</u>	<u>156,792,589</u>	<u>12,967,138</u>	<u>85,710,592</u>	<u>-</u>	<u>257,700,596</u>
<u>Carrying value:</u>						
<i>30 June 2024</i>	<u>1,847,290</u>	<u>151,332,977</u>	<u>10,357,666</u>	<u>54,905,606</u>	<u>97,486,789</u>	<u>315,930,328</u>

Depreciation charge for the period was allocated as follows:

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Cost of revenues	28,578,429	26,227,189
General and administrative expenses	2,235,203	176,428
	<u>30,813,632</u>	<u>26,403,617</u>

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8. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Advances to suppliers	222,480,375	127,364,447
Prepaid expenses	66,042,604	34,519,933
VAT receivables	15,505,397	11,013,570
Employees' advances and receivables	2,432,643	3,750,478
Others	1,862,838	2,214,945
	308,323,857	178,863,373

9. CONTRACT ASSETS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2024 (Unaudited)
Opening balance	663,614,397	617,334,233	611,125,936
Value of work performed during the period / year	1,282,325,887	1,952,145,192	891,684,511
Progress billings made during the period / year	(1,238,149,551)	(1,905,865,02)	(749,880,759)
	707,790,733	663,614,397	752,929,688
Advances received from customers	(53,044,937)	(75,773,632)	-
	654,745,796	587,840,765	752,929,688
Less: provision for expected credit losses	(12,352,866)	(23,846,451)	(8,900,130)
Closing balance	642,392,930	563,994,315	744,029,558

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:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2024 (Unaudited)
Opening balance	23,846,451	6,208,297	6,208,297
(Reversal) / charge for the period / year	(11,493,585)	17,638,154	2,691,833
Closing balance	12,352,866	23,846,451	8,900,130

	30 June 2025			31 December 2024		
	Gross carrying amount	Expected credit loss	Expected credit loss rate	Gross carrying amount	Expected credit loss	Expected credit loss rate
0-90 days	399,377,631	1,252,185	0.28%	322,841,130	1,227,401	0.38%
91-180 days	97,047,840	689,069	0.71%	85,695,238	922,364	1.08%
181-270 days	35,865,265	397,545	1.11%	91,352,436	805,738	0.88%
271-360 days	29,818,706	548,246	1.84%	33,650,289	992,280	2.95%
361-450 days	28,988,092	1,081,952	3.73%	24,194,138	715,700	2.96%
451-540 days	25,569,069	1,481,897	5.80%	6,119,365	360,736	5.89%
541-630 days	10,997,752	1,098,535	9.99%	1,866,799	456,491	24.45%
631-720 days	3,778,848	442,922	11.72%	3,955,632	200,002	5.06%
More than 720 days	23,302,593	5,360,515	23.00%	18,165,739	18,165,739	100%
Total	654,745,796	12,352,866		587,840,766	23,846,451	

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10. TRADE AND OTHER RECEIVABLES

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2024 (Unaudited)
Trade receivables	592,102,862	431,522,572	423,355,164
Retention receivables	22,639,136	21,160,680	18,354,969
Operation and maintenance-unbilled	9,868,547	22,799,573	-
	624,610,545	475,482,825	441,710,133
Less: provision for expected credit losses	(21,983,907)	(13,021,674)	(12,352,250)
	602,626,638	462,461,151	429,357,883

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

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2024 (Unaudited)
Opening balance	13,021,674	8,387,158	8,387,158
Charge for the period / year	8,962,233	4,634,516	3,965,092
Closing balance	21,983,907	13,021,674	12,352,250

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. Trade receivables include amounts totaling SR 608 million which is due from Government and quasi-Government institutions (31 December 2024: SR 451 million).

Trade receivables include an amount of SR 34,307,318 (31 December 2024: SR 17,840,265) which is due from related parties (note 17).

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.

	30 June 2025			31 December 2024		
	Gross carrying amount	Expected credit loss	Expected credit loss rate	Gross carrying amount	Expected credit loss	Expected credit loss rate
Not due	332,664,510	1,218,833	0.37%	247,316,989	183,603	0.07%
0-90 days	29,783,539	620,335	2.08%	33,473,766	230,815	0.69%
91-180 days	49,341,524	1,437,808	2.91%	17,491,553	450,770	2.58%
181-270 days	24,240,956	1,015,092	4.19%	34,571,328	733,234	2.12%
271-360 days	14,304,864	753,740	5.27%	29,483,899	1,873,450	6.35%
More than 360 days	164,406,605	16,938,099	10.30%	90,345,717	9,549,802	10.57%
Total	614,741,998	21,983,907		452,683,252	13,021,674	

