Miahona Prospectus

Offering Period: Two (2) days,

Starting on Tuesday, 13/11/1445H (corresponding to 21/05/2024G) Ending on Wednesday, 14/11/1445H (corresponding to 22/05/2024G)

A single-person Saudi closed joint-stock company established in accordance with the Shareholder's resolution approved by the Ministry of Commerce No. 100052515, dated 01/05/1445H (corresponding to 15/11/2023G), and registered in the Commercial Registry of the city of Riyadh under No. 1010253603, dated 16/07/1429H (corresponding to 20/07/2008G).

Offering of forty-eight million, two hundred and seventy-seven thousand, six hundred and sixty-three (48,277,663) ordinary shares, representing 30% of Miahona's share capital, for public subscription at an Offer Price of [•] Saudi Riyals (SAR [•]) per share.

Miahona (hereinafter referred to as the "**Company**" or the "**Issuer**") is a single-person Saudi closed joint-stock company that was converted pursuant to the Shareholder's resolution approved by the Ministry of Commerce No. 100052515, dated 01/05/1445H (corresponding to 15/11/2023G), under Commercial Registration No. 1010253603, dated 16/07/1429H (corresponding to 20/07/2008G), and having its registered address at P.O. Box 8590, Riyadh, 13316, Kingdom of Saudi Arabia (referred to hereinafter as the "**Kingdom**").

The Company was established on 16/07/1429H (corresponding to 20/07/2008G) as a limited liability company with a fully paid-up capital of five hundred thousand Saudi Riyals (SAR 500,000), divided into five thousand (5,000) cash shares of equal value, with a fully paid nominal value of one hundred Saudi Riyals (SAR 100) per share. The Company was registered in the Commercial Registry of Riyadh under No. 1010253603, dated 16/07/1429H (corresponding to 20/07/2008G). On 20/06/1438H (corresponding to 19/03/2017G), Mohammed bin Abdullah bin Rashid Abunayyan assigned two hundred and fifty (250) shares of the Company's share capital to Istedamah Project Development Company without any financial consideration. On 05/03/1445H (corresponding to 20/09/2023G), the Partners decided to capitalize the amount under the additional capital contribution account, namely one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,425,543), which resulted from the following operations: (1) On 10/03/1436H (corresponding to 01/01/2015G), the Company acquired 90% of the shares of Industrial Cities Development and Operating Company (hereinafter referred to as "**ICDOC**") from Vision International Investment Company (hereinafter referred to as "**Vision Invest**") under a sale and purchase agreement, provided that the purchase price would be settled by issuing shares in the Company with a value of one hundred and thirty-eight million, three hundred and five thousand, eight hundred and eighty-nine Saudi Riyals (SAR 138,305,889) for the benefit of the two Partners in the Company, who, upon completion of the settlement, were Vision Invest and Istedamah Project Development Company. (2) On 14/04/1439H (corresponding to 01/01/2018G), the Company acquired 10% of ICDOC's shares from Vision Invest under a sale and purchase agreement, provided that the purchase price would be settled by issuing shares in the Company with a value of eighteen million, four hundred and sixty-eight thousand, six hundred and seven Saudi Riyals (SAR 18,468,607) for the benefit of the two Partners in the Company, who, upon completion of the settlement, were Vision Invest and Istedamah Project Development Company. It should be noted that the articles of association of ICDOC were amended to reflect the Company's ownership of 100% of its shares and the share buy-backs dated 10/03/1436H (corresponding to 01/01/2015G) and 14/04/1439H (corresponding to 01/01/2018G) as mentioned above. (3) On 10/03/1436H (corresponding to 01/01/2015G), the Company acquired 99% of the shares of Jazzirah Environment Company (hereinafter referred to as "**JECO**") from Vision Invest, pursuant to a sale and purchase agreement, provided that the purchase price would be settled at a cash price of one million, eighty-three thousand, six hundred and thirteen Saudi Riyals (SAR 1,083,613), and by issuing shares in the Company with a value of three million, four hundred and sixteen thousand, three hundred and eighty-seven Saudi Riyals (SAR 3,416,387) for the benefit of the two Partners in the Company, who, upon completion of the settlement, were Vision Invest and Istedamah Project Development Company. (4) On 14/04/1439H (corresponding to 01/01/2018G), the Company acquired 1% of the shares of JECO from Vision Invest pursuant to a sale and purchase agreement, provided that the purchase price would be settled by issuing shares in the Company with a value of one hundred and twenty-six thousand, seven hundred and eighty-two Saudi Riyals (SAR 126,782) for the benefit of the two Partners in the Company, who, upon completion of the settlement, were Vision Invest and Istedamah Project Development Company. It should be noted that the articles of association of JECO were amended to reflect the Company's ownership of 100% in the shares of JECO and the share buy-backs dated 10/03/1436H (corresponding to 01/01/2015G) and 14/04/1439H (corresponding to 01/01/2018G) as mentioned above. (5) On 20/04/1436H (corresponding to 09/02/2015G), the Company established Riyadh Water Production Company (hereinafter referred to as "**RWPC**") through a cash injection of four hundred and ninety-five thousand Saudi Riyals (SAR 495,000), with it owning 99% of the shares of RWPC and Vision Invest owning 1% of the shares thereof. On 14/04/1439H (corresponding to 01/01/2018G), the Company acquired the remaining 1% of the shares of RWPC from Vision Invest pursuant to a sale and purchase agreement, provided that the purchase price would be settled by issuing shares in the Company with a value of one hundred and seven thousand, eight hundred and seventy-eight Saudi Riyals (SAR 107,878) for the benefit of the two Partners in the Company, who, upon completion of the settlement, were Vision Invest and Istedamah Project Development Company, noting that the articles of association of RWPC were amended to reflect the Company's ownership of 100% of its shares and the share buy-backs dated 14/04/1439H (corresponding to 01/01/2018G) as mentioned above. Based on the above, on 01/05/1445H (corresponding to 15/11/2023G), the Shareholder resolution was approved to transform the Company into a closed joint-stock company, which also included approval to increase the Company's share capital from five hundred thousand Saudi Riyals (SAR 500,000) to one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543), divided into one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) shares with an equal nominal value of one Saudi Riyal (SAR 1) per share, by transferring one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,425,543) from the additional capital contribution account as described above, and reducing the nominal value of the Company's shares from one hundred Saudi Riyals (SAR 100) to one Saudi Riyal (SAR 1) through the subdivision of one million, six hundred and four thousand, two hundred and fifty-five (1,604,255) shares into one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three (160,425,543) shares, without any change to the ownership percentage of each Shareholder at the time. On 12/06/1445H (corresponding to 26/11/2023G), Istedamah Project Development Company assigned its interest amounting to eight million, forty-six thousand, two hundred and seventy-seven (8,046,277) shares to Vision Invest without any financial consideration. Accordingly, the Company was converted from a Saudi closed joint-stock company into a single-person Saudi closed joint-stock company (for further details on the Company's history, please refer to Section 4.1.2 "**Corporate History and Evolution of the Company's Ownership Structure and Share Capital**" of this Prospectus).

The Company's current share capital is one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543), divided into one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) ordinary shares with a nominal value of one Saudi Riyal (SAR 1) per share.

The IPO (hereinafter referred to as the "**Offering**") consists of offering forty-eight million, two hundred and seventy-seven thousand, six hundred and sixty-three (48,277,663) shares (hereinafter referred to collectively as the "**Offer Shares**" and

Lead Manager	Financial Advisors, Bookrunners and Underwriters	Receiving Agents
Saudi Fransi Capital	Saudi Fransi Capital EFG Hermes	Banque Saudi Fransi Riyad Bank

This preliminary prospectus is meant to be presented to institutional investors during the book-building process, and does not contain the Offer Price. The final prospectus, including the Offer Price, will be published after the completion of the book-building process and the setting of the Offer Price.

This Prospectus is an unofficial English translation of the official Arabic Prospectus and is provided for information purposes only. The Arabic Prospectus published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two language versions.

each of them individually as the "**Offer Share**") at an Offer Price of [•] ([•]) Saudi riyals per share, with a nominal value of one Saudi Riyal (SAR 1) per share (referred to hereinafter as the "**Offer Price**"). The Offer Shares in total represent 30% of the Company's share capital.

Subscription to the Offer Shares is limited to two tranches of investors (hereinafter referred to as the "**Investors**"):

Tranche A - Participating Parties: This tranche includes the categories that are entitled to participate in the book building process as specified under the Book Building Instructions and Allocation Method in Initial Public Offerings (IPOs) issued by the Board of the Capital Market Authority (hereinafter referred to as the "**CMA**" or the "**Authority**") pursuant to Resolution No. 2-94-2016, dated 15/10/1437H (corresponding to 20/07/2016G), as amended by the CMA Board Resolution No. 1-103-2022, dated 02/03/1444H (corresponding to 28/09/2022G) (hereinafter referred to as the "**Book Building Instructions**") (such categories are hereinafter referred to collectively as the "**Participating Parties**") (for further details, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus). The Participating Parties will be initially allocated forty-eight million, two hundred and seventy-seven thousand, six hundred and sixty-three (48,277,663) Offer Shares, representing 100% of the total Offer Shares and the final allocation will be made after the end of the subscription period for Individual Subscribers. In the event that Individual Subscribers (defined as Tranche B below) subscribe to the full number of Offer Shares allocated thereto, the Financial Advisors shall have the right to reduce the number of Offer Shares allocated to the Participating Parties to a minimum of thirty-eight million, six hundred and twenty-two thousand, one hundred and thirty (38,622,130) Offer Shares, representing 80% of the total Offer Shares. The number and percentage of Offer Shares that will be allocated to the Participating Parties will be determined by the Financial Advisors, in consultation with the Company, using the discretionary share allocation mechanism. Some Participating Parties may not be allocated any shares, according to what the Company and Financial Advisors deem appropriate.

Tranche B - Individual Subscribers: This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, or GCC nationals, in each case, who have a bank account and are entitled to open an investment account with any of the Receiving Agents (referred to collectively hereinafter as the "**Individual Subscribers**" and each an "**Individual Subscriber**", and together with Participating Parties as the "**Subscribers**"). A subscription for shares made by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of nine million, six hundred and fifty-five thousand, five hundred and thirty-two (9,655,532) Offer Shares, representing 20% of the total Offer Shares, will be allocated to Individual Subscribers. If Individual Subscribers do not subscribe for all the Shares allocated thereto, the Financial Advisors may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares to which they subscribed.

Vision Invest (hereinafter referred to as the "**Selling Shareholder**" or the "**Substantial Shareholder') owns all of the Company's Shares prior to the Offer. The Offer Shares will be sold by the Selling Shareholder in accordance with Table 4.2 "The Company's Ownership Structure Pre- and Post-Offering**" of this Prospectus. After completion of the Offer, the Selling Shareholder will own 70% of the Shares and will thus retain a controlling interest in the Company. The Offering proceeds, after deduction of the offering expenses, (hereinafter referred to as the "**Net Offering Proceeds**"), will be distributed to the Selling Shareholder according to its ownership percentage in the Offer Shares and the Company will not receive any part of the Net Offering Proceeds (for further details on the Offering proceeds, please refer to Section 8 "**Use of Offering Proceeds**" of this Prospectus). The Offering has been fully underwritten by the Underwriters (for further details on the Underwriting, please refer to Section 13 "**Underwriting**" of this Prospectus). The Substantial Shareholder who own 5% or more of the Company's shares is prohibited from disposing of its shares for a period of six (6) months (hereinafter referred to as the ("**Lock-up Period**") from the date of commencement of trading of the Company's shares on the Saudi Exchange (hereinafter referred to as "**Tadawul**" or the "**Exchange**"), as indicated on page (xv) of this Prospectus. The Company has one Substantial Shareholder who owns 100% of the Company's shares, namely Vision Invest. Table 2 "**The Substantial Shareholder, the Number of its Shares and its Ownership Percentage Pre-and Post-Offering**" of this Prospectus sets out their percentage of ownership in the Company's share capital before and after the Offer.

The Offering will commence on Tuesday, 13/11/1445H (corresponding to 21/05/2024G), and will remain open for a period of two (2) days, up to and including the closing day on Wednesday, 14/11/1445H (corresponding to 22/05/2024G) (hereinafter referred to as the "**Offering Period**"). Subscription to the Offer Shares can be made by Individual Subscribers through any of the Receiving Agents listed on page (viii) of this Prospectus (hereinafter referred to as the "**Receiving Agents**") during the Offer Period or through the internet, telephone banking, automated teller machines (hereinafter referred to as "**ATMs**") or other electronic channels offered by the Receiving Agents to its clients (for more information, please refer to Section 17.3.2 "**Subscription by Individual Subscribers**" of this Prospectus). Participating Parties may subscribe for the Offer Shares through the Bookrunners during the book building process, which will take place prior to the offering of the shares to Individual Subscribers.

Each Individual Subscriber must apply for a minimum of ten (10) Offer Shares and a maximum of two million, five hundred thousand (2,500,000) shares. The minimum allocation per Individual Subscriber is ten (10) shares, The balance of the Offer Shares, if any, will be allocated pro-rata based on the ratio of Offer Shares applied for by each Individual Subscriber to the total number of Offer Shares requested for subscription. In the event that the number of Individual Subscribers exceeds four hundred and eighty-two thousand, seven hundred and seventy-six (482,776) subscribers, the Company will not guarantee the minimum allocation. In such case, the allocation will be determined at the discretion of the Company and the Financial Advisors. Excess subscription monies, if any, will be refunded to the Individual Subscribers without any charge or commission withheld by the Receiving Agents. An announcement of the final allocation will be made no later than 15/11/1445H (corresponding to 23/05/2024G) (for more information, please refer to the "**Key Dates and Subscription Procedures**" section on page (xvi) and Section 17 "**Subscription Terms and Conditions**" of this Prospectus).

The Company has one class of ordinary shares. Each share entitles its holder to one vote, and each Shareholder in the Company (hereinafter referred to as a "**Shareholder**") has the right to attend and vote at the General Assembly meetings of the Company (hereinafter referred to as the "**General Assembly**"). Each Shareholder also has the right to authorize any other Shareholder, other than the Company's Directors or employees, to act on their behalf to attend the General Assembly meetings and vote on the resolutions thereof. No Shareholder benefits from any preferential voting rights. The Offer Shares will be entitled to receive dividends declared by the Company as of the date of this Prospectus (hereinafter referred to as the "**Prospectus**") and for subsequent financial years (for further details regarding the dividend distribution policy, see Section 7 "**Dividend Distribution Policy**" of this Prospectus).

Prior to the Offer, the shares have not been listed or traded in the Kingdom or elsewhere. The Company has submitted an application for registration and offer of the shares to the CMA, and an application for listing of the shares to the Exchange. All required documents have been submitted to the relevant authorities, all requirements have been met, and all approvals pertaining to the Offering have been obtained, including this Prospectus. It is expected that trading in the shares will commence on the Exchange after the final allocation of the Offer Shares and satisfaction of regulatory requirements (for further details, please refer to the "**Key Dates and Subscription Procedures**" section on page (xvi) of this Prospectus). After the Company's shares have been admitted for listing on the Exchange, Saudi Arabian nationals, residents holding valid residency permits in the Kingdom, and companies, banks and investment funds established in the Kingdom or in GCC countries, as well as GCC nationals, will be permitted to trade in the shares. The following categories will also be able to invest in the Company's shares under the Rules for Foreign Investment in Securities (as defined in Section 1 "**Definitions and Abbreviations**" of this Prospectus): (1) Qualified Foreign Investors; (2) Foreign Strategic Investors; and (3) any foreign natural or legal person who is a client of a Capital Market Institution authorized by the CMA to exercise management business, provided that the Capital Market Institution has been appointed on terms that enable it to make all investment decisions on behalf of the client without the need to obtain their prior approval. Non-GCC nationals who are not residents in the Kingdom and non-GCC institutions incorporated outside the Kingdom (hereinafter referred to as "**Foreign Investors**") will be permitted to invest indirectly in the shares by acquiring an economic interest therein through entering into swap agreements with Capital Market Institutions authorized by the CMA (hereinafter referred to as "**Capital Market Institutions**") to purchase and trade in the shares listed on the Exchange for the benefit of Foreign Investors in accordance with the Rules for Foreign Investment in Securities (as defined in Section 1 "**Definitions and Abbreviations**" of this Prospectus). Under such swap agreements, the Capital Market Institutions will be the registered legal owner of such shares.

