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 2026

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 2026

KPMG Professional Services Company
Roshn Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
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 30 June 2026 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 2026;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2026;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2026;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 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 30 June 2026 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

كي . بي . إم . جي للإستشارات المهنية
Lic No. 46
C.R. 1010425494
R : 2
KPMG
ترخيص رقم ٤٦
س.ت ١٠١٠٤٢٥٤٩٤
KPMG Professional Services

Fahad Mubark Al Dossari
License No: 469

Riyadh, 22 Safar 1448H
Corresponding to: 5 August 2026

ALKHORAYEF WATER AND POWER TECHNOLOGIES COMPANY
AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 30 June 2026
(All amounts are in Saudi Riyal)

	Notes	**30 June 2026 (Unaudited)**	31 December 2025 (Audited)
ASSETS			
Non-current Assets			
Property and equipment	7	**329,736,783**	332,774,126
Intangible assets		**1,770,805**	1,905,816
Right-of-use assets		**1,886,129**	1,400,344
Equity accounted investees	5	**20,389,073**	3,278,162
Derivative asset		**1,440,013**	-
Concession contract receivables	6	**1,029,925,554**	821,943,813
Capital advances		**288,385**	100,297
Total non-current assets		**1,385,436,742**	1,161,402,558
Current assets			
Concession contract receivables	6	**70,229,618**	21,428,062
Inventories		**127,887,494**	112,740,939
Prepayments and other assets	8	**266,005,911**	200,989,285
Contract assets	9	**675,204,394**	493,994,527
Trade and other receivables	10	**549,213,228**	826,380,967
Cash and cash equivalents	11	**248,969,461**	257,818,897
Total current assets		**1,937,510,106**	1,913,352,677
TOTAL ASSETS		**3,322,946,848**	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		**635,887,159**	507,763,270
Actuarial valuation reserve		**8,162,903**	8,162,903
Hedging reserve		**1,440,013**	-
Other reserves of equity-accounted investees	5	**20,297,016**	3,309,256
Total equity		**1,062,261,162**	915,709,500
Non-current liabilities			
Employees' defined benefit liabilities		**78,723,697**	70,959,023
Lease liabilities		**909,713**	400,882
Term loans	13	**1,118,911,454**	742,373,458
Total non-current liabilities		**1,198,544,864**	813,733,363
Current liabilities			
Trade payables, accruals and other liabilities	14	**810,138,353**	1,012,279,289
Provisions	15	**74,420,182**	72,822,118
Zakat payable	20	**11,757,827**	17,361,822
Lease liabilities		**709,998**	679,998
Term loans	13	**165,114,462**	242,169,145
Total current liabilities		**1,062,140,822**	1,345,312,372
Total liabilities		**2,260,685,686**	2,159,045,735
TOTAL EQUITY AND LIABILITIES		**3,322,946,848**	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)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three-month and six-month periods ended 30 June 2026
(All amounts are in Saudi Riyal)

	Note	*For the three-month period ended 30 June (Unaudited)*		*For the six-month period ended 30 June (Unaudited)*	
		2026	*2025*	***2026***	*2025*
PROFIT OR LOSS					
Revenue	18	**515,645,043**	645,975,917	**1,028,523,936**	1,282,325,887
Cost of revenue	19	**(392,980,815)**	(527,524,158)	**(795,149,305)**	(1,062,717,375)
Gross profit		**122,664,228**	118,451,759	**233,374,631**	219,608,512
Other income, net		**3,454,348**	3,332,952	**1,199,966**	5,309,211
Expected credit losses on financial guarantee liability		**(976,014)**	-	**(976,014)**	-
Selling and distribution expenses		**(2,323,017)**	(712,299)	**(2,989,017)**	(1,347,479)
General and administrative expenses		**(44,456,705)**	(54,521,387)	**(76,165,065)**	(81,398,203)
(Reversal of) impairment loss on trade receivables and contract assets	9&10	**724,987**	3,868,630	**(531,984)**	2,531,352
Operating profit		**79,087,827**	70,419,655	**153,912,517**	144,703,393
Finance costs		**(17,949,418)**	(15,907,332)	**(34,938,394)**	(31,695,152)
Finance income		**15,341,170**	12,992,329	**28,116,456**	21,193,794
Share of loss from equity accounted investees	5	**(5,902,794)**	(3,399,457)	**(7,132,323)**	(6,772,749)
Profit before zakat		**70,576,785**	64,105,195	**139,958,256**	127,429,286
Zakat expense	20	**(6,928,756)**	(2,449,533)	**(11,834,367)**	(7,619,692)
Net profit for the period		**63,648,029**	61,655,662	**128,123,889**	119,809,594
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will be reclassified subsequently to profit or loss:					
Cash flow hedge - Effective portion of changes in fair value		**1,440,013**	-	**1,440,013**	-
Share of other comprehensive income / (loss) from equity accounted investees	5	**15,905,188**	1,242,185	**16,987,760**	(18,869,672)
Other comprehensive income / (loss)		**17,345,201**	1,242,185	**18,427,773**	(18,869,672)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**80,993,230**	62,897,847	**146,551,662**	100,939,922
Earnings per share (EPS):					
Basic and diluted earning per share	16	**1.82**	1.76	**3.66**	3.42