11. CASH AND CASH EQUIVALENTS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2024 (Unaudited)
Bank balances	244,674,589	322,241,033	166,126,203
Cash in hand	8,278,208	52,548	4,825,544
	252,952,797	322,293,581	170,951,747

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12. SHARE CAPITAL

Share capital as at 30 June 2025 and 31 December 2024 was as follows:

	Number of shares	Capital	Shareholding
Alkhorayef Group Company	16,275,000	162,750,000	46.5%
Individual and other minority shareholders	18,725,000	187,250,000	53.5%
	35,000,000	350,000,000	100%

On 23 July 2023 (corresponding to 5 Muharram 1445H), the Board of Directors of the Company recommended to the Extraordinary General Assembly to increase the Company's share capital by granting bonus shares to the Company's shareholders by capitalizing SR 100,000,000 from retained earnings and granting one share for every two and a half shares owned. On 23 May 2024 (corresponding to 15 Dhul-Qa'dah 1445H), the Shareholders of the Company approved the Board of Directors' recommendation.

The bonus share issue was subsequently approved by the Capital Markets Authority and the announcement was made on Tadawul.

The authorized and paid-up share capital of the Company as at 30 June 2025 and 31 December 2024 was SR 350 million divided into 35 million shares of SR 10 each.

13. TERM LOANS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2024 (Unaudited)
Long-term loans	570,700,472	324,297,476	261,997,743
Short term loans	376,679,861	374,834,158	364,193,940
Total loans	947,380,333	699,131,634	626,191,683
Less non-current portion of long-term loan	(473,421,758)	(166,836,326)	(79,403,719)
Current loans	473,958,575	532,295,308	546,787,964
	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2024 (Unaudited)
<i>Below is the movement of the loans and borrowings:</i>			
Opening balance	699,131,634	542,552,373	542,552,373
Loans obtained during the period / year	514,984,197	879,243,210	462,691,883
Payments made during the period / year	(266,735,498)	(722,663,949)	(379,052,573)
Closing balance	947,380,333	699,131,634	626,191,683

The Group has obtained Sharia Compliant Murabaha loan facilities from commercial banks with maturity dates ranging from 2025 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 acknowledgement of contract proceeds.

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

As at 30 June 2025, the Group has borrowings of amount SR 473,421,758 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

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13. TERM LOANS (CONTINUED)

The assessment of compliance with these covenants is performed at the end of each reporting period as per the loan agreements. As of 30 June 2025, the Group is in compliance with all the applicable covenants, and therefore, these borrowings are classified as non – current liabilities.

At 30 June 2025, undrawn committed borrowing facilities amounted to SR 3,103 million (31 December 2024: SR 2,791 million).

14. TRADE PAYABLES, ACCRUALS AND OTHER LIABILITIES

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Project accruals*	590,662,030	436,578,932
Trade payables	248,029,814	193,695,639
Employee accruals	51,357,791	55,692,378
Accrued interest	14,540,779	5,983,462
Due to related parties (note 17)	5,961,911	468,183
Accrued BOD remuneration	1,518,610	3,261,999
Other	6,536,998	2,926,185
	<u>918,607,933</u>	<u>698,606,778</u>

* Project accruals represent subcontractor and other cost incurred and accrued for projects in progress and which has not been invoiced to the Group yet.

15. PROVISIONS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Provision for penalties	43,021,160	27,484,473
Obligation for loss from an equity accounted investees (note 5)	16,601,174	3,768,210
Provision for onerous contracts	7,703,135	3,000,000
	<u>67,325,469</u>	<u>34,252,683</u>

15.1. The movement in the Provision for penalties is as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2024 (Unaudited)
Opening balance	27,484,473	12,404,473	12,404,473
Additional provision	16,967,687	15,080,000	3,920,400
Provision reversed	(1,431,000)	-	-
Closing balance	<u>43,021,160</u>	<u>27,484,473</u>	<u>16,324,873</u>

15.2. Provision for onerous contracts is made for contracts under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The movement in the provision for onerous contract is summarized below:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	30 June 2024 (Unaudited)
Opening balance	3,000,000	3,473,092	3,473,092
Additional provision	6,507,697	-	-
Provision reversed	(1,804,562)	(473,092)	-
Closing balance	<u>7,703,135</u>	<u>3,000,000</u>	<u>3,473,092</u>

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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.