Those wishing to subscribe to the Company's shares should carefully read and examine the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus before making a decision to invest in the Offer Shares.

This Prospectus includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority of the Kingdom of Saudi Arabia (the "**CMA**" or the "**Authority**") and the application for listing of securities in compliance with the Listing Rules of the Saudi Exchange. The Directors, whose names appear on page (iv) of this Prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Exchange do not assume any responsibility for the contents of this Prospectus, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is dated 13/10/1445H (corresponding to 22/04/2024G).

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Important Notice

This Prospectus contains detailed information relating to the Company and the Offer Shares. When applying to subscribe to the Offer Shares, investors from the Participating Parties and Individual Subscribers will be treated on the basis that their applications are based solely on the information contained in this Prospectus, copies of which can be obtained from the Company, the Lead Manager, the Receiving Agents or by visiting the website of the Company (www.miahona.com), the CMA (www.cma.org.sa) or the Financial Advisors, Saudi Fransi Capital (www.sfc.sa) and EFG Hermes KSA (www.efghermesksa.com).

The Company has appointed Saudi Fransi Capital and EFG Hermes KSA as its financial advisors (hereinafter referred to as the "**Financial Advisors**"), bookrunners (hereinafter referred to as the "**Bookrunners**") and underwriters for the Offering (hereinafter referred to as the "**Underwriters**"). The Company has also appointed Saudi Fransi Capital as the lead manager (hereinafter referred to as the "**Lead Manager**") with respect to the Offer Shares described in this Prospectus.

This Prospectus includes information submitted in accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations (hereinafter referred to as the "**OSCOs**") issued by the CMA. The Directors, whose names appear on page (iv) of this Prospectus, jointly and individually accept full responsibility for the accuracy of the information contained in this Prospectus and, having made all reasonable inquiries, confirm that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

While the Company has made all reasonable inquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, a substantial portion of the information in this Prospectus which is relevant to the market and industry in which the Company operates is derived from external sources. Although neither the Company, the Selling Shareholder, Directors or any of the Advisors whose names appear on pages (vi) and (vii) of this Prospectus have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors has independently verified such information, and therefore, no representation or assurance is made with respect to the accuracy or completeness of any such information.

The information contained in this Prospectus, as of the date hereof, is subject to change. In particular, the financial condition of the Company and the value of shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political and other factors over which the Company has no control (for further details, see Section 2 "**Risk Factors**" of this Prospectus). Neither this Prospectus nor any verbal, written or printed communications in connection with the Offer Shares shall be considered, relied upon in any way, or construed as a promise, confirmation or representation regarding future earnings, results, or events.

This Prospectus should not be regarded as a recommendation on the part of the Company, the Board of Directors, the Selling Shareholder, the Receiving Agents or any of the Advisors to participate in the Offering. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of the persons who intend to invest in the Offer Shares. Prior to making a decision to invest in the Offer Shares, each recipient of this Prospectus is responsible for obtaining professional advice from an Authority-licensed financial advisor in relation to subscribing for the Offer Shares to consider the appropriateness of both the investment and the information herein with regard to the recipient's individual objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others. Prospective investors should not rely on another party's decision whether to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

Subscription to the Offer Shares will be limited to two tranches of investors as follows:

Tranche A - Participating Parties: This tranche includes a group parties entitled to participate in the book building process as per the Book Building Instructions (for more information, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus).

Tranche B - Individual Subscribers: This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, or GCC nationals, in each case, who have a bank account and are entitled to open an investment account with any of the Receiving Agents. A subscription for shares made by a person in the name of his divorcee shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

It is expressly prohibited to distribute this Prospectus or sell the Offer Shares in any country other than the Kingdom, with the exception of Qualified Foreign Financial Investors and/or certain other foreign investors pursuant to swap agreements in accordance with the regulations and instructions regulating the same. Recipients of this Prospectus must review all legal restrictions related to the Offering or sale of Offer Shares and ensure compliance therewith. Both Individual Subscribers and Participating Parties shall read this Prospectus in full and seek professional advice from an Authority-licensed financial advisor, their attorneys, accountants and professional advisors regarding statutory, tax, regulatory, and economic considerations related to their investment in the Offer Shares, and they will personally bear the fees associated with such advice. Neither the Company nor the Selling Shareholder or Financial Advisors can make any assurance that profits will be achieved.

Market and Industry Information

The information and data contained in Section 3 "**Market and Industry Information**" of this Prospectus relating to the market and industry in which the Company operates were obtained from the Market Study Report prepared on 15/05/1445H (corresponding to 29/11/2023G) by the Market Consultant, namely Arthur D. Little (hereinafter referred to as the "**Market Consultant**").

Arthur D. Little is an independent provider of strategic market research services with a wide range of clients. It was founded in 1886G and its headquarters is located in Boston.

The Directors believe that the information and data contained herein that has been derived from other sources, including the Market Study Report prepared by the Market Consultant, are reliable. However, such information has not been independently verified by the Company, its Directors, Advisors (excluding the Market Consultant) or the Selling Shareholder. Therefore, they cannot provide any warranty as to its accuracy, validity or completeness.

Neither the Market Consultant nor any of its shareholders, directors or their relatives have any shares or interest of any kind in the Company or its Subsidiaries. The Market Consultant has given its written consent to use the market research data in the form and manner stated herein and has not withdrawn such consent as of the date of this Prospectus.

Financial Information

The audited consolidated financial statements of the Company and its Subsidiaries (hereinafter referred to as the "**Group**") for the financial years ended 31 December 2020G, 2021G and 2022G and the accompanying notes thereto were prepared in accordance with the International Financial Reporting Standards ("**IFRS**") endorsed in the Kingdom, and other standards and issuances approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The unaudited interim condensed consolidated financial statements for the nine-month financial period ended 30 September 2023G and the accompanying notes thereto included in other parts of this Prospectus were prepared in accordance with IAS 34 "**Interim Financial Reporting**" as approved in the Kingdom. The audited consolidated financial statements of the Company for the financial years ended 31 December 2020G, 2021G and 2022G were audited and the Group's unaudited condensed interim consolidated financial statements for the nine-month period ended 30 September 2023G were reviewed by KPMG Saudi Arabia (referred to as the "**Auditor**"). These financial statements are included in Section 19 "**Financial Statements and Auditor's Report**" of this Prospectus. The Company publishes its financial statements in Saudi Riyals.

The financial information for the financial year ended 31 December 2020G was derived from the financial information for the comparison year presented in the Group's audited consolidated financial statements for the financial year ended 31 December 2021G. The financial information for the financial year ended 31 December 2021G was derived from the financial information for the comparison year presented in the Group's audited consolidated financial statements for the financial year ended 31 December 2022G. The financial information for the financial period ended 30 September 20222G was derived from the comparison period presented in the Group's unaudited condensed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Certain financial and statistical information contained in this Prospectus has been rounded off to the nearest integer. Accordingly, if the figures contained in the tables are aggregated, the total may not match with what is mentioned in this Prospectus.

Forecasts and Forward-Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of assumptions relating to the Company's information as derived from its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used, and consequently, no representation or warranty is made with respect to the accuracy or completeness of any such forecasts. The Company confirms that, to the best of its knowledge, statements have been made hereunder following the required due diligence.

Certain statements in this Prospectus constitute, or may be deemed to constitute, "**forward-looking statements**". Such statements can generally be identified by their use of forward-looking words such as "**plans**", "**determines**", "**intends**", "**estimates**", "**expects**", "**anticipated**", "**may**", "**possibly**", "**will**", "**would be**" or the negative thereof or other variations of such terms or comparable terminology. These statements reflect the Company's current views with respect to future events but are not a guarantee or confirmation of any actual future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Key risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for further details, please refer to Section 2 "**Risk Factors**" of this Prospectus). Should one or more of these factors materialize, or any forecasts or assumptions prove to be incorrect or inaccurate, the actual results may vary materially from those described in this Prospectus.

Subject to the requirements of the OSCOs, the Company must submit a supplementary prospectus if, at any time after the date of publication of this Prospectus and prior to completion of the Offering, the Company becomes aware that: (a) there has been a significant change in material matters contained in the Prospectus or any document required by the OSCOs; or (ii) any significant issues have arisen that should have been included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned, other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Subscribers should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Definitions and Abbreviations

For an explanation of certain terms and abbreviation included in this Prospectus, see Section 1 "**Definitions and Abbreviations**" of this Prospectus.

Type and Format of Figures in the Prospectus

This Prospectus has been prepared using Arabic numerals, namely 1, 2, 3, 4, 5, 6, 7, 8, 9 and 0. Certain figures have decimal points placed to the right of the main value. Each digit to the right of this decimal point has a place value of one-tenth of the value of the previous digit to its left. Accordingly, the number 123.4 represents one hundred and twenty-three and four-tenths.

General Provisions

Certain figures included in this Prospectus have been rounded to the nearest integer. Accordingly, figures shown in the same category which are presented in different tables may vary slightly, and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Hijri dates are mentioned in this Prospectus along with the corresponding Gregorian dates. The Hijri calendar is prepared on the basis of the anticipated lunar cycles. However, an actual sighting of the moon is used to determine the beginning of each month. As a result, conversions between the Hijri and Gregorian calendars are often subject to discrepancies of one or few days. In addition, unless otherwise expressly stated in this Prospectus, any reference to "**year**" or "**years**" shall mean Gregorian years.

Corporate Directory

Board of Directors

Table (1): The Company's Board of Directors

#	Name	Title	Nationality	Age	Status	Direct Ownership (%)		Indirect Ownership (%)**		Date of Appointment*
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
1	Khaled Abdullah Rashid Abunayyan	Chairman	Saudi	63 years	Non-executive	N/A	N/A	4.195%	2.9365%	01/05/1445H (corresponding to 15/11/2023G)
2	Omar Mohamed Nabil Mohamed Al Midani	Vice Chairman	Saudi	44 years	Non-executive	N/A	N/A	N/A	N/A	01/05/1445H (corresponding to 15/11/2023G)
3	Thamer Saud Ismail Al Sharhan	Director	Saudi	61 years	Independent	N/A	N/A	N/A	N/A	01/05/1445H (corresponding to 15/11/2023G)
4	Sultan Samir Saeed Joudieh	Director	Lebanese	39 years	Non-executive	N/A	N/A	N/A	N/A	01/05/1445H (corresponding to 15/11/2023G)
5	Ali Ayoub	Director	American	47 years	Non-executive	N/A	N/A	N/A	N/A	01/05/1445H (corresponding to 15/11/2023G)
6	Scott James McGuigan	Director	British	55 years	Non-executive	N/A	N/A	N/A	N/A	01/05/1445H (corresponding to 15/11/2023G)
7	Khalid Ibrahim Saad Al Rabiah	Director	Saudi	60 years	Independent	N/A	N/A	N/A	N/A	22/05/1445H (corresponding to 06/12/2023G)
8	David Raoul Alexander	Director	French	54 years	Independent	N/A	N/A	N/A	N/A	22/05/1445H (corresponding to 06/12/2023G)

* The dates listed in this table are the dates of appointment of Directors to the current session. The respective biographies of the Directors describe the dates of their appointment, whether to the Board of Directors or any other position (for more information, please refer to Section 5.3.6 "**Summary Biographies of Directors and Board Secretary**" of this Prospectus).

** The indirect ownership of the Directors is as a result of the following: Khaled Abdullah Rashid Abunayyan owns 8.390% of the share capital of Abdullah Abunayyan Trading Company, which owns 50% of the share capital of Vision Invest, which in turn owns 100% of the Company's share capital.

Source: The Company

Company Address
Miahona Alia Plaza, Al Thumama Road, Al Rabie District, Unit 30 P.O. Box 8590 Riyadh 13316 Kingdom of Saudi Arabia Tel.: 4701952, +966 11 2960560 Fax: +966 11 4701958 Website: www.miahona.com Email: contact@miahona.com

Company Representatives	
Sultan Samir Saeed Joudieh Director Alia Plaza, Al Thumama Road, Al Rabie District, Unit 30 P.O. Box 8590 Riyadh 13316 Kingdom of Saudi Arabia Tel.: +966 011 2506300 Fax: N/A Website: www.miahona.com Email: sjoudieh@visioninvest.com	**Awaadh Awadh Eid Al Otaibi** CEO Alia Plaza, Al Thumama Road, Al Rabie District, Unit 30 P.O. Box 8590 Riyadh 13316 Kingdom of Saudi Arabia Tel.: +966 011 2960560 Fax: +966 011 4568384 Website: www.miahona.com Email: awaadh@miahona.com

Board Secretary
Javier Bertola Alia Plaza, Al Thumama Road, Al Rabie District, Unit 30 P.O. Box 8590 Riyadh 13316 Kingdom of Saudi Arabia Tel.: +966 11 8254300 Fax: +966 11 4568384 Website: www.miahona.com Email: j.bertola@miahona.com

Stock Exchange
Saudi Tadawul Group (Tadawul) King Fahd Road - Al Olaya 6897 Unit 15 Riyadh 12211-3388 Kingdom of Saudi Arabia Tel.: +966 11 92000 1919 Fax: +966 11 218 9133 Website: www.saudiexchange.sa Email: csc@saudiexchange.sa

Depository Center
Securities Depository Center Company (Edaa) King Fahd Road - Al Olaya 6897 Unit 11 Riyadh 12211–3388 Kingdom of Saudi Arabia Tel.: +966 11 92002 600 Website: www.edaa.com.sa Email: cc@edaa.com.sa

Advisors

Financial Advisors, Bookrunners and Underwriters
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Legal Advisor
The Law Firm of Latham & Watkins King Fahd Road Tatweer Towers, Tower 1, 7th Floor P.O. Box 17411, Riyadh 11484 Kingdom of Saudi Arabia Tel.: +966 11 2072500 Fax: +966 11 2072577 Website: www.lw.com Email: projectneptune2023.lwteam@lw.com

Legal Advisor to the Financial Advisors, Lead Manager, Bookrunners and Underwriters
Zeyad Sameer Khoshaim Company (Professional Limited Liability Company) 17th Floor, Tower B Al Olaya Towers, Al Olaya District P.O. Box 230667, Riyadh 11321 Kingdom of Saudi Arabia Tel: +966 11 4618700 Fax: +966 11 4618799 Email: info@khoshaim.com
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Auditor
KPMG Professional Services KPMG Tower Roshn Front, Airport Road P.O. Box 92876, Riyadh 11663 Kingdom of Saudi Arabia Tel.: +966 11 8748500 Fax: +966 11 8748600 Website: www.kpmg.com/sa Email: hbedairi@kpmg.com
Market Consultant
Arthur D. Little Middle East FZ-LLC Suite 502, 5th Floor, Entrance D The Plaza, Akaria Complex, Olaya Road P.O. Box 305005 Riyadh 11361 Kingdom of Saudi Arabia Tel.: +966 11 2930023 Fax: +966 11 2930490 Website: www.adl.com.sa Email: gm_ksa@adlittle.com

Note:

As of the date of this Prospectus, all of the above-mentioned Advisors and Auditor have given and have not withdrawn their written consent to the publication of and reference to their names, logos and the statements attributed to each of them in the context in which they appear in this Prospectus. They do not themselves, their employees (forming the engagement team serving the Company), or any of their relatives have any shareholding or interest of any kind in the Company as of the date of this Prospectus which would impair their independence.