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 six-month period ended 30 June 2026
(All amounts are in Saudi Riyal)

	Share capital	Statutory reserve	Retained earnings	Actuarial reserve	Hedging 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)	-	-	119,809,594	-	-	-	119,809,594
Other comprehensive loss (Unaudited)	-	-	-	-	-	(18,869,672)	(18,869,672)
Total comprehensive income (Unaudited)			119,809,594		-	(18,869,672)	100,939,922
Dividends (Unaudited)	-	-	(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
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)	**-**	**-**	**128,123,889**	**-**	**-**	**-**	**128,123,889**
Other comprehensive income (unaudited)	**-**	**-**	**-**	**-**	**1,440,013**	**16,987,760**	**18,427,773**
Total comprehensive income (unaudited)			**128,123,889**		**1,440,013**	**16,987,760**	**146,551,662**
As at 30 June 2026 (Unaudited)	**350,000,000**	**46,474,071**	**635,887,159**	**8,162,903**	**1,440,013**	**20,297,016**	**1,062,261,162**

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 2026
(All amounts are in Saudi Riyal)

	Note	**30 June 2026 (Unaudited)**	30 June 2025 (Unaudited)
OPERATING ACTIVITIES			
Profit for the period before zakat		**139,958,256**	127,429,286
Adjustments:			
Depreciation of property and equipment	7	**32,935,467**	30,813,632
Depreciation of right-of-use assets		**506,036**	690,923
Amortization		**135,011**	135,012
Gain on sale of property and equipment		**(45,760)**	(271,602)
Provision for (reversal of) expected credit losses	9 & 10	**531,984**	(2,531,352)
Employees' end of service benefits- current service cost		**12,291,263**	9,284,797
NRV adjustment to inventories		**176,000**	-
Provisions	15	**6,715,506**	20,239,834
Finance income		**(28,116,456)**	(21,193,794)
Finance costs		**34,938,394**	31,695,152
Share of loss from equity accounted investees	5	**7,132,404**	6,772,749
		207,158,105	203,064,637
Change in working capital			
Prepayments and other assets		**(65,016,626)**	(129,460,484)
Trade and other receivables		**273,864,806**	(145,259,090)
Contract assets		**(181,844,915)**	(66,905,030)
Concenssion contract receivables		**(231,943,876)**	(279,940,545)
Inventories		**(15,322,555)**	39,199,424
Advance from customer		**-**	(34,042,243)
Trade payable, accruals and other liabilities		**(141,016,901)**	207,596,356
Cash flows used in operating activities		**(154,121,962)**	(205,746,975)
Finance costs paid		**(34,358,683)**	(23,137,834)
Zakat paid		**(17,438,362)**	(10,527,213)
Employees' defined benefits paid		**(4,526,589)**	(4,094,180)
Net cash used in operating activities		**(210,445,596)**	(243,506,202)
INVESTING ACTIVITIES			
Purchase of property and equipment	7	**(31,679,889)**	(22,479,282)
Movement in capital advances		**(188,088)**	(528,778)
Proceeds from sale of property and equipment		**1,827,525**	513,645
Finance income received		**3,277,035**	6,389,045
Payment received on loan to equity accounted investee		**-**	809,839
Loan to equity accounted investee	5	**(8,967,000)**	(5,475,750)
Net cash used in investing activities		**(35,730,417)**	(20,771,281)
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		**(452,990)**	(790,838)
Proceeds from term loans	13	**784,822,990**	514,984,197
Repayment of term loans	13	**(485,771,413)**	(266,735,498)
Finance costs paid on lease liabilities		**(22,010)**	(21,162)
Dividends paid		**(61,250,000)**	(52,500,000)
Net cash from financing activities		**237,326,577**	194,936,699
Change in cash and cash equivalents		**(8,849,436)**	(69,340,784)
Cash and cash equivalents at the beginning of the period		**257,818,897**	322,293,581
Cash and cash equivalents at the end of the period		**248,969,461**	252,952,797

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 of Directors on behalf of the Shareholders and signed on its behalf by:

Chairman of Board of Directors	Chief Executive Officer	Chief Financial Officer

(All amounts are in Saudi Riyal)

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 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
2050125508	Dammam	2 Ramadan 1440H
4032275310	Taif	26 Shawwal 1445H
1009211223	Riyadh	11 Ramadan 1446H
1009212405	Riyadh	13 Ramadan 1446H
1009212404	Riyadh	13 Ramadan 1446H
1009212403	Riyadh	13 Ramadan 1446H
1009099162	Riyadh	13 Rabi'I 1446H
1009099163	Riyadh	13 Rabi'I 1446H

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 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
Masar Logistics Company	Saudi Arabia	20 May 2026	Cargo road freight transportation	500,000

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 5.1) 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 Professionl 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 ("⃁") 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.

4. NEW AND AMENDED STANDARDS, FORTHCOMING AND CURRENTLY EFFECTIVE

The new standards and amendments to standards disclosed in the Group's annual consolidated financial statements remain unchanged.

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The Group has not early adopted the new accounting standard in preparing these interim financial statements; however, earlier application is permitted.

The Group is in the process of assessing the estimated impact that the initial application of IFRS 18 will have on its consolidated financial statements.

4.1 Structure of the statement of profit or loss

IFRS 18 requires entities to classify all income and expenses into categories in the statement of profit or loss - namely operating, investing, financing, zakat / income tax and discontinued operations. Classification of income and expenses depends on the main business activities of an entity. The Group has determined that it does not have a specified main business activity of investing in assets and/or providing financing to customers.

Neither net profit nor net assets will change as a result of the Group's adoption of IFRS 18. The Group will be required to present two newly defined subtotals, which are 'operating profit' and 'profit or loss before financing and income taxes', However, operating profit subtotal differs from the current operating profit subtotal presented by the Group. Based on the information currently available, the Group expects changes to the current structure of the statement of profit or loss to result from the following:

Investing category:

Based on the Group’s preliminary assessment, Interest income and time deposits, dividends received from investment and share of results from joint ventures will be included in investing category.

Financing category:

The Group will classify income and expenses in the financing category based on the nature of the underlying liabilities:

- Liabilities arising only from the raising of finance: Expenses related to the Group’s borrowings will be classified in the financing category.
- Interest on other liabilities: The interest cost component of the Employee Retirement Benefit obligations and the interest expense on lease liabilities wil move to the financing category.

4.2 Foreign Exchange:

Foreign exchange differences:
Based on the Group's preliminary assessment, foreign exchange differences will be classified in the category where the related income and expenses from the item giving rise to the difference are classified:

Operating: Foreign exchange differences on trade receivables and trade payables.
Investing: Foreign exchange differences on cash and bank balances.

4.3 Management defined performance measures

Management-defined performance measures (MPMs) are subtotals of income and expenses used in public communications outside the financial statements that communicate to users management's view of an aspect of the financial performance of the entity as a whole. The Group will be required to disclose specific information about MPMs in a single note in the financial statements.

The Group is in process to determine which public communications should be considered when identifying MPMs. MPMs relate to the same reporting period as the financial statements. Therefore, MPMs disclosed by the Group following adoption of IFRS 18 will be determined based on public communications issued by the Group relating to the 2027 interim reporting period.

(All amounts are in Saudi Riyal)

4. NEW AND AMENDED STANDARDS, FORTHCOMING AND CURRENTLY EFFECTIVE (CONTINUED)

4.3 Principles of aggregation and disaggregation

IFRS 18 provides enhanced principles on how to group information in financial statements (i.e. the primary financial statements and the notes). It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes.

The Group is assessing the grouping of items on the basis of similar and dissimilar characteristics. Based on this assessment, it will present line items in the primary financial statements that provide useful structured summaries and disclose additional material information in the notes.

The Group is also assessing line items currently labelled as 'other' and will use more informative labels.

4.4 Consequential amendments

IFRS 18 introduces consequential amendments to IAS 7, which require entities to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Group currently uses profit for the year/period as the starting point of the reconciliation to cash flows from operating activities. Certain adjusting items included in the reconciliation will change as a result of the new starting point.

The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows. The Group will classify cash flows from interest paid as financing activities rather than operating activities under this guidance. Cash flows from interest and dividends received and from dividends paid will continue to be classified as investing activities and financing activities, respectively.