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period (SR)	61,655,662	76,886,794	119,809,594	119,948,587
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	35,000,000	35,000,000	35,000,000	35,000,000
Basic and diluted earnings per share of profit for the period (SR)	1.76	2.20	3.42	3.43

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

16. 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:

Related parties	Relationship	Nature of transactions	Volume of transactions for the six-month period ended	
			30 June 2025	30 June 2024
			(Unaudited)	(Unaudited)
Alkhorayef Group company	Parent Company	Shared service cost	907,430	789,070
		Land rental	-	144,000
Abdullah Ibrahim	Ultimate Parent Company	Land rental	167,600	163,646
Alkhorayef Sons Company	A subsidiary to the Parent	Purchases	1,255,530	475,481
Alkhorayef Commercial Company		Sales	3,519	-
Alkhorayef Printing Solutions Company	A subsidiary to the Parent	Purchases	732,139	102,268
Alkhorayef Lubricants Company	A subsidiary to the Parent	Purchases	356,862	486,555
Saudi Part Center ("SPC")	A subsidiary to the Parent	Purchases	15,470	-
Alkhorayef Petroleum Company		Sales	6,900	-
Alkhorayef Industries Company		Sales	5,003	-
Erwaa Water Company ("EWC")	An associate to the Company	Loan during the period	5,475,750	4,361,000
		Revenue	12,008,708	3,938,662
Innovative Water Transport Development Company ("IWTD")	A joint venture of the Company	Revenue	264,672,092	33,442,707

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17. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

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:

		Amount of transactions	
		30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
<u>Related parties</u>	<u>Nature of transactions</u>		
Key management personnel (Note 17.2)	Short-term benefits	14,077,056	11,142,490
	Post-employment benefits	352,943	371,998
Board of directors	Remuneration and sitting fees	1,510,611	1,059,000

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:

		30 June 2025 (Unaudited)	31 December 2024 (Audited)
	<u>Note</u>		
Erwa Water Company		-	17,631,265
Innovative Water Transport Development Company		34,307,318	209,000
Total	10	34,307,318	9,847,195

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

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Alkhorayef Group Company		5,766,134	-
Abdullah Ibrahim Alkhorayef Sons Company		45,593	-
Alkhorayef Printing Solution		8,918	82,875
Alkhorayef Lubricants Company		-	68,966
Saudi Parts Center Company		-	15,570
Alkhorayef Commercial Company		141,266	266,962
Alkhorayef Petroleum Company		-	33,810
Total	14	5,961,911	468,183

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18. REVENUES

18.1 Disaggregated revenue information

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Types of services				
Water (see note "a" below)	317,223,898	280,529,352	650,415,872	609,455,223
Wastewater (see note "b" below)	257,094,101	83,234,367	478,488,264	141,187,220
Integrated Water Solutions (see note "c" below)	71,657,918	69,766,022	153,421,751	141,042,068
	645,975,917	433,529,741	1,282,325,887	891,684,511

a) Categories of services (Water)

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Water Networks	257,097,347	231,076,126	535,543,482	511,998,759
Water Withdraw and Treatment	60,126,551	49,453,226	114,872,390	97,456,464
	317,223,898	280,529,352	650,415,872	609,455,223

b) Categories of services (Wastewater)

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Wastewater Networks	21,987,648	25,526,142	42,051,537	61,910,624
Wastewater Treatment	235,106,453	57,708,225	436,436,727	79,276,596
	257,094,101	83,234,367	478,488,264	141,187,220

c) Categories of services (Integrated Water Solutions)

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Water Management Services	24,935,810	28,291,217	54,654,611	55,033,990
City Management	29,262,981	27,354,438	60,408,086	54,111,562
Stormwater Networks	17,459,127	14,120,367	38,359,054	31,896,516
	71,657,918	69,766,022	153,421,751	141,042,068

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 from contracts is recognised over time in line with the revenue recognition policy. More than 98% of revenue is from contracts with Government entities.

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19. COST OF REVENUES

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Materials consumed	312,123,309	149,287,523	641,476,581	351,898,884
Employees' salaries and other benefits	124,382,485	120,560,632	250,975,823	238,730,417
Depreciation and amortisation	14,841,520	13,244,528	29,269,352	27,205,749
Repair and maintenance	31,423,671	10,691,510	52,313,917	24,014,528
Utilities	11,211,046	6,909,949	21,817,328	15,700,574
Rent	6,933,768	3,060,072	14,735,340	9,463,395
Insurance	3,351,951	2,687,304	6,123,281	5,166,878
Penalties	4,668,767	1,380,885	8,060,552	3,665,802
Professional fees	2,744,685	5,156,892	6,823,943	6,365,131
Others	15,842,956	958,560	31,121,258	11,054,441
	<u>527,524,159</u>	<u>313,937,855</u>	<u>1,062,717,375</u>	<u>693,265,799</u>