Receiving Agents

Banque Saudi Fransi King Saud Road P.O. Box 56006, Riyadh 11554 Kingdom of Saudi Arabia Tel.: +966 920000579 Fax: +966 11 402 7261 Website: www.alfransi.com.sa Email: Fransiplusadmin@alfransi.com.sa	البنك السعودي الفرنسي Banque Saudi Fransi
Riyad Bank Eastern Ring Road P.O. Box 22622, Riyadh 11614 Kingdom of Saudi Arabia Tel.: +966 11 401 3030 Fax: +966 11 403 0016 Website: www.riyadbank.com Email: customercare@riyadbank.com	بنك الرياض Riyad Bank

Offering Summary

This Offering summary is intended to provide a brief overview on the detailed information related to the Offering contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors which should be taken into consideration before deciding to invest in the Offer Shares. Therefore, those willing to subscribe to the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. In particular, it is important to carefully consider the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" prior to making any investment decision in relation to the Offer Shares. Investors should not rely on this summary alone when making a decision.

Company Name, Description and Incorporation	Miahona is a single-person Saudi closed joint-stock company that was converted pursuant to the Shareholder's resolution approved by the Ministry of Commerce No. 100052515, dated 01/05/1445H (corresponding to 15/11/2023G), under Commercial Registration No. 1010253603, dated 16/07/1429H (corresponding to 20/07/2008G). Its registered address is P.O. Box: 8590, Riyadh 13316, Kingdom of Saudi Arabia. The Company's current share capital is one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543), divided into one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) ordinary shares with a nominal value of one Saudi Riyal (SAR 1) per share. The Company was established on 16/07/1429H (corresponding to 20/07/2008G) as a limited liability company with a fully paid share capital of five hundred thousand Saudi Riyals (SAR 500,000), divided into five thousand (5,000) cash shares of equal value, with a fully paid nominal value of one hundred Saudi Riyals (SAR 100) per share. It was registered in the Commercial Registry of the city of Riyadh under No. 1010253603, dated 16/07/1429H (corresponding to 20/07/2008G). On 20/06/1438H (corresponding to 19/03/2017G), Mohammed bin Abdullah bin Rashid Abunayyan assigned his interest, amounting to two hundred and fifty (250) shares of the Company's share capital, to Istedamah Project Development Company without any cash consideration. On 05/03/1445H (corresponding to 20/09/2023G), the Partners decided to capitalize the amount under the additional capital contribution account, namely one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,425,543), which resulted from the following operations: (1) On 10/03/1436H (corresponding to 01/01/2015G), the Company acquired 90% of ICDOC's shares from Vision Invest under a sale and purchase agreement, provided that the purchase price would be settled by issuing shares in the Company with a value of one hundred and thirty-eight million, three hundred and five thousand, eight hundred and eighty-nine Saudi Riyals (SAR 138,305,889) for the benefit of the two Partners in the Company, who, upon completion of the settlement, were Vision Invest and Istedamah Project Development Company. (2) On 14/04/1439H (corresponding to 01/01/2018G), the Company acquired 10% of ICDOC's shares from Vision Invest under a sale and purchase agreement, provided that the purchase price would be settled by issuing shares in the Company with a value of eighteen million, four hundred and sixty-eight thousand, six hundred and seven Saudi Riyals (SAR 18,468,607) for the benefit of the two Partners in the Company, who, upon completion of the settlement, were Vision Invest and Istedamah Project Development Company. It should be noted that the articles of association of ICDOC were amended to reflect the Company's ownership of 100% of its shares and the share buy-backs dated 10/03/1436H (corresponding to 01/01/2015G) and 14/04/1439H (corresponding to 01/01/2018G) as mentioned above. (3) On 10/03/1436H (corresponding to 01/01/2015G), the Company acquired 99% of the shares of JECO from Vision Invest, pursuant to a sale and purchase agreement, provided that the purchase price would be settled at a cash price of one million, eighty-three thousand, six hundred and thirteen Saudi Riyals (SAR 1,083,613), and by issuing shares in the Company with a value of three million, four hundred and sixteen thousand, three hundred and eighty-seven Saudi Riyals (SAR 3,416,387) for the benefit of the two Partners in the Company, who, upon completion of the settlement, were Vision Invest and Istedamah Project Development Company. (4) On 14/04/1439H (corresponding to 01/01/2018G), the Company acquired 1% of the shares of JECO from Vision Invest pursuant to a sale and purchase agreement, provided that the purchase price would be settled by issuing shares in the Company with a value of one hundred and twenty-six thousand, seven hundred and eighty-two Saudi Riyals (SAR 126,782) for the benefit of the two Partners in the Company, who, upon the completion of the settlement, were Vision Invest and Istedamah Project Development Company, noting that the articles of association of JECO were amended to reflect the Company's ownership of 100% its shares and the share buy-backs dated 10/03/1436H (corresponding to 01/01/2015G) as mentioned above. (5) On 20/04/1436H (corresponding to 09/02/2015G), the Company established RWPC through a cash injection of four hundred and ninety-five thousand Saudi Riyals (SAR 495,000), with it owning 99% of RWPC's shares and Vision Invest owning 1% of the shares thereof. On 14/04/1439H (corresponding to 01/01/2018G), the Company acquired the remaining 1% of RWPC's shares from Vision Invest pursuant to a sale and purchase agreement, provided that the purchase price would be settled by issuing shares in the Company with a value of one hundred and seven thousand, eight hundred and seventy-eight Saudi Riyals (SAR 107,878) for the benefit of the two Partners in the Company, who, upon completion of the settlement, were Vision Invest and Istedamah Project Development Company, noting that the articles of association of RWPC were amended to reflect the Company's ownership of 100% of RWPC's shares and the share buy-backs dated 14/04/1439H (corresponding to 01/01/2018G) as mentioned above.

Company Name, Description and Incorporation	Accordingly, on 01/05/1445H (corresponding to 15/11/2023G), the Shareholder Resolution was approved to transform the Company into a closed joint-stock company, which also included approval to increase the Company's share capital from five hundred thousand Saudi Riyals (SAR 500,000) to one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543), divided into one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) shares with an equal nominal value of one Saudi Riyal (SAR 1) per share, by transferring one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,425,543) from the additional capital contribution account as described above, and reducing the nominal value of the Company's shares from one hundred Saudi Riyals (SAR 100) to one Saudi Riyal (SAR 1) through the subdivision of one million, six hundred and four thousand, two hundred and fifty-five (1,604,255) shares into one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three (160,425,543) shares, without any change to the ownership percentage of each Shareholder at the time. On 12/06/1445H (corresponding to 26/11/2023G), Istedamah Project Development Company assigned its interest, amounting to eight million, forty-six thousand, two hundred and seventy-seven (8,046,277) shares, to Vision Invest without any cash consideration. Accordingly, the Company was converted from a Saudi closed joint-stock company into a single-person Saudi closed joint-stock company (for further details on the Company's history, please refer to Section 4.1.2 "**Corporate History and Evolution of the Company's Ownership Structure and Share Capital**" of this Prospectus).
The Group's Activities	The Group is the first developer of water and sewage infrastructure in the Kingdom using the public-private partnership (PPP) model. It is also one of the leading companies in the circular water economy and its activities focus on managing the water cycle to meet the needs of customers in the municipal and industrial sectors. Water cycle management operations are generally focused on providing an integrated value chain for water, starting from the water source and ending with water consumption by the end user. The main activities of water cycle management include: (1) production and distribution of potable water and water for industrial uses; (2) collection, treatment, recycling and disposal of waste water; and (3) end-user CRM, including (a) aligning customer demand with future requirements to ensure proactive forecasting of customer requirements; (b) prioritizing customer satisfaction by focusing on quality and reliability; (c) implementing technical compliance management to adhere to and comply with relevant industry standards, laws and regulations; and (d) creating a dedicated customer portal to simplify communication and provide an effective platform for customer engagement. The Company's activities, according to its Bylaws and Commercial Register, are as follows: 1- Water transfer and distribution. 2- Operating sewage treatment networks and facilities. 3- General construction of non-residential buildings, such as schools, hospitals and hotels. 4- Establishing main water distribution plants and lines. 5- Establishing sewage stations and projects, sewage networks and pumps. ICDOC's activities, according to its Commercial Register, are as follows: 1- Operating sewage treatment networks and facilities. 2- General construction of non-residential buildings, such as schools, hospitals and hotels, etc. 3- Establishing main water distribution plants and lines. 4- Establishing sewage stations and projects, sewage networks and pumps. 5- Network extensions. ICDOC's activities, according to its articles of association, are as follows: 1- Electric power generation, transmission and distribution. 2- Electric power generation. 3- Electrical power transmission. 4- Electrical power distribution. 5- Other activities for generating, transmitting and distributing electrical energy. 6- Water collection, treatment and delivery. 7- Water collection. 8- Water technology. 9- Water desalination. 10- Water distribution. 11- Other activities related to water collection, treatment and distribution. 12- Sewage. 13- Sewage disposal. 14- Sewage treatment.

The Group's Activities	15- Other activities related to sewage networks. 16- Construction. 17- General constructions of residential buildings. 18- General construction of non-residential buildings (schools, hospitals, hotels, etc.). 19- General construction of other non-residential buildings not mentioned above. 20- Ready on-site building construction. 21- Restorations of residential and non-residential buildings. 22- Civil engineering. 23- Utility project construction. 24- Establishing and repairing main water distribution plants and lines. 25- Construction and repair of irrigation and watering canals and main water storage towers, and drilling and maintenance of water wells. 26- Establishing and repairing sewage stations and projects, sewage networks and pumps. 27- Construction, establishment and repair of electrical power stations and transformers. 28- Land transportation and pipeline transportation. 29- Other activities related to land transportation of goods. 30- Water transfer through pipelines. 31- Operating and maintaining pumping stations and pipelines. 32- Other activities related to transportation via pipelines. 33- Storage, support and transportation activities. 34- Other storage activities in warehouses. The activities of JECO, according to its Commercial Register, are as follows: 1- Operating sewage treatment networks and facilities. 2- General construction of residential buildings. 3- Extending various types of pipes for electricity, communications, etc. 4- Establishing main water distribution plants and lines. 5- Establishing sewage stations and projects, sewage networks and pumps. 6- Network extension. The activities of JECO, according to its articles of association, are as follows: 1- Operating and maintaining sewage plants. 2- Plants for purification and desalination of well and sea water. 3- Water and sewage networks. The activities of RWPC, according to its Commercial Register, are as follows: 1- Extraction of non-potable water. 2- Water technology. 3- Water desalination. 4- Water transfer and distribution. The activities of RWPC, according to its articles of association, are as follows: 1- Electricity, gas, water and sub-activities. 2- Construction and building. The activities of Araha Environmental Services Company, according to its Commercial Register, are as follows: 1- Operating sewage treatment networks and facilities. 2- Repair and maintenance of sewage stations and projects, sewage networks and pumps. 3- Establishing sewage stations and projects, sewage networks and pumps. The activities of Araha Environmental Services Company, according to its articles of association, are as follows: 1- Operating sewage treatment networks and facilities. 2- Repair and maintenance of sewage stations and projects, sewage networks and pumps. 3- Establishing sewage stations and projects, sewage networks and pumps.

Subsidiaries

The Company has seven (7) subsidiaries:

4- **ICDOC,** a limited liability company established and existing in the Kingdom of Saudi Arabia under Commercial Registration No. 4030141363, dated 10/11/1423H (corresponding to 13/01/2003G), with a share capital of sixty-six million, six hundred thousand Saudi Riyals (SAR 66,600,000), divided into six hundred and sixty-six thousand (666,000) equal shares with a nominal value of one hundred Saudi Riyals (SAR 100). ICDOC was established on 10/11/1423H (corresponding to 13/01/2003G). On 10/03/1436H (corresponding to 01/01/2015G), the Company acquired 90% of the share capital of ICDOC from Vision Invest. On 14/04/1439H (corresponding to 01/01/2018G), the Company acquired the remaining 10% in ICDOC from Vision Invest. As of the date of the Prospectus, the Company owns 100% of the share capital (for further details, please refer to Section 4.1.6(a) "**ICDOC**" of this Prospectus).

5- **JECO,** a limited liability company established and existing in the Kingdom of Saudi Arabia under Commercial Registration No. 1010248850, dated 20/04/1429H (corresponding to 26/04/2008G), with a share capital of two million Saudi Riyals (SAR 2,000,000). JECO was established on 20/04/1429H (corresponding to 26/04/2008G). On 10/03/1436H (corresponding to 01/01/2015G), the Company acquired 99% of the shares of JECO from Vision Invest. On 04/1439H (corresponding to 01/01/2018G), the Company acquired 1% of the shares of JECO from Vision Invest. As of the date of this Prospectus, the Company owns 100% of the share capital (for further details, please refer to Section 4.1.6(b) "**JECO**" of this Prospectus).

6- **RWPC,** a limited liability company established and existing in the Kingdom of Saudi Arabia under Commercial Registration No. 1010430327, dated 20/04/1436H (corresponding to 09/02/2015G), with a share capital of five hundred thousand Saudi Riyals (SAR 500,000). The Company established RWPC on 20/04/1436H (corresponding to 09/02/2015G) through a cash injection of four hundred and ninety-five thousand Saudi Riyals (SAR 495,000), with it owning 99% of the shares of RWPC. Vision Invest owned 1% of RWPC's shares, and on 14/04/1439H (corresponding to 01/01/2018G), the Company acquired the remaining 1% of the shares of RWPC from Vision Invest. As of the date of this Prospectus, the Company owns 100% of the share capital (for further details, please refer to Section 4.1.6(c) "**RWPC**" of this Prospectus).

7- **International Water Partners ("IWP"),** a mixed limited liability company incorporated on 12/08/1442H (corresponding to 25/03/2021G), established and existing in the Kingdom of Saudi Arabia under Commercial Registration No. 4650229272, dated 12/08/1442H (corresponding to 25/03/2021G), with a share capital of five hundred thousand Saudi Riyals (SAR 500,000). The Company owns 40% of the share capital, while Saur Saudi Arabia Limited owns 40% and Manila Water Asia Pacific Pte. Ltd. owns 20%.

8- **International Water Partners-2 ("IWP II"),** a mixed limited liability company incorporated on 24/06/1443H (corresponding to 27/01/2022G), established and existing in the Kingdom of Saudi Arabia under Commercial Registration No. 2050153893, dated 24/06/1443H (corresponding to 27/01/2022G), with a share capital of five hundred thousand Saudi Riyals (SAR 500,000). The Company owns 35% of the share capital, while Saur Saudi Arabia Limited owns 35% and Manila Water Asia Pacific Pte. Ltd. owns 30%.

9- **Araha Environmental Services Company,** a limited liability company incorporated on 06/05/1444H (corresponding to 30/11/2022G), established and existing in the Kingdom of Saudi Arabia under Commercial Registration No. 4031274456, dated 06/05/1444H (corresponding to 30/11/2022G), with a share capital of five hundred thousand Saudi Riyals (SAR 500,000). The Company owns 70% of the share capital, while Thabat Construction Company owns 30%.