5. EQUITY ACCOUNTED INVESTEES

Investee name	Nature	Principal place of business	Principal activities	Percentage of ownership **30 June 2026**	 31 December 2025
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	Note	Carrying value **30 June 2026**	 31 December 2025	 30 June 2025
Innovative Water Transport Development (IWTD)	5.1	**20,389,073**	3,278,162	(11,458,525)
Erwaa Water Company ("EWC")	5.2	**(3,586,144)**	(5,311,610)	(5,142,649)
Total		**16,802,929**	(2,033,448)	(16,601,174)

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

30 June 2026 (Unaudited)	EWC	IWTD	Total
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) / profit	**(7,255,474)**	**123,151**	**(7,132,323)**
Share in other comprehensive income	**-**	**16,987,760**	**16,987,760**
Loan transfer to long term interest in associate (note 5.2) – net	**8,980,941**	**-**	**8,980,941**
Obligation for loss - ending balance (note 15)	**(3,586,144)**	**-**	**(3,586,144)**
At the end of the period	**-**	**20,389,073**	**20,389,073**

(All amounts are in Saudi Riyal)

5. EQUITY ACCOUNTED INVESTEES (CONTINUED)

30 June 2025 (Unaudited)	EWC	IWTD	Total
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) / profit	(6,772,799)	50	(6,772,749)
Share in other comprehensive loss	-	(18,869,672)	(18,869,672)
Loan transfer to long term interest in associate (note 5.2) - net	22,721,199	-	22,721,199
Obligation for loss - ending balance (note 15)	(5,142,649)	(11,458,525)	(16,601,174)
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.

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:

	30 June 2026	31 December 2025
Total current assets	**191,926,626**	141,750,739
Total non-current assets	**2,209,066,010**	1,830,632,937
Total current liabilities	**(122,627,956)**	(227,008,407)
Non-current liabilities	**(2,250,208,500)**	(1,740,732,408)
Net assets	**28,156,180**	4,642,861
Income tax payable by Cobra Instalaciones Servicios SA	**12,621,966**	1,913,463
	40,778,146	6,556,324
Carrying amount of interest in associate at 50%	**20,389,073**	3,278,162

	30 June 2026	31 December 2025
Revenue	**375,710,330**	1,236,274,581
Depreciation and amortization	**(161,356)**	(322,714)
Interest expense	**(57,347,569)**	(79,612,896)
Tax and zakat	**-**	(218,938)
Loss for the period / year	**246,476**	(205,220)
Other comprehensive income / (loss) for the period / year (note 5.1 a)	**33,975,346**	(8,060,650)
Total comprehensive income (loss) for the period / year	**34,221,822**	(8,265,870)
Group share in total comprehensive income / (loss) for the period / year at 50%	**17,110,911**	(4,132,935)

(All amounts are in Saudi Riyal)

5. EQUITY ACCOUNTED INVESTEES (CONTINUED)

5.1 Innovative Water Transport Development (IWTD) (continued)

a) As at 30 June 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.

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 ⃁ 500,000 (500 shares of ⃁ 1,000 each) on 3 Jumada Al-Alkhirah 1443H (corresponding to 6 January 2022).

The Group has paid ⃁ 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 2026

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

	30 June 2026	31 December 2025
Total current assets	**56,571,634**	30,127,138
Total non-current assets	**535,868**	983,511
Total current liabilities	**(48,711,636)**	(26,868,176)
Non-current liabilities	**(93,706,588)**	(74,745,940)
Net liabilities	**(85,310,722)**	(70,503,467)
Carrying amount of interest in associate at 49%	**(41,802,254)**	(34,546,699)

	30 June 2026	31 December 2025
Revenue	**46,982,381**	34,591,057
Depreciation and amortization	**(350,416)**	(830,601)
Interest expense	**(2,309,869)**	(3,415,619)
Tax and zakat	**-**	43,244
Loss for the period / year	**(14,807,090)**	(27,460,508)
Group share in loss for the period/year at 49%	**(7,255,474)**	(13,455,649)

The cumulative share of loss amounting to ⃁ 41.8 million has exceeded the carrying value of investment as at 30 June 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. As of 30 June 2026, the Group is holding a net provision of ⃁ 41.8 million to account for the accumulated losses above initial investment (31 December 2025: ⃁ 34.5 million).

(All amounts are in Saudi Riyal)

5. EQUITY ACCOUNTED INVESTEES (CONTINUED)

5.2 Erwaa Water Company ("EWC") (continued)

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 ⃁ 37 million. The loan carries rate of 3-month SIBOR plus profit margin and has a maturity date of 4 May 2028 when sthe principal portion of the loan is due in full. During the period ended 30 June 2026, the Company has provided additional funding of ⃁ 8.97 million (31 December 2025: ⃁ 11.66 million) proportionate to its share in EWC.