20. ZAKAT

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

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)	31 December 2024 (Audited)
Opening balance	16,527,051	15,287,675	15,287,675
Charge for the period / year	7,619,692	11,680,364	16,531,960
Paid during the period / year	(10,527,213)	(15,292,584)	(15,292,584)
Closing balance	<u>13,619,530</u>	<u>11,675,455</u>	<u>16,527,051</u>

Status of 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 Zakat returns for the years up to 31 December 2024. 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. During the period ended 30 June 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 return for the year ended 31 December 2024 was filed on a consolidated basis.

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

On 25 May 2025, the General Assembly of the Company approved the Board of Directors' recommendation to distribute cash dividends to shareholders in relation to the year ended 31 December 2024. The total dividend amounted to SR 52.5 million, representing SR 1.50 per share. The dividends were distributed on 19 June 2025.

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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.

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

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22. OPERATING SEGMENTS (CONTINUED)

The following table presents information for the Group's operating segments for the period ended 30 June 2025 and 30 June 2024, respectively.

Based on the nature of services:

For the period ended 30 June 2025	Water	Waste-water	Integrated Water Solution	Total
Revenue	650,415,872	478,488,264	153,421,751	1,282,325,887
Cost of revenue	(577,512,263)	(331,076,605)	(154,128,507)	(1,062,717,375)
Gross profit / (loss)	72,903,609	147,411,659	(706,756)	219,608,512
Unallocated income (expenses)				
Other income				5,379,706
Selling and distribution expenses				(1,347,479)
General and administrative expenses				(81,398,203)
Impairment reversal on trade receivables and contract assets				2,531,352
Gain from sale of property and equipment				271,602
Other expense				(342,097)
Finance income				21,193,794
Finance costs				(31,695,152)
Share of loss from an equity accounted investee				(6,772,749)
Profit before zakat				127,429,286
Zakat expense				(7,619,692)
Profit for the period				119,809,594

For the period ended 30 June 2024	Water	Waste-water	Integrated Water Solution	Total
Revenue	609,455,223	141,187,220	141,042,068	891,684,511
Cost of revenue	(455,600,421)	(120,720,931)	(116,944,447)	(693,265,799)
Gross profit / (loss)	153,854,802	20,466,289	24,097,621	198,418,712
Unallocated income (expenses)				
Other income				3,646,030
Selling and distribution expenses				(3,036,589)
General and administrative expenses				(34,330,608)
Impairment loss on trade receivables and contract assets				(6,656,925)
Gain from sale of property and equipment				(33,602)
Other expense				(44,491)
Finance income				-
Finance costs				(22,602,737)
Share of loss from an equity accounted investee				(3,730,839)
Profit before zakat				131,628,951
Zakat expense				(11,680,364)
Profit for the period				119,948,587

Geographical segments:

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

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23. CONTINGENCIES

- 23.1 The Group has provided a financial guarantee in Favor of Innovative Water Transport Development Company, a Joint Venture Company, for an amount of SR 296,232,611. The group has accounted for the Expected Credit Loss on the above financial guarantee as per IFRS 9.
- 23.2 As at 30 June 2025, the Group has received several notices from a government authority in respect of alleged penalties amounting to SR 50.1 million. These matters are currently subject to ongoing legal proceedings. The ultimate outcome of these proceedings remains uncertain at this stage. However, based on management's assessment, it is believed that the matters will be resolved in the Group's favour. Accordingly, no provision has been recognised in these consolidated financial statements as at the reporting date.

There were no other significant contingencies and commitments as at 30 June 2025 and 2024.

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.

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

	30 June 2024 (Unaudited)	31 December 2024 (Audited)
Financial assets		
Amortized cost		
Cash and cash equivalents	252,952,797	322,293,581
Trade receivables	601,971,409	454,322,145
Contract assets	654,745,796	587,840,766
Concession contract receivables	661,275,462	367,262,617
Other financial assets	27,667,066	27,126,103
	<u>2,198,612,530</u>	<u>1,758,845,212</u>
Financial liabilities		
Amortized cost		
Trade and other payables	918,607,933	698,606,778
Term loans	947,380,333	699,131,634
Lease liabilities	1,334,019	1,595,897
	<u>1,867,322,285</u>	<u>1,399,334,309</u>

25. EVENTS AFTER THE REPORTING PERIOD

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.

26. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been approved by the Board of Directors on 13 Safar 1447H (corresponding to 7 August 2025).