10- **Sustainable Water for Environmental Services Company (SWESC),** a limited liability company incorporated on 07/08/1444H (corresponding to 27/02/2023G), established and existing in the Kingdom of Saudi Arabia under Commercial Registration No. 2050168511, dated 07/08/1444H (corresponding to 27/02/2023G), with a share capital of five hundred thousand Saudi Riyals (SAR 500,000). The Company owns 70% of the share capital, while Thabat Construction Company owns 30%.

Substantial Shareholders

The Substantial Shareholder in the Company who owns 5% or more of the Company's shares directly or indirectly is Vision Invest. The following table shows the number of shares of the Substantial Shareholder and its ownership percentage in the Company pre-and post-Offering:

Table (2): The Substantial Shareholder, the Number of its Shares and its Ownership Percentage Pre-and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Total Nominal Value (SAR)	Percentage	No. of Shares*	Total Nominal Value (SAR)*	Percentage*
Vision Invest	160,925,543	160,925,543	100%	112,647,880	112,647,880	70%
Total	**160,925,543**	**160,925,543**	**100%**	**112,647,880**	**112,647,880**	**70%**

* The figures mentioned are approximate.

Source: The Company

Share Capital of the Company

One hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543), paid in full.

Total Number of Company Shares	One hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) fully paid ordinary shares.
Nominal Value per Share	One Saudi Riyal (SAR 1) per share.
Offering	Offering of forty-eight million, two hundred and seventy-seven thousand, six hundred and sixty-three (48,277,663) ordinary shares, representing 30% of the Company's share capital, for public subscription at an Offer Price of [•] ([•]) Saudi Riyals per share.
Total Number of Offer Shares	Forty-eight million, two hundred and seventy-seven thousand, six hundred and sixty-three (48,277,663) fully paid ordinary shares.
Percentage of the Offer Shares to the Company's Share Capital	The Offer Shares represent 30% of the Company's shares.
Offer Price	[•] ([•]) Saudi Riyals.
Total Offering Value	[•] ([•]) Saudi Riyals.
Use of Offering Proceeds	The Offering proceeds, estimated at [•] ([•]) Saudi Riyals (net of all expenses and costs related to the Offering, estimated at twenty-eight million Saudi Riyals (SAR 28,000,000)) will be distributed to the Selling Shareholder. The Company will not receive any part of the Offering proceeds (for further details on the Offering proceeds, please refer to Section 8 "**Use of Offering Proceeds**" of this Prospectus).
Number of Offer Shares Underwritten	Forty-eight million, two hundred and seventy-seven thousand, six hundred and sixty-three (48,277,663) ordinary shares.
Total Offering Value Underwritten	[•] ([•]) Saudi Riyals.
Categories of Target Investors	Subscription for the Offer Shares shall be limited to two tranches of investors as follows: **Tranche A- Participating Parties:** This tranche includes the parties entitled to participate in the book building process as per the Book Building Instructions (for more information, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus). **Tranche B - Individual Subscribers:** This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, or GCC nationals who, in each case, have a bank account and are entitled to open an investment account with any of the Receiving Agents.
Total Offer Shares Available for Each Category of Target Investors	
Number of Offer Shares Available to Participating Parties	Forty-eight million, two hundred and seventy-seven thousand, six hundred and sixty-three (48,277,663) Offer Shares, representing 100% of the total Offer Shares. In the event that Individual Subscribers subscribe to all of the Offer Shares allocated thereto, the Financial Advisors shall have the right to reduce the number of shares allocated to the Participating Parties to a minimum of thirty-eight million, six hundred and twenty-two thousand, one hundred and thirty (38,622,130) Offer Shares, representing 80% of the total Offer Shares. Initially, and in the event that there is sufficient demand from public funds, fourteen million, four hundred and eighty-three thousand, two hundred and ninety-nine (14,483,299) shares will be allocated to the public funds category, representing 30% of the total number of Offer Shares. It should be noted that if there is sufficient demand from Individual Subscribers to subscribe for the Offer Shares, the Financial Advisors shall have the right to reduce the number of shares allocated to public funds to a minimum of eleven million, five hundred and eighty-six thousand, six hundred and thirty-nine (11,586,639) shares, representing 24% of the total number of Offer Shares after completion of the individual subscription process.
Number of Offer Shares Available to Individual Subscribers	A maximum of nine million, six hundred and fifty-five thousand, five hundred and thirty-two (9,655,532) Offer Shares, representing 20% of the total Offer Shares.
Subscription Method for Each Category of Target Investors	
Subscription Method for Participating Parties	Participating Parties may apply to participate in the book building by filling out Bid Forms provided by the Bookrunners during the book building period. After initial allocation, Participating Parties must complete Subscription Application Forms, which will be made available to them by the Bookrunners in accordance with Section 17 "**Subscription Terms and Conditions**" of this Prospectus.
Subscription Method for Individual Subscribers	Subscription Application Forms will be provided by the Receiving Agents during the Offering Period. Subscription applications must be completed in accordance with the instructions set out in Section 17 "**Subscription Terms and Conditions**" of this Prospectus and submitted to the Receiving Agents. Individual Subscribers can also subscribe through the internet, telephone banking, ATMs or any other services offered by the Receiving Agents to its clients, provided that: (a) the Individual Subscriber has a bank account with a Receiving Agent that offers such services; (b) there have been no changes in the personal information of the Individual Subscriber since their subscription in a recent offering; and (c) the Subscriber has an investment account with a Capital Market Institution that provides such services.

Minimum Number of Offer Shares to be Applied for by Each Category of Target Investors	
Minimum Number of Offer Shares to be Applied for by Participating Parties	One hundred thousand (100,000) shares.
Minimum Number of Offer Shares to be Applied for by Individual Subscribers	Ten (10) shares.
Minimum Subscription Amount for Each Category of Target Investors	
Minimum Subscription Amount for Participating Parties	[•] ([•]) Saudi Riyals.
Minimum Subscription Amount for Individual Subscribers	[•] ([•]) Saudi Riyals.
Maximum Number of Offer Shares to be Applied for by Each Category of Target Investors	
Maximum Number of Offer Shares to be Applied for by Participating Parties	Eight million, forty-six thousand, two hundred and seventy-six (8,046,276) shares.
Maximum Number of Offer Shares to be Applied for by Individual Subscribers	Two million, five hundred thousand (2,500,000) shares.
Maximum Subscription Amount for Each Category of Target Investors	
Maximum Subscription Amount for Participating Parties	[•] ([•]) Saudi Riyals.
Maximum Subscription Amount for Individual Subscribers	[•] ([•]) Saudi Riyals.
Allocation of Offer Shares and Refund of Excess Subscription Monies (if any) for Each Category of Target Investors	
Allocation of Offer Shares and Refund of Excess Subscription Monies for Participating Parties	The initial allocation of the Offer Shares will be made as the Financial Advisors deem appropriate, in coordination with the Company, using the discretionary share allocation mechanism. It is possible that certain Participating Parties will not be allocated any shares as deemed appropriate by the Company and the Financial Advisors. The final allocation of the Offer Shares to the Participating Parties will be made through the Financial Advisors after the end of the subscription period for Individual Subscribers. The number of Offer Shares that will be initially allocated to the Participating Parties is forty-eight million, two hundred and seventy-seven thousand, six hundred and sixty-three (48,277,663) shares, representing 100% of the total number of Offer Shares. It should be noted that if there is sufficient demand from Individual Subscribers for the Offer Shares, the Financial Advisors shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of thirty-eight million, six hundred and twenty-two thousand, one hundred and thirty (38,622,130) shares, representing 80% of the total Offer Shares after completion of the subscription process for Individual Subscribers. Initially, and in the event that there is sufficient demand from public funds, fourteen million, four hundred and eighty-three thousand, two hundred and ninety-nine (14,483,299) shares will be allocated to public funds, representing 30% of the total number of Offer Shares. It should be noted that if there is sufficient demand from Individual Subscribers to subscribe for the Offer Shares, the Financial Advisors shall have the right to reduce the number of shares allocated to public funds to a minimum of eleven million, five hundred and eighty-six thousand, six hundred and thirty-nine (11,586,639) shares, representing 24% of the total number of Offer Shares after completion of the subscription process for Individual Subscribers.
Allocation Method for Individual Subscribers	The Offer Shares are expected to be allocated no later than Sunday, 18/11/1445H (corresponding to 26/05/2024G), noting that the minimum allocation is ten (10) shares per Individual Subscriber, while the maximum allocation is two million, five hundred thousand (2,500,000) shares per Individual Subscriber. The balance of Offer Shares (if any) will be allocated on a pro-rata basis, based on what each Subscriber requested in relation to the total shares requested for subscription. If the number of Individual Subscribers exceeds four hundred and eighty-two thousand, seven hundred and seventy-six (482,776) Subscribers, the Company shall not guarantee the minimum allocation. In such case, the allocation of Offer Shares to Individual Subscribers will be determined at the discretion of the Company and the Financial Advisors (for more information, please refer to Section 17 "**Subscription Terms and Conditions**" of this Prospectus).
Refund of Excess Subscription Monies (if any)	The Lead Manager or Receiving Agents (as the case may be) will notify the Subscribers of the final number of Offer Shares allocated to each of them along with the amounts to be refunded. Excess subscription monies, if any, will be refunded to the Subscribers in whole without any deductions or fees and will be deposited in the Subscribers' accounts specified in the Subscription Application Forms. The final allocation process will be announced no later than Sunday, dated 18/11/1445H (corresponding to 26/05/2024G).

Offering Period	The Offering Period will commence on Tuesday, 13/11/1445H (corresponding to 21/05/2024G) and will last for a period of two (2) days up to and including the closing day on Wednesday, 14/11/1445H (corresponding to 22/05/2024G).
Entitlement to Dividends	The Offer Shares will be entitled to their portion of any dividends declared and paid by the Company as of the date of this Prospectus and for subsequent financial years (for more information, please refer to Section 7 "**Dividend Distribution Policy**" of this Prospectus).
Voting Rights	The Company has one class of ordinary shares. None of the shares carries any preferential voting rights. Each share entitles its holder to one vote. Each Shareholder has the right to attend and vote at the meetings of General Assembly, and each Shareholder has the right to authorize any other shareholder, other than the Company's Directors or employees, to act on their behalf in attending the General Assembly meetings and voting on the resolutions thereof (for further details on voting rights, please refer to Section 12.3 "**Summary of Bylaws**" of this Prospectus).
Restrictions on Shares (Lock-up Period)	The Substantial Shareholder is subject to a lock-up period of six (6) months starting from the date of commencement of trading of the Offer Shares on the Exchange. During such period, the Substantial Shareholder may not dispose of any of their shares. Following the Lock-up Period, the Substantial Shareholder may dispose of its shares without prior approval from the CMA.
Shares Previously Listed by the Company	Prior to the Offer, the shares have not been listed in the Kingdom or elsewhere. An application has been submitted by the Company to the CMA for registration and offer of the shares in accordance with the OSCOs. The Company has also submitted an application to the Exchange for admission to listing in accordance with the Listing Rules. All relevant approvals pertaining to the Offering have been granted, and all supporting documents required by the CMA have been obtained. It is expected that the share trading will begin on the Exchange after the completion of the share allocation (for more information, please refer to the "**Key Dates and Subscription Procedures**" section on page (xvi) of this Prospectus).
Risk Factors	There are certain risks related to investment in the Offer Shares. Such risks can be classified as follows: 1- Risks Related to the Group's business. 2- Risks related to the market, sector and regulatory environment. 3- Risks related to the Offer Shares. These risks are described in Section 2 "**Risk Factors**" of this Prospectus and should be considered carefully prior to making an investment decision in relation to the Offer Shares.
Offering Expenses	The expenses and costs related to the Offering will be fully borne by the Selling Shareholder and deducted from the Offering proceeds. The Offering Expenses are estimated at approximately twenty-eight million Saudi Riyals (SAR 28,000,000), and include the fees of the Financial Advisors, the Underwriters, the Legal Advisor, the Legal Advisor to the Underwriters, the Auditor, the Market Consultant and the Financial Due Diligence Advisor, in addition to the fees of the Receiving Agents and marketing, printing, distribution, translation and other expenses related to the Offering.
Underwriters	**Saudi Fransi Capital** King Fahd Road Olaya 8092 P.O. Box 23454, Riyadh 11426 Kingdom of Saudi Arabia Tel.: +966 11 2826666 Fax: +966 11 2826823 Website: www.sfc.sa Email: Miahona.IPO@fransicapital.com.sa
	EFG Hermes KSA Third Floor, North Tower Sky Tower, King Fahd Road Al Olaya, Riyadh P.O. Box 300189, Riyadh 11372 Kingdom of Saudi Arabia Tel.: +966(11)2938048 Fax: +966(11)2938032 Website: www.efghermesksa.com Email: EFG_ProjectNeptune@efg-hermes.com

Note: The "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus should be carefully considered prior to making a decision to invest in the Offer Shares under this Prospectus.

Key Dates and Subscription Procedures

Key Dates

Table (3): Expected Offering Timetable

Event	Date
Bidding and Book-Building Period for Participating Parties	A period of four (4) days, commencing from Monday, 20/10/1445H (corresponding to 29/04/2024G), until the end of Thursday, 23/10/1445H (corresponding to 02/05/2024G).
Individual Subscribers' Subscription Period	A period of two (2) days, commencing from Tuesday, 13/11/1445H (corresponding to 21/05/2024G), until the end of Wednesday, 14/11/1445H (corresponding to 22/05/2024G).
Deadline for Submission of Applications for Participating Parties based on the Number of Shares Initially Allocated to Each of them	Thursday, 01/11/1445H (corresponding to 09/05/2024G).
Deadline for Payment of the Subscription Monies for Participating Parties based on the Provisionally Allocated Offer Shares	Monday, 05/11/1445H (corresponding to 13/05/2024G).
Deadline for Submission of Subscription Application Forms and Payment of Subscription Monies for Individual Subscribers	Wednesday, 14/11/1445H (corresponding to 22/05/2024G).
Announcement of the Final Allocation of Offer Shares	Sunday, 18/11/1445H (corresponding to 26/05/2024G).
Refund of Excess Subscription Monies (if any)	Thursday, 22/11/1445H (corresponding to 30/05/2024G).
Expected Date of Commencement of Trading on the Exchange	Trading of the Company's shares on the Exchange is expected to commence after fulfillment of all relevant statutory requirements. Trading will be announced on Tadawul's website (www.tadawul.com.sa).

Note: The above timetable and dates therein are indicative. Actual dates will be communicated through announcements appearing on the websites of Tadawul (www.saudiexchange.sa), the Financial Advisors, Saudi Fransi Capital Company (www.sfc.sa) and EFG Hermes KSA (www.efghermesksa.com) and the Company (www.miahona.com).

How to Apply for Subscription

Subscription for the Offer Shares shall be limited to two tranches of investors as follows:

A- Participating Parties:

This tranche includes the parties entitled to participate in the book building process as specified under the Book Building Instructions (for further details, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus).

Participating Parties can obtain Bid Forms from the Bookrunners during the book building period and Subscription Application Forms from the Bookrunners after the initial allocation. The Bookrunners shall, after the approval of the CMA is obtained, offer the Offer Shares to the Participating Parties during the Book Building period only. Subscriptions by the Participating Parties shall commence during the Offering Period, which also includes the Individual Subscribers, in accordance with the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form must be submitted to the Bookrunners, which represents a legally binding agreement between the Selling Shareholder and the Participating Party submitting the application.