Movement in loan to associate:

	30 June 2026	31 December 2025	30 June 2025
Opening balance	**29,235,088**	17,322,839	17,322,839
Addition during the period/year	**8,967,000**	11,662,000	5,475,750
Interest income	**1,074,029**	1,736,105	732,449
Repayments	**(1,060,088)**	(1,485,856)	(809,839)
Transfer to long-term interest in associate*	**(38,216,029)**	(29,235,088)	(22,721,199)
Closing balance	**-**	-	-

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

6. CONCESSION CONTRACT RECEIVABLES

	30 June 2026	31 December 2025
Financial asset arising from service concession arrangement	**1,100,155,172**	843,371,875
Classified as:		
-Non-current	**1,029,925,554**	821,943,813
-Current	**70,229,618**	21,428,062
	1,100,155,172	843,371,875

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

	30 June 2026	31 December 2025
Opening balance	**843,371,875**	367,262,617
Revenue for the period/year	**308,490,102**	736,401,288
Billing	**(76,546,226)**	(296,848,028)
Finance income	**24,839,421**	36,555,998
Closing balance	**1,100,155,172**	843,371,875

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 9.

(All amounts are in Saudi Riyal)

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

30 June 2026 (unaudited)	Land	Buildings	Heavy Machines	Furniture and fixtures	Motor vehicles	Total
						(Unaudited)
Cost:						
1 January	**24,766,950**	**90,640,912**	**345,414,107**	**33,842,028**	**159,470,220**	**654,134,217**
Additions	**-**	**342,210**	**25,184,243**	**780,888**	**5,372,548**	**31,679,889**
Disposals	**-**	**(134,000)**	**(580,092)**	**(2,171,569)**	**(2,730,012)**	**(5,615,673)**
30 June	**24,766,950**	**90,849,122**	**370,018,258**	**32,451,347**	**162,112,756**	**680,198,433**
Accumulated depreciation:						
1 January	**-**	**5,092,435**	**194,032,994**	**15,049,174**	**107,185,488**	**321,360,091**
Charge for the period	**-**	**1,462,646**	**19,580,399**	**1,892,441**	**9,999,981**	**32,935,467**
Disposals	**-**	**(134,000)**	**(514,304)**	**(1,637,678)**	**(1,547,926)**	**(3,833,908)**
30 June	**-**	**6,421,081**	**213,099,089**	**15,303,937**	**115,637,543**	**350,461,650**
Carrying value:						
30 June 2026 (Unaudited)	**24,766,950**	**84,428,041**	**156,919,169**	**17,147,410**	**46,475,213**	**329,736,783**

(All amounts are in Saudi Riyal)

7. PROPERTY AND EQUIPMENT (CONTINUED)

31 December 2025	*Land*	*Buildings*	*Heavy machinery*	*Furniture and fixtures*	*Motor vehicles*	*Total*
Cost:						
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	24,766,950	90,640,911	345,414,107	33,842,028	159,470,220	654,134,216
Accumulated depreciation:						
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	-	5,092,434	194,032,994	15,049,174	107,185,488	321,360,090
Net book value						
31 December 2025	24,766,950	85,548,477	151,381,113	18,792,854	52,284,732	332,774,126

(All amounts are in Saudi Riyal)

8. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Advances to suppliers	**172,321,543**	165,743,649
Prepaid expenses	**86,323,843**	28,223,410
Employees' advances and receivables	**1,096,662**	1,554,101
Others	**6,263,863**	5,468,125
	266,005,911	200,989,285

9. CONTRACT ASSETS

	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)	31 December 2025 (Audited)
Opening balance	**591,615,616**	663,614,397	663,614,397
Value of work performed during the period / year	**1,028,523,936**	1,282,325,887	2,473,951,052
Progress billings made during the period / year	**(892,203,433)**	(1,238,149,551)	(2,545,949,833)
	727,936,119	707,790,733	591,615,616
Advances received from customers	**(43,877,572)**	(53,044,937)	(88,080,345)
	684,058,547	654,745,796	503,535,272
Less: provision for expected credit losses	**(8,854,153)**	(16,221,496)	(9,540,745)
Closing balance	**675,204,394**	638,524,300	493,994,527

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 be issued.

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

	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)	31 December 2025 (Audited)
Opening balance	**9,540,745**	23,846,451	23,846,451
Reversal for the period / year	**(686,592)**	(11,493,585)	(14,305,706)
Closing balance	**8,854,153**	12,352,866	9,540,745

9.3 Contract assets balance as at 30 June 2026 includes contract assets from the following related parties:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Erwa Water Company (note 17.3)	**50,182,332**	38,215,602
Innovative Water Transport Development Company (note 17.3)	**9,043,927**	47,006,618
	59,226,259	85,222,220

(All amounts are in Saudi Riyal)

9. CONTRACT ASSETS (CONTINUED)

	30 June 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	**362,563,224**	**1,629,707**	**0.45%**	261,371,744	755,028	0.28%
91-180 days	**68,695,786**	**375,465**	**0.55%**	73,502,324	481,797	0.66%
181-270 days	**68,665,652**	**537,126**	**0.78%**	71,285,455	736,188	1.03%
271-360 days	**67,133,014**	**716,485**	**1.07%**	34,968,930	568,097	1.62%
361-450 days	**66,088,086**	**1,251,613**	**1.89%**	15,813,247	532,359	3.37%
451-540 days	**28,583,779**	**738,213**	**2.58%**	18,941,737	1,014,211	5.35%
541-630 days	**12,754,524**	**494,601**	**3.88%**	14,307,557	1,224,877	8.56%
631-720 days	**14,566,222**	**730,711**	**5.02%**	4,432,046	483,333	10.91%
More than 720 days	**13,332,173**	**2,380,232**	**17.85%**	8,912,232	3,744,855	42.02%
Total	**702,382,460**	**8,854,153**		503,535,272	9,540,745	

10. TRADE AND OTHER RECEIVABLES

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Trade receivables	**560,679,097**	837,742,761
Retention receivables	**17,610,291**	16,495,790
	578,289,388	854,238,551
Less: provision for expected credit losses	**(29,076,160)**	(27,857,584)
	549,213,228	826,380,967

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

	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)	31 December 2025 (Audited)
Opening balance	**27,857,584**	13,021,674	13,021,674
Charge for the period / year	**1,218,576**	8,962,233	14,835,910
Closing balance	**29,076,160**	21,983,907	27,857,584

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. Trade receivables include amounts totaling ⃁ 555 million which is due from Government and quasi-Government institutions (31 December 2025: ⃁ 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.

(All amounts are in Saudi Riyal)

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

	30 June 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	**277,308,924**	**1,452,985**	**0.52%**	481,927,404	2,591,702	0.53%
0-90 days	**58,840,089**	**1,419,404**	**2.41%**	121,389,926	3,338,491	2.75%
91-180 days	**29,096,449**	**1,123,654**	**3.86%**	21,932,331	857,304	3.9%
181-270 days	**805,115**	**32,107**	**3.99%**	16,560,619	885,452	5.3%
271-360 days	**7,498,622**	**424,280**	**5.66%**	39,414,704	2,410,643	6.12%
More than 360 days	**204,740,189**	**24,623,730**	**12.02%**	173,013,566	17,773,992	10.27%
Total	**578,289,388**	**29,076,160**		854,238,550	27,857,584	

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

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Innovative Water Transport Development Company (note 17.3)	**17,557,296**	37,052,733
Erwa Water Company (note 17.3)	**13,331,489**	1,794,120
	30,888,785	38,846,853

11. CASH AND BANK BALANCES

	30 June 2026 (Unaudited)	31 December 2025 (Audited)	30 June 2025 (Unaudited)
Bank balances	**241,883,090**	257,753,963	244,674,589
Cash in hand	**7,086,371**	64,934	8,278,208
	248,969,461	257,818,897	252,952,797

12. SHARE CAPITAL

Share capital as at 30 June 2026 and 31 December 2025 was as follows:

30 June 2026 (Unaudited)	**Number of shares**	**Capital**	**Shareholding**
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 30 June 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.

(All amounts are in Saudi Riyal)

13. TERM LOANS

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Long-term loans	**1,182,013,550**	807,544,800
Short term loans	**106,689,472**	182,106,645
Total loans	**1,288,703,022**	989,651,445
Less: transaction cost subject to amortization	**(4,677,106)**	(5,108,842)
Amortized cost of term loans	**1,284,025,916**	984,542,603
Less non-current portion of long-term loan	**(1,118,911,454)**	(742,373,458)
Current loans	**165,114,462**	242,169,145

Below is the movement of the loans and borrowings:	**30 June 2026 (Unaudited)**	30 June 2025 (Unaudited)	31 December 2025 (Audited)
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	**784,822,990**	514,984,197	932,750,896
Amortization of upfront fees during the period/year	**431,736**	-	935,423
Payments made during the period/year	**(485,771,413)**	(266,735,498)	(642,231,085)
Balance at 30 June / 31 December	**1,284,025,916**	947,380,333	984,542,603

The Group has obtained Sharia Compliant Murabaha loan facilities from commercial banks for a total amount of ⃁ 1,284 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 30 June 2026, the Group's total loan balance was ⃁ 1,284,025,916 (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 30 June 2026, the Group has borrowings of amount ⃁ 1,118,911,454 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 30 June 2026, the Group is in compliance with all the applicable covenants, and therefore, these borrowings are classified as non – current liabilities.