B- Individual Subscribers:

This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, or GCC nationals who, in each case, have a bank account and are entitled to open an investment account with any of the Receiving Agents. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

Subscription Application Forms will be made available to Individual Subscribers during the Offering Period through the Receiving Agents. Individual Subscribers can also subscribe through the internet, telephone banking or ATMs of the Receiving Agents that provide one or all of these services to Individual Subscribers who have previously participated in a recent subscription, provided that:

- The Individual Subscriber has a bank account at the Receiving Agent that offers such services.
- The Subscriber has an investment account at a Capital Market Institution.
- There have been no changes in the personal information or data of the Individual Subscriber (the removal or addition of any family member) since the Subscriber last participated in a recent offering.

Subscription Application Forms must be completed in accordance with the instructions set out in Section 17 "**Subscription Terms and Conditions**" of this Prospectus. Applicants must complete all relevant items of the Subscription Application Form. The Company reserves the right to reject any Subscription Application Form, in part or in whole, if any of the subscription terms and conditions is not met. Amendments to and withdrawal of the subscription application shall not be permitted once the subscription application has been submitted. The submission of a Subscription Application Form is considered a binding agreement between the relevant subscriber and the Selling Shareholder (for further details, see Section 17 "**Subscription Terms and Conditions**" of this Prospectus).

Excess subscription monies, if any, will be refunded to the primary investor's account held with the Receiving Agents from which the subscription value was initially debited, without any commissions or withholding by the Lead Manager or the Receiving Agents. Excess subscription monies shall not be refunded in cash or to third-party accounts.

For further details regarding subscription by Individual Subscribers and Participating Parties, see Section 17 "**Subscription Terms and Conditions**" of this Prospectus.

Summary of Key Information

This summary is intended to provide a brief overview of the information contained in this Prospectus in detail. However, this summary does not include all information which may be important to prospective investors and must be taken into consideration before deciding to invest in the Offer Shares. Therefore, those wishing to subscribe for the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. In particular, the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" should be carefully considered prior to making any investment decision in relation to the Offer Shares. Investors should not rely on this summary alone in making a decision.

Overview of the Company

Miahona is a single-person Saudi closed joint-stock company that was converted pursuant to the Shareholder's resolution approved by the Ministry of Commerce No. 100052515, dated 01/05/1445H (corresponding to 15/11/2023G), under Commercial Registration No. 1010253603, dated 16/07/1429H (corresponding to 20/07/2008G). Its registered address is P.O. Box: 8590, Riyadh 13316, Kingdom of Saudi Arabia. The Company's current share capital is one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543), divided into one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) ordinary shares with a nominal value of one Saudi Riyal (SAR 1) per share.

The Company was established on 16/07/1429H (corresponding to 20/07/2008G) as a limited liability company with a fully paid share capital of five hundred thousand Saudi Riyals (SAR 500,000), divided into five thousand (5,000) cash shares of equal value, with a fully paid nominal value of one hundred Saudi Riyals (SAR 100) per share, and it was registered in the Commercial Registry of the city of Riyadh under No. 1010253603, dated 16/07/1429H (corresponding to 20/07/2008G). On 20/06/1438H (corresponding to 19/03/2017G), Mohammed bin Abdullah bin Rashid Abunayyan assigned his interest, amounting to two hundred and fifty (250) shares of the Company's share capital, to Istedamah Project Development Company without any cash consideration. On 05/03/1445H (corresponding to 20/09/2023G), the Partners decided to capitalize the amount under the additional capital contribution" account, namely one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,425,543), which resulted from the following operations: (1) On 10/03/1436H (corresponding to 01/01/2015G), the Company acquired 90% of the shares of ICDOC from Vision Invest under a sale and purchase agreement, provided that the purchase price would be settled by issuing shares in the Company with a value of one hundred and thirty-eight million, three hundred and five thousand, eight hundred and eighty-nine Saudi Riyals (SAR 138,305,889) for the benefit of the two Partners in the Company, who, upon completion of the settlement, were Vision Invest and Istedamah Project Development Company. (2) On 14/04/1439H (corresponding to 01/01/2018G), the Company acquired 10% of the shares of ICDOC from Vision Invest under a sale and purchase agreement, provided that the purchase price would be settled by issuing shares in the Company with a value of eighteen million, four hundred and sixty-eight thousand, six hundred and seven Saudi Riyals (SAR 18,468,607) for the benefit of the two Partners in the Company, who, upon completion of the settlement, were Vision Invest and Istedamah Project Development Company. It should be noted that the articles of association of ICDOC were amended to reflect the Company's ownership of 100% of the shares of ICDOC and the share buy-backs dated 10/03/1436H (corresponding to 01/01/2015G) and 14/04/1439H (corresponding to 01/01/2018G) as mentioned above. (3) On 10/03/1436H (corresponding to 01/01/2015G), the Company acquired 99% of the shares of JECO from Vision Invest, pursuant to a sale and purchase agreement, provided that the purchase price would be settled at a cash price of one million, eighty-three thousand, six hundred and thirteen Saudi Riyals (SAR 1,083,613), and by issuing shares in the Company with a value of three million, four hundred and sixteen thousand, three hundred and eighty-seven Saudi Riyals (SAR 3,416,387) for the benefit of the two Partners in the Company, who, upon completion of the settlement, were Vision Invest and Istedamah Project Development Company. (4) On 14/04/1439H (corresponding to 01/01/2018G), the Company acquired 1% of the shares of JECO from Vision Invest pursuant to a sale and purchase agreement, provided that the purchase price would be settled by issuing shares in the Company with a value of one hundred and twenty-six thousand, seven hundred and eighty-two Saudi Riyals (SAR 126,782) for the benefit of the two Partners in the Company, who, upon the completion of the settlement, were Vision Invest and Istedamah Project Development Company. It should be noted that the articles of association of JECO were amended to reflect the Company's ownership of 100% of the shares of JECO and the share buy-backs dated 10/03/1436H (corresponding to 01/01/2015G) and 14/04/1439H (corresponding to 01/01/2018G) as mentioned above. (5) On 20/04/1436H (corresponding to 09/02/2015G), the Company established RWPC through a cash injection of four hundred and ninety-five thousand Saudi Riyals (SAR 495,000), with it owning 99% of the shares of RWPC and Vision Invest owning 1% of the shares thereof. On 14/04/1439H (corresponding to 01/01/2018G), the Company acquired the remaining 1% of the shares of RWPC from Vision Invest pursuant to a sale and purchase agreement, provided that the purchase price would be settled by issuing shares in the Company with a value of one hundred and seven thousand, eight hundred and seventy-eight Saudi Riyals (SAR 107,878) for the benefit of the two Partners in the Company, who, upon completion of the settlement, were Vision Invest and Istedamah Project Development Company, noting that the articles of association of RWPC were amended to reflect the Company's ownership of 100% of the shares of RWPC and the share buy-back dated 14/04/1439H (corresponding to 01/01/2018G) as mentioned above. Accordingly, on 01/05/1445H (corresponding to 15/11/2023G), the Shareholder Resolution was approved to transform the Company into a closed joint-stock company, which also included approval to increase the Company's share capital from five hundred thousand Saudi Riyals (SAR 500,000) to one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543), divided into one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) shares with an equal nominal value of one Saudi Riyal (SAR 1) per share, by transferring one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,425,543) from the additional capital contribution account as described above, and reducing the nominal value of the Company's shares from one hundred Saudi Riyals (SAR 100) to one Saudi Riyal (SAR 1) through the subdivision of one million, six hundred and four thousand, two hundred and fifty-five (1,604,255) shares into one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three (160,425,543) shares, without any change to the ownership percentage of each Shareholder at the time. On 12/06/1445H (corresponding to 26/11/2023G), Istedamah Project Development Company assigned its interest, amounting to eight million, forty-six thousand, two hundred and seventy-seven (8,046,277) shares to Vision Invest without any cash consideration. Accordingly, the Company was converted from a Saudi closed joint-stock company into a single-person Saudi closed joint-stock company (for further details on the Company's history, please refer to Section 4.1.2 "**Corporate History and Evolution of the Company's Ownership Structure and Share Capital**" of this Prospectus).

Overview of the Substantial Shareholders

A- Overview of the Company's Substantial Shareholder

As of the date of this Prospectus, the Company has one Substantial Shareholder who directly owns 100% of the Company's share capital, namely Vision Invest.

Vision Invest is a Saudi closed joint-stock company registered in Riyadh under Commercial Registration No. 1010178941, dated 05/04/1423H (corresponding to 16/06/2002G). As of the date of this Prospectus, the share capital of Vision Invest amounts to four hundred million Saudi Riyals (SARR 400,000,000), divided into forty million (40,000,000) shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share.

Vision Invest is a Saudi holding company and a leader in the field of infrastructure development and investment through PPP projects and other investments in vital sectors in the Kingdom, GCC countries and beyond. Since 2002G, Vision Invest has strengthened partnerships with prominent entities at the local, regional and global levels, using a specialized investment model to provide sustainable value through investments that positively impact the development of vital sectors. Vision Invest has developed its investments with its clients and partners in a wide range of vital sectors, including power generation, water desalination, industrial gases, logistics services, transportation, district cooling, sewage treatment and social infrastructure.

According to the Commercial Register of Vision Invest, its principal activity is the construction of plants and main lines for water distribution, the repair and maintenance of sewage plants and projects, sewage networks and pumps, the repair and maintenance of electrical power stations and transformers, and the construction and establishment of electrical power stations and transformers. The following table sets out the ownership structure of Vision Invest:

Table (4): Ownership Structure of Vision Invest

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Shareholding Percentage
1.	Abdulkadir Al Muhaidib & Sons Co.	20,000,000	10	200,000,000	50%
2.	Abdullah Abunayyan Trading Co.	20,000,000	10	200,000,000	50%
Total		**40,000,000**	**-**	**400,000,000**	**100%**

Source: The Company

Since Vision Invest is wholly owned by Abdulkadir Al Muhaidib & Sons Co. and Abdullah Abunayyan Trading Co., the details of these companies are set out below.

- **Abdulkadir Al Muhaidib & Sons Co.**

Abdulkadir Al Muhaidib & Sons Co. is a closed joint-stock company registered in Riyadh under Commercial Registration No. 205009333, dated 17/09/1400H (corresponding to 30/07/1980G). As of the date of the Prospectus, the share capital of Abdulkadir Al Muhaidib & Sons Co. amounts to one billion Saudi Riyals (SAR 1,000,000,000), divided into one hundred million (100,000,000) shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share. The following is the ownership structure of Abdulkadir Al Muhaidib & Sons Co:

Table (5): Ownership Structure of Abdulkadir Al Muhaidib & Sons Co.

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Shareholding Percentage
1.	Amwal Al Ajial Holding Company	100,000,000	10	1,000,000,000	100%
Total		**100,000,000**	**-**	**1,000,000,000**	**100%**

Source: The Company

Amwal Al Ajial Holding Company is a limited liability company registered in Dammam under Commercial Registration No. 2050063825, dated 20/02/1430H (corresponding to 15/02/2009G). As of the date of the Prospectus, the share capital of Amwal Al Ajial Holding Company amounts to five million Saudi Riyals (SAR 5,000,000), divided into five hundred thousand (500,000) shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share. The following is the ownership structure of Amwal Al Ajial Holding Company:

Table (6): Ownership Structure of Amwal Al Ajial Holding Company

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Shareholding Percentage
1.	Suleiman Abdulkadir Al Muhaidib	140,000	10	1,400,000	28%
2.	Emad Abdulkadir Al Muhaidib	140,000	10	1,400,000	28%
3.	Essam Abdulkadir Al Muhaidib	140,000	10	1,400,000	28%
4.	Mariam Abdulkadir Al Muhaidib	20,000	10	200,000	4%
5.	Haifa Abdulkadir Al Muhaidib	20,000	10	200,000	4%
6.	Awatif Abdulkadir Al Muhaidib	20,000	10	200,000	4%
7.	Tamadur Abdulkadir Al Muhaidib	20,000	10	200,000	4%
Total		**500,000**	**-**	**5,000,000**	**100%**

Source: The Company

- **Abdullah Abunayyan Trading Co.**

Abdullah Abunayyan Trading Co. is a closed joint-stock company registered in Riyadh under Commercial Registration No. 1010077408, dated 17/22/1410H (corresponding to 11/06/1990G). As of the date of the Prospectus, the share capital of Abdullah Abunayyan Trading Co. amounts to twenty million Saudi Riyals (SAR 20,000,000), divided into twenty thousand (20,000) shares with an equal nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The following is the ownership structure of Abdullah Abunayyan Trading Co:

Table (7): Ownership Structure of Abdullah Abunayyan Trading Co.

#	Shareholder	No. of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Shareholding Percentage
1.	Mohamed Abdullah Abunayyan	1,678	1,000	1,678,000	8.390%
2.	Khaled Abdullah Abunayyan	1,678	1,000	1,678,000	8.390%
3.	Ibrahim Abdullah Abunayyan	1,678	1,000	1,678,000	8.390%
4.	Abdulelah Abdullah Abunayyan	1,678	1,000	1,678,000	8.390%
5.	Saad Abdullah Abunayyan	1,590	1,000	1,590,000	7.950%
6.	Riad Abdullah Abunayyan	1,590	1,000	1,590,000	7.950%
7.	Rakan Abdullah Abunayyan	1,590	1,000	1,590,000	7.950%
8.	Moneera Ibrahim Abunayyan	1,517	1,000	1,517,000	7.585%
9.	Nora Mohamed Al Madhi	1,252	1,000	1,252,000	6.260%
10.	Sara Abdullah Abunayyan	840	1,000	840,000	4.200%
11.	Salwa Abdullah Abunayyan	840	1,000	840,000	4.200%
12.	Nawal Abdullah Abunayyan	840	1,000	840,000	4.200%
13.	Maha Abdullah Abunayyan	840	1,000	840,000	4.200%
14.	Nouf Abdulaziz Abunayyan	797	1,000	797,000	3.985%
15.	Raeda Abdullah Abunayyan	796	1,000	796,000	3.980%
16.	Ruba Abdullah Abunayyan	796	1,000	796,000	3.980%
Total		**20,000**	**-**	**20,000,000**	**100%**

Source: The Company

B- Overview of the Indirect Substantial Shareholders in the Company

The following table sets out the details of the Substantial Shareholders based on their indirect ownership in the Company:

Table (8): The Company's Substantial Shareholders by Indirect Ownership as of the Date of this Prospectus

#	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Total Nominal Value of Shares (SAR)	Ownership Percentage(1)	No. of Shares	Total Nominal Value of Shares (SAR)	Ownership Percentage(1)
1.	Suleiman Abdulkadir Al Muhaidib(2)	22,529,576	22,529,576	14%	15,770,703	15,770,703	9.8%
2.	Emad Abdulkadir Al Muhaidib(3)	22,529,576	22,529,576	14%	15,770,703	15,770,703	9.8%
3.	Essam Abdulkadir Al Muhaidib(4)	22,529,576	22,529,576	14%	15,770,703	15,770,703	9.8%

(1) The percentages mentioned are approximate.

(2) Suleiman Abdulkadir Al Muhaidib owns 28% of the shares of Amwal Al Ajial Holding Company, which owns 100% of Abdulkadir Al Muhaidib & Sons Co., which in turn owns 50% of Vision Invest, which in turn owns 100% of the Company's share capital prior to the Offer.