At 30 June, undrawn committed borrowing facilities amounted to ⃁ 2,764 million (31 December 2025: ⃁ 2,997 million).

(All amounts are in Saudi Riyal)

14. TRADE PAYABLES, ACCRUALS AND OTHER LIABILITIES

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Project accruals	**556,565,836**	625,948,599
Trade payables	**166,642,866**	211,378,755
Employee accruals	**57,330,985**	65,304,089
Accrued interest	**19,274,515**	19,149,874
VAT payable	**2,176,497**	19,926,239
Due to related parties (note 17.2)	**3,937,204**	4,370,592
Accrued BOD remuneration	**1,855,417**	3,645,000
Financial guarantee liability	**976,014**	-
Dividend payable	**-**	61,250,000
Other	**1,379,019**	1,306,141
	810,138,353	1,012,279,289

15. PROVISIONS

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Provision for penalties (note 15.2)	**41,121,623**	58,229,752
Provision for onerous contracts (note 15.1)	**7,886,158**	7,886,158
Obligation for loss from an equity accounted investee (note 5)	**3,586,144**	5,311,610
Risk provision (note 15.3)	**17,200,000**	-
Other provisions	**4,626,257**	1,394,598
	74,420,182	72,822,118

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.

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.

(All amounts are in Saudi Riyal)

16. EARNINGS PER SHARE (CONTINUED)

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

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Profit for the period (⃁)	**63,648,029**	61,655,662	**128,123,889**	119,809,594
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 (⃁)	**1.82**	1.76	**3.66**	3.42

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:

Related parties	Relationship	Nature of transactions	Volume of transactions for the six-month period ended 30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Alkhorayef Group company	Parent Company	Shared service cost	**907,430**	907,430
		Land rental		-
Abdullah Ibrahim Alkhorayef Sons Company	Ultimate Parent Company	Land rental	**142,600**	167,600
Alkhorayef Commercial Company	A subsidiary to the Parent	Purchases	**7,594**	1,255,530
		Sale	**-**	3,519
Alkhorayef Printing Solutions Company	A subsidiary to the Parent	Purchases	**259,032**	732,139
Alkhorayef Lubricants Company	A subsidiary to the Parent	Purchases	**745,346**	356,862
Saudi Part Center ("SPC")	A subsidiary to the Parent	Purchases	**65,102**	15,470
Alkhorayef Petroleum Company	A subsidiary to the Parent	Purchases	**267,335**	-
		Sales	**1,725**	6,900
Alkhorayef Industries Company	A subsidiary to the Parent	Purchases	**3,254,500**	-
		Sales	**-**	5,003
Erwaa Water Company ("EWC")	Associate	Loan during the period	**8,967,000**	5,475,750
		Interest income	**1,074,029**	-
		Revenue	**27,150,951**	12,008,708
Innovative Water Transport Development Company ("IWTD")	A joint venture	Revenue	**375,710,330**	264,672,092

(All amounts are in Saudi Riyal)

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 amounts disclosed are the amounts recognized as an expense during the reporting period related to key management personnel.

		Amount of transactions	
Related parties	Nature of transactions	**30 June 2026 (Unaudited)**	30 June 2025 (Unaudited)
Key management personnel	Short-term benefits	**17,134,843**	14,077,056
	Post-employment benefits	**1,091,370**	352,943
Board of directors	Remuneration and sitting fees	**1,737,417**	1,510,611

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

	Note	**30 June 2026 (Unaudited)**	31 December 2025 (Audited)
Innovative Water Transport Development Company	10	**17,557,296**	37,052,733
Erwa Water Company – loan	5	**37,142,000**	28,175,000
Erwa Water Company – commercial balance	10	**13,331,489**	1,794,120
		68,030,785	67,021,853

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

	Note	**30 June 2026 (Unaudited)**	31 December 2025 (Audited)
Erwa Water Company		**50,182,332**	38,215,602
Innovative Water Transport Development Company		**9,043,927**	47,006,618
	9	**59,226,259**	85,222,220

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

	Note	**30 June 2026 (Unaudited)**	31 December 2025 (Audited)
Alkhorayef Commercial Company		**1,878,769**	3,680,000
Al khorayef industry Co AIC		**1,247,750**	-
Alkhorayef Lubricants Company		**323,476**	396,796
Al Khorayef Petroluem Co. APC		**265,610**	-
Alkhorayef Printing Solution		**156,497**	293,796
Saudi Parts Center Company		**65,102**	-
	14	**3,937,204**	4,370,592