(3) Emad Abdulkadir Al Muhaidib owns 28% of the shares of Amwal Al Ajial Holding Company, which owns 100% of Abdulkadir Al Muhaidib & Sons Co., which in turn owns 50% of Vision Invest, which in turn owns 100% of the Company's share capital prior to the Offer.

(4) Essam Abdulkadir Al Muhaidib owns 28% of the shares of Amwal Al Ajial Holding Company, which owns 100% of Abdulkadir Al Muhaidib & Sons Co., which in turn owns 50% of Vision Invest, which in turn owns 100% of the Company's share capital prior to the Offer.

Source: The Company

Subsidiaries Overview

The Company has seven (7) subsidiaries within the Kingdom (for further details on the Subsidiaries, please refer to Section 4.1.6 "**Overview of the Company's Subsidiaries**" of this Prospectus). For the purpose of measuring the materiality of the Company's Subsidiaries, the Company and its Financial Advisors took into account their impact on the decision to invest in the Company's securities and their price, including – but not limited to – whether they constitute 5% or more of the Company's total assets, liabilities, revenues, profits or contingent liabilities. Based on the above, four (4) subsidiaries of the Company are considered material (referred to hereinafter as the "**Material Subsidiaries**") as follows:

1- **ICDOC,** a limited liability company established and existing in the Kingdom of Saudi Arabia under Commercial Registration No. 4030141363, dated 10/11/1423H (corresponding to 13/01/2003G), with a share capital of sixty-six million, six hundred thousand Saudi Riyals (SAR 66,600,000), divided into six hundred and sixty-six thousand (666,000) equal shares with a nominal value of one hundred Saudi Riyals (SAR 100). The Company owns 100% of ICDOC's share capital (for further details, please refer to Section 4.1.6(a) "**ICDOC**" of this Prospectus).
2- **JECO,** a limited liability company established and existing in the Kingdom of Saudi Arabia under Commercial Registration No. 1010248850, dated 20/04/1429H (corresponding to 26/04/2008G), with a share capital of two million Saudi Riyals (SAR 2,000,000). The Company owns 100% of the share capital of JECO (for further details, please refer to Section 4.1.6(b) "**JECO**" of this Prospectus).
3- **RWPC,** a limited liability company established and existing in the Kingdom of Saudi Arabia under Commercial Registration No. 1010430327, dated 20/04/1436H (corresponding to 09/02/2015G), with a share capital of five hundred thousand Saudi Riyals (SAR 500,000). The Company owns 99% of the share capital, while Vision Invest owns 1%. The Company owns 100% of its share capital (for further details, please refer to Section 4.1.6l "**RWPC**" of this Prospectus).
4- **Araha Environmental Services Company,** a limited liability company established and existing in the Kingdom of Saudi Arabia under Commercial Registration No. 4031274456, dated 06/05/1444H (corresponding to 30/11/2022G), with a share capital of five hundred thousand Saudi Riyals (SAR 500,000). The Company owns 70% of the share capital, while Thabat Construction Company owns 30%.

Principal Activities of the Company

The Company's activities, according to its Bylaws and Commercial Register, are as follows:

1- Water transfer and distribution.
2- Operating sewage treatment networks and facilities.
3- General construction of non-residential buildings, such as schools, hospitals and hotels.
4- Establishing main water distribution plants and lines.
5- Establishing sewage stations and projects, sewage networks and pumps.

The activities of ICDOC, according to its Commercial Register, are as follows:

1- Operating sewage treatment networks and facilities.
2- General construction of non-residential buildings, such as schools, hospitals and hotels, etc.
3- Establishing main water distribution plants and lines.
4- Establishing sewage stations and projects, sewage networks and pumps.
5- Network extensions.

The activities of ICDOC, according to its articles of association, are as follows:

1- Electric power generation, transmission and distribution.
2- Electric power generation.
3- Electrical power transmission.
4- Electrical power distribution.
5- Other activities for generating, transmitting and distributing electrical energy.
6- Water collection, treatment and delivery.
7- Water collection.
8- Water technology.

9- Water desalination.
10- Water distribution.
11- Other activities related to water collection, treatment and distribution.
12- Sewage.
13- Sewage disposal.
14- Sewage treatment.
15- Other activities related to sewage networks.
16- Construction.
17- General constructions of residential buildings.
18- General construction of non-residential buildings (schools, hospitals, hotels, etc.).
19- General construction of other non-residential buildings not mentioned above.
20- Ready on-site building construction.
21- Restorations of residential and non-residential buildings.
22- Civil engineering.
23- Utility project construction.
24- Establishing and repairing main water distribution plants and lines.
25- Construction and repair of irrigation and watering canals and main water storage towers, and drilling and maintenance of water wells.
26- Establishing and repairing sewage stations and projects, sewage networks and pumps.
27- Construction, establishment and repair of electrical power stations and transformers.
28- Land transportation and pipeline transportation.
29- Other activities related to land transportation of goods.
30- Water transfer through pipelines.
31- Operating and maintaining pumping stations and pipelines.
32- Other activities related to transportation via pipelines.
33- Storage, support and transportation activities.
34- Other storage activities in warehouses.

The activities of JECO, according to its Commercial Register, are as follows:

1- Operating sewage treatment networks and facilities.
2- General construction of residential buildings.
3- Extending various types of pipes for electricity, communications, etc.
4- Establishing main water distribution plants and lines.
5- Establishing sewage stations and projects, sewage networks and pumps.
6- Network extension.

The activities of JECO, according to its articles of association, are as follows:

1- Operating and maintaining sewage plants.
2- Plants for purification and desalination of well and sea water.
3- Water and sewage networks.

The activities of RWPC, according to its Commercial Register, are as follows:

1- Extraction of non-potable water.
2- Water technology.
3- Water desalination.
4- Water transfer and distribution.

The activities of RWPC, according to its articles of association, are as follows:

1- Electricity, gas, water and sub-activities.
2- Construction and building.

The activities of Araha Environmental Services Company, according to its Commercial Register, are as follows:

1- Operating sewage treatment networks and facilities.
2- Repair and maintenance of sewage stations and projects, sewage networks and pumps.
3- Establishing sewage stations and projects, sewage networks and pumps.

The activities of Araha Environmental Services Company, according to its articles of association, are as follows:

1- Operating sewage treatment networks and facilities.
2- Repair and maintenance of sewage stations and projects, sewage networks and pumps.
3- Establishing sewage stations and projects, sewage networks and pumps.

The Group is the first developer of water and sewage infrastructure in the Kingdom using the public-private partnership (PPP) model. It is also one of the leading companies in the circular water economy and its activities focus on managing the water cycle to meet the needs of customers in the municipal and industrial sectors. Water cycle management operations are generally focused on providing an integrated value chain for water, starting from the water source and ending with water consumption by the end user. The main activities of water cycle management include: (1) production and distribution of potable water and water for industrial uses; (2) collection, treatment, recycling and disposal of waste water; and (3) end-user CRM, including (a) aligning customer demand with future requirements to ensure proactive forecasting of customer requirements; (b) prioritizing customer satisfaction by focusing on quality and reliability; (c) implementing technical compliance management to adhere to and comply with relevant industry standards, laws and regulations; and (d) creating a dedicated customer portal to simplify communication and provide an effective platform for customer engagement. The Group's services include:

- **Water:** The Group has established experience in developing, managing and operating water treatment systems, which include water treatment plants and potable water distribution systems.
- **Wastewater:** The Company has extensive experience in water treatment processes, including: (1) development, planning and design of treatment plants; (2) sewage treatment; (3) wastewater and effluent recycling; and (4) operation, maintenance and improvement of sewage treatment plants.

The Group primarily operates in the following segments:

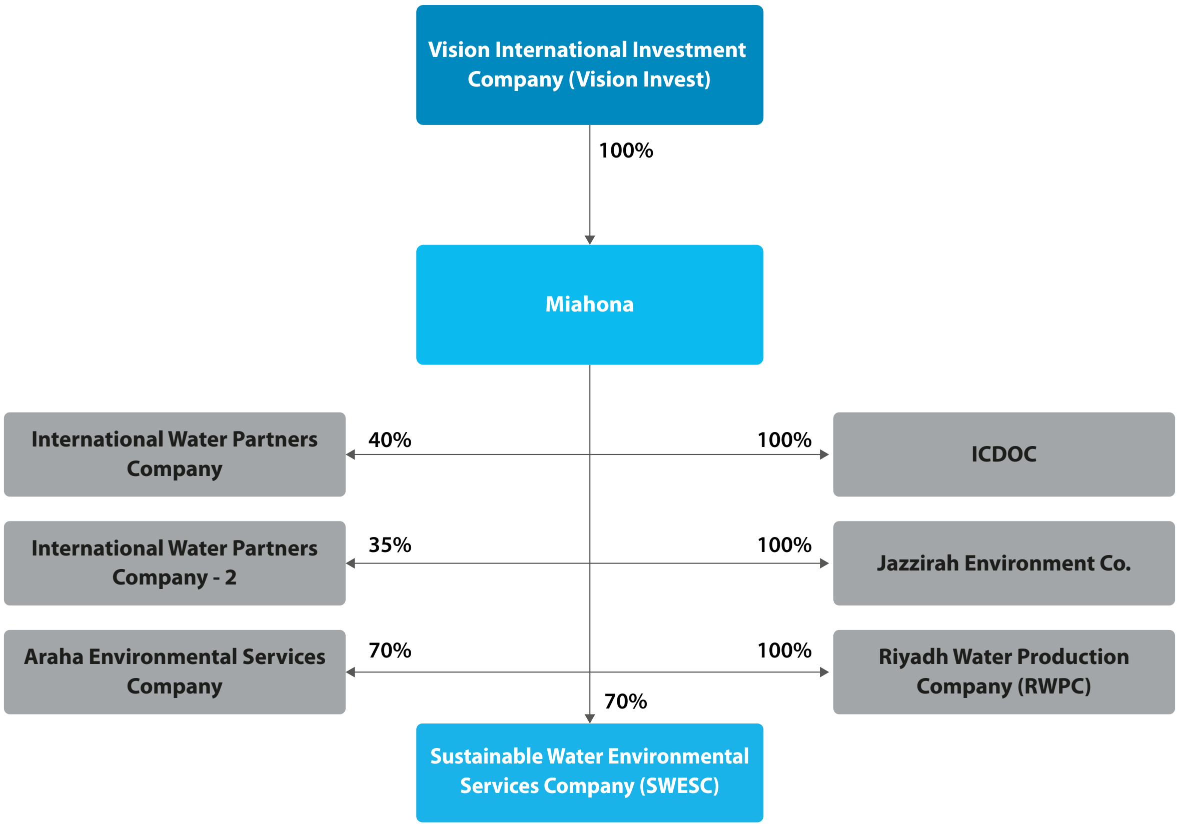
- **Municipal segment:** The Company provides services to entities such as the National Water Company (hereinafter referred to as "NWC"), the Saudi Water Partnership Company (hereinafter referred to as "SWPC") and SWCC.
- **Industrial segment:** The Group's clients in this sector include a number of government entities, such as the Saudi Authority for Industrial Cities and Technology Zones (hereinafter referred to as "Modon"), as well as semi-governmental entities such as the Saudi Arabian Oil Company (hereinafter referred to as "Saudi Aramco") and private industrial companies.

The Group offers its services through the following arrangements:

- **Greenfield Concession Arrangements:** The Group develops new facilities under long-term build-own-operate-transfer (hereinafter referred to as "BOOT") or build-operate-transfer (hereinafter referred to as "BOT") concessions, under which the contractor undertakes the overall design, construction and operation of the facilities. There is a clause for asset transfer at the end of operations. The Group, working alone or through partnerships with experts in other sectors, executes these contracts. The Group establishes independent SPVs to execute each contract. SPVs obtain project financing debts on a non-recourse basis.
- **Brownfield Concession Arrangements:** The Group renovates and/or rebuilds existing facilities under long-term rehabilitation, operation and transfer (hereinafter referred to as "ROT") or rehabilitation, ownership, operation and transfer (hereinafter referred to as "ROOT") concessions, with the condition that the assets be transferred at the end of operations. The Group enters into these contracts under which it is instructed to design, restore and/or renovate and operate existing facilities. ROT projects are offered under pledge and purchase arrangements or distribution rights. The Group, working alone or through partnerships with experts in other sectors, executes these contracts. The Group establishes independent SPVs for each contract to execute such contracts. The capital cost required to execute these contracts is primarily financed through non-recourse project financing or traditional borrowing with recourse to the Group.
- **Management, Operation and Maintenance (hereinafter referred to as "MOM") or Operation and Maintenance (hereinafter referred to as "O&M"):** Contracts that are entered into with the Group to provide supplies, personnel and management services for water and wastewater treatment plants. These contracts are generally for short to medium-term tenors.

The Company's Organizational Structure

Figure (1): The Company's Organizational Structure Pre- and Post-Offering



Source: The Company

Ownership Structure of the Company Pre- and Post-Offering

The following table sets out the Company's ownership structure pre- and post-Offering:

Table (9): Ownership Structure of the Company Pre-and Post-Offering

#	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Total Nominal Value (SAR)	Percentage*	No of Shares*	Total Nominal Value (SAR)*	Percentage*
1.	Vision Invest	160,925,543	160,925,543	100%	112,647,880	112,647,880	70%
2.	Public	-	-	-	48,277,663	48,277,663	30%
Total		**160,925,543**	**160,925,543**	**100%**	**160,925,543**	**160,925,543**	**100%**

* The figures mentioned are approximate.

Source: The Company

The Company's Vision, Mission and Strategy

Vision

Leading a sustainable water future for our coming generations.

Mission

Providing integrated, reliable and sustainable water solutions with absolute commitment to our environment and society.

Strategy

The Group's general strategy is to lead water conservation and maximize the use of treated water. The Group aims at enhancing and promoting its role in the field of partnership between the public and private sectors to provide sustainable, high-quality and cost-effective water services through the use of cutting-edge treatment technologies under long-term contracts. The Group intends to play an active role in the circular water economy and relies on its leadership and history of operational excellence, backed by new projects in the Kingdom's supportive regulatory environment. The following are the main principles of the Group's strategy.

A- Strengthening its Leadership in the Kingdom

The Group is proud to be the first developer of water and sewage infrastructure in the Kingdom using the PPP model in 2003G through its wholly-owned subsidiary, ICDOC. Since then, the Group has invested more than one billion Saudi Riyals in water and wastewater assets and currently provides services to a population of more than 8 million in multiple cities within the Kingdom. The Group also serves industrial clients.

The Group currently manages six (6) projects under BOOT and ROT structures and also provides O&M services only for five (5) third-party projects. According to the market study prepared by the Market Consultant, the Group is deemed one of the main private water and wastewater development companies in the Kingdom (for further details, please refer to Section 3-5 "**Overview of the Water Sector in the Kingdom**" of this Prospectus).

The Group intends to maintain and strengthen its position as the leading private sector developer, owner and operator of water and wastewater infrastructure through:

- **Enhancing current projects:** Current ongoing projects provide the Group with various enhancement opportunities such as:
  - **Expansion of capacity:** The Group has the opportunity to expand capacity in the Dammam Industrial Cities Project and the King Khalid International Airport (hereinafter referred to as "KKIA") Project.
  - **Use of surplus capacity:** The Group continuously seeks opportunities to utilize any surplus capacity that it may have at its existing facilities to generate additional revenue.
  - **Extension of tenor:** Contract rebids are lengthy and cumbersome for the buyer; therefore, short-term extensions (i.e., two (2) to five (5) years) are expected to facilitate the smooth and continued operation of critical infrastructure.
  - **Renewal:** The Group believes that its proven track record and experience in operating existing projects place it in an ideal position to deliver a winning bid when existing contracts expire and are rebid. The Group has acquired sufficient technical knowledge and understanding of existing plants to improve its competitive offer while leveraging its experience to obtain significant returns.
- **New projects:** The Group continues to build on the strong foundations it has laid since its establishment to grow its portfolio of projects. The Group has recently been announced as the preferred bidder for the following projects to be completed in line with the table below, which contribute to revenue and profit growth:

Table (10): The Group's Recently Awarded Projects

#	Project Name	Plant Type	Category	Status	Contract Type	Tenor (Years)	Size (m³)	Expected Commercial Operations Date ("COD")
1.	Industrial Wastewater Treatment Plant (IWWT–) - Ras Tanura	Industrial Wastewater Treatment Plant (IWWTP)	Industrial wastewater	achieved financial close - under construction	BOOT	25	20,000	June 2026G
2.	Al Hayer	ISTP	Wastewater	Under financial close	BOOT	25	200,000	December 2026G

Source: The Company

- **Management contracts and conversion to concessions:** NWC has offered six (6) clusters under the MOM contract, from which the Group obtained two groups, namely the Northwestern Cluster and the Eastern Cluster. In the next phase, the six clusters are expected to be offered as long-term concessions. Below are the details of the projects expected to be offered for bidding under long-term concessions.

Table (11): Projects Expected to be Offered under Long-Term Concessions

#	Project	Expected Financial Close	Expected COD	Term of Contract	Expected EPC Cost (SAR Mn)
1.	North-West	2027G	2029G	25 years	2,000.0
2.	Riyadh	2027G	2029G	25 years	4,000.0
3.	South	2029G	2031G	25 years	2,000.0
4.	Eastern	2028G	2030G	25 years	3,000.0
5.	Mecca	2028G	2030G	25 years	4,000.0
6.	North	2030G	2032G	25 years	3,000.0

Source: The Company, NWC

The Group has a significant advantage in relation to the Northwestern and Eastern Clusters (for further details, please refer to Section 4.5 "**Description of the Group's Third Party O&M Projects**" of this Prospectus.)

In addition, the Group is actively participating in a number of other projects in the Kingdom which have been announced by its clients, as set out below.

Table (12): The Group's Participation in Client Projects

#	Project Name	Plant Type	Status	Contract Type	Tenor (Years)	Expected Financial Close	Expected COD	Capacity (m^3/day)	Estimated EPC Cost (SAR Mn)
1.	Northwestern Cluster	SSTP	Expected	BOOT	25	2025G	2028G	49,000	2,050
2.	Eastern Cluster	SSTP	Expected	BOOT	25	2025G	2028G	81,000	1,450
3.	Central Cluster	SSTP	Expected	BOOT	25	2027G	2029G	91,000	3,450
4.	Northern Cluster	SSTP	Expected	BOOT	25	2025G	2028G	81,000	3,000
5.	Riyadh East	ISTP	Under offer	BOOT	25	2024G	2026G	500,000	2,285
6.	Arana	ISTP	Under offer	BOOT	25	2024G	2026G	250,000	1,565
7.	Hada	ISTP	Under offer	BOOT	25	2024G	2026G	250,000	1,565
8.	Sakaka	ISTP	Expected	BOOT	25	2026G	2030G	86,000	1,080
9.	South Najran	ISTP	Expected	BOOT	25	2025G	2029G	50,000	850
10.	Western Cluster	ISTP	Expected	BOOT	25	2025G	2028G	91,000	2,000
11.	North Riyadh	ISTP	Under offer	BOOT	25	2024G	2026G	120,000	1,190
12.	Abu Arish	ISTP	Expected	BOOT	25	2024G	2026G	50,000	850
13.	North Jeddah 1	ISTP	Expected	BOOT	25	2025G	2027G	50,000	850
14.	Hafar Al Batin	ISTP	Expected	BOOT	25	2026G	2028G	50,000	850
15.	Al Kharj 3	ISTP	Expected	BOOT	25	2026G	2028G	25,000	725,0
16.	Arar	ISTP	Expected	BOOT	25	2026G	2028G	41,000	800
17.	South Cluster	SSTP	Expected	BOOT	25	2027G	2030G	50,000	1,800
18.	Rabigh	ISTP	Expected	BOOT	25	2026G	2028G	100,000	1,145
19.	SA Qurrayah	IWWTP	Expected	BOOT	25	2025G	2028G	50,000	500
20.	Jazan Cluster	SSTP	Under offer	BOOT	25	2024G	2026G	74,700	2,000

Source: The Company, SWPC

In addition, the Group has also presented bids for the following ROT projects.

Table (13): ROT Projects for which the Group Has Presented Bids for

#	Project Name	Plant Type	Status	Contract Type	Tenor (Years)	Expected COD	Capacity (m^3/day)	Estimated EPC Cost (SAR Mn)
1.	Long-Term O&M Contracts 4	ISTP	Under procurement	ROT	15	2025G	147,000	400
2.	Long-Term O&M Contracts 9	ISTP	Under procurement	ROT	15	2028G	323,300	500
3.	Long-Term O&M Contracts 7	ISTP	Under procurement	ROT	15	2026G	457,500	400

Source: The Company

In addition, the Group has more than ten (10) O&M projects that are expected to reach maturity within the next four (4) years.

- **New initiatives:** Moreover, the Group is exploring new opportunities such as pre-treatment facilities in factories within industrial cities in the wet waste segment, such as beneficial sludge reuse and treated sewage effluent (hereinafter referred to as "**TSE**") water reuse. These new sectors offer significant growth potential and are in line with the Group's commitment to sustainability.

B- Penetrating Select Regional and International Markets

The Group aims to expand from a leader in the local market to an active player at the regional and global levels by selectively expanding to other markets in the region in the long term and benefiting from the expertise and experiences it has gained in the Kingdom. For example, the African and the Middle Eastern markets are presented as a potential geographical scope to expand the Group's business through developing greenfield and/or brownfield projects. In terms of greenfield opportunities, the Group has identified a number of BOOT projects for ISTPs with a total value exceeding ten billion Saudi Riyals (SAR 10,000,000,000) in countries such as the UAE and Uzbekistan for which the Group intends to bid for.

Strengths and Competitive Advantages

The Group is a leading entity in the water and wastewater treatment sector in the Kingdom, with a proven track record of performance and commitment to innovation. The Group's competitive strengths lie in its ability to develop projects, capacity to manage O&M for a broad base of assets and contracts with diversified cash flows within an operational model prepared to generate returns across the project life cycle, experienced management with a strong multi-disciplinary team of internal experts, visible growth group and long-term purchase by Shareholders. The Group is well positioned to benefit from the growing demand for water and wastewater services in the Kingdom, driven by specific factors such as population growth, urbanization and the Kingdom's sector strategies within the framework of Vision 2030, including privatization projects, public-private partnerships and regulatory changes.

A- A Leading Player in a Rapidly Growing and Defensive Market

The Company is a leading player in the water and wastewater sector in the Kingdom. The Group developed the first water and wastewater infrastructure project using the PPP model, namely the Jeddah Industrial City ("**JIC**") Project. This gave the Company a first-mover advantage in the PPP sector. Since then, the Company has also secured four (4) more projects under long-term concessions with government and semi-government entities. Overall, since its establishment in 2008G, the Company has built wastewater infrastructure of 806,500 m^3/day and a network of 221 km, as well as potable water infrastructure of 102,800 m^3/day with a total network of 248 km. This has allowed the Group to gain experience and credentials that have a significant positive impact on its competitiveness, giving it an advantage when bidding for new projects. This includes an in-depth database of processing operations, KPIs, designs and needs of customers, suppliers and contractors, as well as deep knowledge of local content requirements in the Kingdom which supports the appropriate technical solutions for tenders. This expertise and know-how provides the Group with significant advantage with respect to new bids and places it in a leading position when it comes to renewal of existing contracts. The Company's capabilities and credentials are demonstrated by its recent bid history, having been selected as the preferred bidder in eight (8) out of ten (10) bids submitted in the past three years.

The Grolp intends to play a leading role by investing in the development of new water and wastewater projects according to the principles of continuous technology and efficiency improvement and by benefiting from its experience in building, managing and operating these facilities in line with the ongoing economic transformation in the Kingdom that aims to develop the non-oil sector to constitute 50% of its GDP and bolster the contribution of the wastewater and water sector to achieving these goals, in addition to contributing to the environmental aspect and quality of life.

Overall, the Group's target markets are expected to grow at an average annual rate of 5.4%, from 6.7 billion Saudi Riyals in 2022G to 8.7 billion Saudi Riyals by 2027G. Within the goals of Vision 2030, the private sector is expected to actively participate in the ongoing economic transformation. Within an encouraging economic environment, the water and wastewater sector is expected to witness the following developments:

- **Privatization:** Private sector participation in the water and sewage sector is one of the main pillars of economic transformation in the Kingdom. As such:
  - SWPC has fifty (50) projects, including ISTPs, ISWR plants, IWPs and IWWTPs, which are subject to submission of bids to private companies. Nineteen (19) of these projects fall within wastewater treatment projects, which constitute the Group's target market.
  - NWC has kickstarted and enhanced private sector participation in water and wastewater plants in brownfield projects. NWC has provided nine (9) programs under long-term O&M contracts for brownfield plants and projects. In addition, NWC plans to convert the MOM of six (6) clusters (regional distribution entities) to long-term concessions or similar long-term models in each cluster (for more information, please refer to Section 3-7-2 "**Water Distribution [in the Municipal Segment] and Wastewater Collection and Treatment**" of this Prospectus).
  - The Ministry of Environment, Water and Agricultural (hereinafter referred to as "**MEWA**") launched the Water Transmission and Technologies Company to promote water sector privatization efforts in the Kingdom.
- **National Trends and Economic Activity:**
  - Vision Realization Programs that directly impact the water and wastewater sector such as the Pilgrim Experience, National Transformation, Public Investment, National Industrial Development and Logistics, Quality of Life, Fiscal Sustainability and Housing programs. All of these programs feature initiatives that affect demand for water and sewage.
  - More than thirty (30) projects are classified as mega projects to be developed on a large, multi-faceted scale, including tourism, industry and sustainability, creating demand for water and wastewater infrastructure.
- **Population Growth:** The Kingdom's population was approximately 32.2 million at the end of 2022G, and it is expected to grow at a rate of 3.6% to approximately 38.4 million people by 2027G. The urban population increased from 26.5 million in 2020G to 27.3 million in 2022G and is expected to continue to grow. Accordingly, water demand is expected to increase from 5.2 billion cubic meters annually in 2022G to 5.9 billion cubic meters annually in 2027G, with an annual growth rate of 2.8%. Moreover, the wastewater treatment capacity is expected to increase from 6.4 million cubic meters per day at the end of 2022G to 8.8 million cubic meters per day in 2027G.
- **Regulatory Environment:** MEWA introduced the National Water Strategy in 2017G. This strategy aims to improve water and wastewater management and increase private sector participation in the sector. The National Water Strategy aims to: (1) increase the percentage of water reuse from 17% in 2017G to 70% in 2030G; (2) increase the coverage of water services from 87% to 95%; (3) increase the coverage of wastewater services from 60% to 77%; (4) reduce total water consumption from 24.8 billion cubic meters to 12.5 billion cubic meters through reduced water consumption in agriculture; and (5) preserve non-renewable groundwater. These objectives have a direct impact on the water and wastewater sector, which benefits the Group.

The overall impact of privatization, government initiatives with respect to public private partnerships and macroeconomic factors create a large market that will remain available to the Group. The Group intends to benefit from its leading position derived from its great experience and expertise.

B- Complete Coverage of the Water Cycle with a Proven Track Record of Operational Excellence

The Group's operations cover the entire water cycle from extraction and supply to collection and recycling.

The Group is committed to operational excellence and its integrated model allows it to optimize its operations, reduce waste and ensure consistent supply. The Group has achieved significant efficiency and productivity measures, with the percentage of water loss (leakage) less than 10% against the Kingdom's Vision 2030 goal of less than 25% (the current average is 40% for the Kingdom), and the percentage of advanced treatment for reuse of treated sewage waste standing at 60%, against the Vision 2030 goal of 70%.

The Group also remains at the forefront of adopting new technologies and innovative solutions. The Group, in partnership with its specialized internal experts, including development, technical, financial, legal and project management teams, provides pioneering technical and financial solutions. The Group also obtains technology and construction services in a cost-competitive manner to meet contractors' requirements at the lowest costs while providing ideal, custom-designed and innovative solutions, unlike the traditional "**ready-made**" solutions, resulting in a win-win proposition for all parties without compromising on the required ROI.

C- De-Risked Business Model Underpinned by Long-Term Contracts

The Group's business model is highly de-risked. Where the Group invests its own capital, it manages risks through:

- Focusing on fully contracted long-term opportunities, noting that unlike the Jeddah and Dammam Industrial Cities concessions, the Group is not exposed to procurement or supply and demand risks (for further details, please refer to Section 4.4 "**Description of the Group's Concession Projects**" of this Prospectus). Generally, long-term concessions extend from twenty (20) to thirty (30) years, which gives the Group insight into its long-term cash flows under a tariff structure that ensures a return on invested capital to build its capacities (for further details, please refer to Section 4.3.2 "**Tariffs**" of this Prospectus).
- These contracts mostly include clauses that contribute to mitigating risks, the most prominent of which are, for example: inflation and protection from changes in laws and operating costs charged to customers.
- Low credit risk since contractors are usually government or government-backed entities.
- Financing through the use of project financing, which by its nature does not include a right of recourse to the borrower, or includes a limited right of recourse to the borrower, in order to finance a large portion of the capital expenditure needs for development of the Group's projects, since the Group relies on its proven track record and successful business model in structuring financing, thus limiting risks to a large extent. Moreover, the hedging mechanisms associated with these loans provide high protection against rising interest rates.
- Minimizing development risks by implementing: (1) favorable contracting mechanisms; (2) detailed project planning at the outset; (3) studies to understand historical operational data; and (4) close supervision during implementation, as well as by leveraging strong relationships with OEMs and engineering, procurement and construction contractors and supply chain agents. The Group typically enters into lump-sum, turn-key EPC contracts including timely delivery and plant performance (back-to-back arrangement of performance guarantees up to the relevant defect liability period) with a view to mitigating cost overruns and performance risks.
- Concluding long-term O&M contracts of a similar length to purchase agreements through JECO, an O&M subsidiary wholly owned by the Company, with the aim of reducing operational risks.

The Group's risk-free business model provides it with a solid foundation for further growth, with its long-term, guaranteed and predictable cash flows.

D- The Company's wholly-owned O&M subsidiary, JECO, uses Centralized Expertise to Improve Portfolio Operations and Project Returns

JECO, a wholly-owned subsidiary of the Company, is responsible for the O&M of the Group's assets, managing an operating capacity of approximately 102,800 cubic meters of water and 806,500 cubic meters of wastewater as of 30 September 2023G. By promoting consistent high standards, operational excellence and a culture of safety in all projects, JECO is dedicated to providing infrastructure with the highest degree of reliability within O&M services. The ability of JECO to create value also contributes to items of the Group's business cycle model (other than operations), such as bidding, development and construction. With its early involvement in the bidding stage, it provides engineering, operability review and plant design services that contribute to the high winning bids ratio.