(All amounts are in Saudi Riyal)

18. REVENUES

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	
	2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Types of services				
Water (note "a")	**170,577,739**	317,223,898	**344,057,207**	650,415,872
Wastewater (note "b")	**231,378,439**	257,094,101	**475,135,094**	478,488,264
Integrated Water Solutions (note "c")	**118,319,500**	71,657,918	**215,753,767**	153,421,751
Gross revenue	**520,275,678**	645,975,917	**1,034,946,068**	1,282,325,887
Less: provision for expected penalties	**(4,630,635)**	-	**(6,422,132)**	-
Net revenue	**515,645,043**	645,975,917	**1,028,523,936**	1,282,325,887

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Water Networks	**119,521,589**	257,097,347	**240,816,908**	535,543,482
Water Withdraw and Treatment	**51,056,150**	60,126,551	**103,240,299**	114,872,390
	170,577,739	317,223,898	**344,057,207**	650,415,872

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Wastewater Networks	**52,721,016**	21,987,648	**103,280,123**	42,051,537
Wastewater Treatment	**178,657,424**	235,106,453	**371,854,971**	436,436,727
	231,378,440	257,094,101	**475,135,094**	478,488,264

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Water Management Services	**35,352,435**	24,935,810	**75,354,690**	54,654,611
City Management	**59,650,114**	29,262,981	**95,655,601**	60,408,086
Stormwater Networks	**23,316,950**	17,459,127	**44,743,476**	38,359,054
	118,319,499	71,657,918	**215,753,767**	153,421,751

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.

(All amounts are in Saudi Riyal)

19. COST OF REVENUES

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Materials consumed	**173,046,346**	312,123,309	**358,332,780**	641,476,581
Employees' salaries and other benefits	**126,510,889**	124,382,485	**258,315,513**	250,975,823
Depreciation and amortisation	**15,770,705**	14,841,520	**31,118,621**	29,269,352
Repair and maintenance	**23,577,043**	31,423,671	**44,342,946**	52,313,917
Utilities	**15,616,754**	11,211,046	**26,559,022**	21,817,328
Rent	**6,750,957**	6,933,768	**13,124,445**	14,735,340
Insurance	**2,796,684**	3,351,951	**5,592,484**	6,123,281
Penalties	**2,671,562**	4,668,767	**10,935,588**	8,060,552
Professional fees	**7,264,708**	2,744,685	**11,211,906**	6,823,943
Others	**18,975,167**	15,842,957	**35,616,000**	31,121,258
	392,980,815	527,524,159	**795,149,305**	1,062,717,375

20. ZAKAT

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

	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)	31 December 2025 (Audited)
Opening Balance	**17,361,822**	16,527,051	16,527,051
Provision for the period/year	**11,834,367**	7,619,692	17,354,316
Provision no longer required	**-**	-	(5,981,599)
Amount recorded in statement of profit and loss	**11,834,367**	7,619,692	11,372,717
Paid during the period/year	**(17,438,362)**	(10,527,213)	(10,537,946)
	11,757,827	13,619,530	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 30 June 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.

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 30 June 2026 and 30 June 2025, respectively.

(All amounts are in Saudi Riyal)

22. OPERATING SEGMENTS (CONTINUED)

For the period ended 30 June 2026	Water	Waste-water	Integrated Water Solution	Total
Revenue	**343,052,599**	**472,310,168**	**213,161,169**	**1,028,523,936**
Cost of revenue	**(307,707,297)**	**(291,216,761)**	**(196,225,247)**	**(795,149,305)**
Gross profit	**35,345,302**	**181,093,407**	**16,935,922**	**233,374,631**
Unallocated income (expenses)				
Other expenses, net				**1,199,966**
Expected credit losses on financial guarantee liability				**(976,014)**
Selling and distribution expenses				**(2,989,017)**
General and administrative expenses				**(76,165,065)**
Reversal of impairment loss on trade receivables and contract assets				**(531,984)**
Finance costs				**(34,938,394)**
Finance income				**28,116,456**
Share of loss from an equity accounted investee				**(7,132,323)**
Profit before zakat				**139,958,256**
Zakat expense				**(11,834,367)**
Profit for the period				**128,123,889**

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 (expenses) income, net				5,309,211
Selling and distribution expenses				(1,347,479)
General and administrative expenses				(81,398,203)
Reversal of impairment loss on trade receivables and contract assets				2,531,352
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

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 ⃁ 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 30 June 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.

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 30 June 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 20 Safar 1448H (corresponding to 3 August 2026).