As part of its construction activities, JECO helps in reviewing construction operations as well as during commissioning activities. JECO improves O&M using economies of scale in order to systematically reduce costs across the supply chain while focusing on quality, best practices, technical know-how and transferable lessons learned. JECO's unified operating model, through its involvement in all stages of the asset cycle, guarantees superior control and understanding of the operation of the Group's assets during the various stages of their life cycle. JECO continues to use digital platforms to monitor and forecast vital equipment.

Thanks to the low O&M capital requirement, the superior nature of the O&M cash payments from the relevant project company submitted to it, and its debt-free balance sheet, JECO is able to provide a further stream of visible and guaranteed cash flows and dividends for the Company. In addition, JECO's experience is used to serve other entities, providing an additional low-risk stream of cash flows.

E- Guaranteed Highly Attractive Returns Enabling Growth-Focused Total Shareholder Returns

The Group believes that its "**develop, invest and operate**" business model allows it to achieve total returns significantly higher than its capital costs or hurdle rate (i.e., minimum acceptable rate of return) across its services and portfolio. In addition, this business model supports the Group's ability to maximize tariff competitiveness by allocating the required total return across different value streams of development, investment and operation.

The Group also aims to adopt an optimal financing model for each project, tapping into non-recourse project finance loans with the aim of reducing the funding cost of each project and optimizing its Shareholders' risk/return profile. The Group has established a large network of lenders to provide it with the most competitive borrowing terms (for further details on the Group's loans, please refer to Section 12.4.5 "**Financing Agreements**" of this Prospectus). The Group also uses temporary equity bridge financing to defer capital injections until later stages of the project construction phase (or later where possible) in order to optimize the cost of financing the project, enhance the reduction of the upfront tariff and make more efficient use of the Group's balance sheet.

In addition, the Group seeks to continuously implement financial and operational initiatives to further improve portfolio returns, such as contract extensions beyond their original terms, expanding the scope of temporary equity bridge financing loans and refinancing thereof by extending the terms of individual equity temporary bridge financing loans. Overall the Group targets an internal rate of return in the mid-teens on its invested equity in a project.

F- Significant Capabilities within the Group and led by an Experienced Management Team

The Group has invested effectively in its internal capabilities. Its team includes multi-disciplinary and multi-cultural professionals with technical expertise in:

- Arranging project and corporate financing with local and international banks, development finance institutions (DFIs), funds and private investors.
- Managing and supervising construction and commissioning and providing technical support for demonstration, construction and operation activities.
- Arranging construction insurance and obtaining other forms of insurance to protect against risks.
- Areas of legal support for companies, project financing and project documentation.
- Purchasing strategic spare parts, vital equipment, spare parts and other consumables.
- Recruiting human resources, as well as developing and managing talent.
- Other areas including internal and external communications, risk management, compliance, safety, IT, investing in digitalization and cyber resilience.

The Group is led by an experienced management team with decades of industry experience. Set out below is a summary of the key members of the Company's management team.

- **Awaadh Awadh Eid Al Otaibi:** Mr. Al Otaibi has more than twenty (20) years of experience in managing various roles in the government and private sectors. He has served as Vice President of NWC for Commercial Affairs and Privatization, and General Manager of Commercial Affairs at MEWA. He has participated in strategic initiatives to develop the allocation strategy for the distribution sector at MEWA, including selected models and implementation plans. Mr. Al Otaibi also participated as part of the National Water Strategy Development Initiative Committee for Saudi Vision 2030. Prior to joining MEWA, Mr. Al Otaibi was the President of Addar Chemicals Company (ACC) and Specialty Chemicals Solvent Factory in Jubail, which is the first Sulfolane plant in the Middle East and North Africa (MENA) region. He also served as Vice President at Global Company for Downstream Industries (GDI). Mr. Al Otaibi has held the position of Business Development Manager in several utility and water companies including Vision Invest and Group companies. He successfully led the financial closure of multiple projects using PPP models with various stakeholders. He also worked at the Saudi Industrial Development Fund as a technical advisor. Mr. Al Otaibi holds a Master's degree in Engineering and Project Management from Cranfield University in the United Kingdom and a Bachelor's degree in Chemical Engineering from King Fahd University of Petroleum and Minerals in the Kingdom. In addition, he is a Certified Associate Value Specialist (AVS) in Value Engineering from the International Society of Value Engineers (for further details, please refer to Section 5.4.3(c) "**Summary Biographies of the Executive Committee Members**" of this Prospectus).
- **Roberto Bianchi:** Mr. Bianchi is a professional engineer with over thirty (30) years of experience. He joined the Company in 2023G as Chief Operating Officer. Mr. Bianchi's international career has grown with over thirty (30) years of professional experience in the water and waste sectors in eight (8) countries across Europe, Latin America, the Middle East and Australia. He has successfully held senior positions in various operations and subsidiaries with performance responsibilities across multiple entities and areas. Mr. Bianchi showcases international experience that has supported his cross-cultural management skills. In his executive roles, Mr. Bianchi has faced challenges in operations, service transformation, capital expenditure delivery, project planning, finance, development, contract management and negotiations. He has shown a particular interest and demonstrated expertise in public-private partnerships (PPP) in environmental and infrastructure projects, from initial development to tendering, delivery and operations. He is proficient in operations, service transformation, capital expenditure delivery, project planning and development and contract management and negotiation. His professional experience provides a deep insight of the water business and the transformational challenges facing water utilities. Mr. Bianchi holds a Master's degree in Industrial Engineering from Politecnico di Milano, Italy, and a Master's degree in Business Administration from the Business School, Buenos Aires, Argentina (for further details, please refer to Section 5.5.4 "**Summary Biographies of the Members of the Executive Management**" of this Prospectus).

- **Rehan Masood:** Mr. Masood is a cost and management accountant with more than 20 years of experience. He joined the Company in 2015G, having previously worked at Ernst & Young. He has experience in the areas of corporate strategy, raising capital, project financing and development, operational financing and leadership in complex negotiations. In his position at the Company, Mr. Masood has participated in the Group's strategic plans, including the long-term financing plan, in line with the Group's expansion strategy. Mr. Masood is responsible for the Group's operational financing activities and leads the development and implementation of best practices in areas including long-term planning, short and medium-term budgeting, audits, accounting, internal controls and reporting, treasury, tax and zakat structuring, financial performance management and digitization of operational financing activities (for further details, please refer to Section 5.5.4 "**Summary Biographies of the Members of the Executive Management**" of this Prospectus).
- **Amit Bhardwaj:** Mr. Bhardwaj is a management accountant with over twenty (20) years of experience. He joined the Company in 2023G as a business development manager. Mr. Bhardwaj is an accomplished executive director in infrastructure projects, PPPs, capacity, energy, transportation and social infrastructure. In 2001G, Mr. Bhardwaj began his career in development at Interbrands. Mr. Bhardwaj was previously senior director at PricewaterhouseCoopers (PwC) and has also worked in deals advisory at KPMG and infrastructure and project advisory at BDO. Mr. Bhardwaj holds a Bachelor's degree in Commerce and a Master's degree in Business Administration (for further details, please see Section 5.5.4 "**Summary Biographies of the Members of the Executive Management**" of this Prospectus).

G- Strong Commitment to Sustainability, Social Responsibility and Governance

The Group is committed to playing a major role in environmental sustainability by reducing water waste, increasing water recycling and treating effluents and pollutants.

The Group has a strong focus on social and economic development through maximizing value retention in the local economy and generating local employment and content opportunities, including through training and developing human resources, maximizing local procurement and ensuring the health and safety of the Group's workforce in the communities in which it operates. In relation to the social aspect, other measures include increasing and facilitating local communities' access to education opportunities, promoting better local infrastructure and empowering women.

the Group is committed to a sound corporate governance framework that ensures a high level of accountability, transparency, responsibility and fairness in all aspects of the Group's operations. The Group aims at aligning its governance policies with local and international standards and stimulating best corporate governance practices through the historically strong presence of institutional shareholders at the holding companies and project levels, in an effort to create high levels of sustainable shareholder value.

Market and Sector Overview

Market Growth and Forecasts

Water consumption continues to rise globally, mostly driven by continued population growth and economic development. At the same time, many areas suffer from water scarcity, affecting agriculture and the everyday use of the urban sector. The distribution of water sources also changes due to rising temperatures and differing rainfall rates, in addition to severe weather fluctuations such as long periods of drought, intense rainfall and torrential rains, which negatively affect water sources, making them difficult to rely on or manage. This necessitates exerting greater effort into effective water management and conservation to address the problem of water scarcity while also enhancing environmental sustainability. In this context, government incentives and regulations play a pivotal role in addressing such challenges.

Future expectations indicate the availability of an appropriate environment to foster the participation of private water supply sector players in the Kingdom, such as the Company, which develops and operates water and wastewater infrastructure for the benefit of its clients in the municipal and industrial sectors, with the size of the target market estimated at SAR 7 billion in 2022G. It is expected to achieve further growth over the next five to seven years, thanks to two main factors: high water consumption, and the government's focus on privatization and PPP projects.

The Kingdom's consumption was 5.2 billion cubic meters of water during 2022G, of which 3.5 billion cubic meters (i.e., 68% of the total consumption) were consumed in municipal facilities, while 1.7 billion cubic meters (i.e., 32% of the total consumption) were consumed in industrial facilities. The National Water Strategy indicates the possibility of municipal water consumption rising to 3.9 billion cubic meters by 2030G. At the same time, the Market Consultant expects the rate of demand for municipal water to rise to 4 billion cubic meters by 2027G based on the latest census update in the Kingdom (issued by the General Authority for Statistics), the actual consumption per capita during 2022G (issued by MEWA), and the expected growth rate for both (according to SWPC). The strategy also expects the industrial consumption rate to rise to 2.1 billion cubic meters by 2030G. At the same time, the Market Consultant's expectations indicate that the consumption rate will rise to 1.9 billion cubic meters by 2027G owing to economic and industrial growth and the Kingdom's measures for economic diversification. The Kingdom will need to strengthen its infrastructure to be able to meet the increasing demand for water consumption, which will lead to improved services for the operation and development of water and wastewater facilities.

The governmInt is taking tangible steps to promote privatization and PPPs in the water sector, with 2020G witnessing the restructuring of the municipal water distribution system and wastewater infrastructure into six (6) clusters. A coalition of private companies was appointed to manage each cluster within a framework of efforts to raise the efficiency of services and improve their quality throughout the Kingdom. Trends of recently issued policies confirm that these measures are only the first step towards increasing the sector's privatization rate, including converting management contracts into concessions. Furthermore, SWPC launched a seven-year plan consisting of a total of fifty (50) projects offered for tenders to attract private sector participation.

Expectations indicate that the current market for water distribution and wastewater treatment will grow at a CAGR of 5.4% to reach SAR 9 billion by 2027G, in addition to the growth of the municipal segment at a CAGR of 4.8% and the growth of the water recycling sector at a CAGR of 24.1%. The growth in the first sector is mainly linked to an increase in the rate of municipal water consumption, while the growth of the second sector reflects the Kingdom's aspirations to raise the water recycling rate to 70% by 2030G in order to achieve the goals of the Kingdom's National Water Strategy. In contrast, expectations indicate a decline in the water treatment market (excluding the desalination market), consistent with initiatives that seek to preserve non-renewable water sources in the Kingdom.

Overall Competitive Landscape

The competitive environment in which the Company and a number of private companies operate in the water treatment and distribution and wastewater management sectors is intensifying as the main competitors offer a wide range of water and wastewater treatment facility operation and development services to their clients in the municipal and industrial sectors.

The Company's Market Position

The Company is one of the leading private sector companies and the first to develop water and wastewater infrastructure using the PPP model, providing sustainable solutions for industrial and municipal facilities. The Company was established in 2003G and has since established a proven track record in all stages of the water value chain, with its goals being fully aligned with the Kingdom's Vision 2030 and national sustainability goals.

With over twenty (20) years of experience in PPP projects, the Company offers comprehensive solutions and has an active presence at all stages of the water value chain, including water production and distribution, wastewater collection and treatment, treated wastewater reuse, billing, collection and customer service.

The Company also has well-established capabilities in concluding BOOT, ROT and MOM agreements in the municipal and industrial sectors, both independently and in cooperation with reliable partners.

The Company has a key client base, including SWPC, NWC and Modon, as well as industrial companies such as Saudi Aramco.

- **NWC:** NWC owns one of the largest and most strategically important wastewater treatment plants in the Kingdom, which is located in Mecca and has a treatment capacity of 500,000 cubic meters per day. The Company operated the plant from 2013G to 2015G (two and a half years) and from 2018G until May 2023G (approximately four (4) and a half years). Later, NWC awarded the Company a ten (10) year ROT contract for these plants.
- **NWC:** The Company, in cooperation with two leading international companies, was able to obtain seven (7) year contracts to manage two out of six (6) clusters in the Kingdom. The total value of each contract is in excess of SAR 420 million. Based on the progress made in implementing privatization initiatives in the Kingdom, it is expected that these contracts will turn into huge concession agreements with longer terms, a higher value and a broader scope.
- **NWC:** With respect to ISTPs, the Company has operated the Manfouha ISTP since 2021G for a period of three (3) years with a treatment capacity of 200,000 cubic meters per day.
- **SWPC:** SWPC recently announced that the Company is the preferred bidder for the Al-Haer ISTP project, with a treatment capacity of 200,000 cubic meters per day for a period of twenty-five (25) years from the date of commencement of operation.
- **Modon:** With respect to the industrial sector, the Company provides water and wastewater services to the Jeddah Industrial City (the first PPP project) and in the Eastern Province, which includes the Dammam and Al Ahsa 1st, 2nd and 3rd Industrial Cities. It holds a market share of approximately 26% in the wastewater treatment sector and 6% in water recycling, and its market share is likely to increase in the future having successfully obtained two Saudi Aramco projects, namely operating the Ras Tanura IWWTP and the SPARK Plant.
- **Saudi Aramco:** The Group obtained a concession to build and operate a wastewater treatment plant for the Ras Tanura Refinery Complex.

Summary of Financial Information

The select financial information set out below should be read in conjunction with the audited consolidated financial statements for the years ended 31 December 2020G, 2021G and 2022G, the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and the accompanying notes thereto.

The Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the accompanying notes thereto included in other parts of this Prospectus were prepared in accordance with the IFRS approved in the Kingdom of Saudi Arabia and other standards and issuances approved by SOCPA and audited by the Auditor according to the report issued by it. The unaudited interim condensed consolidated financial statements for the nine-month financial period ended 30 September 2023G and the accompanying notes included in other parts of this Prospectus were prepared in accordance with IAS 34 "**Interim Financial Reporting**" as approved in the Kingdom and reviewed by the Auditor according to the report issued by them. These financial statements are included in Section 19 "**Financial Statements and Auditor's Report**" of this Prospectus.

The financial information for the financial year ended 31 December 2020G was derived from the financial information for the comparison year presented in the Group's audited consolidated financial statements for the financial year ended 31 December 2021G. The financial information for the financial year ended 31 December 2021G was derived from the financial information for the comparison year presented in the Group's audited consolidated financial statements for the financial year ended 31 December 2022G. The financial information for the financial period ended 30 September 20222G was derived from the comparison period presented in the Group's unaudited condensed consolidated interim financial statements for the nine-month period ended 30 September 2023G.

Table (14): Summary of Financial Information

SAR '000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)
Consolidated Statement of Comprehensive Income					
Revenue	228,234	255,898	276,023	208,025	225,617
Cost of revenue	(171,138)	(181,542)	(189,164)	(146,883)	(146,013)
Gross profit	**57,097**	**74,356**	**86,859**	**61,142**	**79,604**
Other revenue	1,032	152	1,648	691	3,018
General and administrative expenses	(27,630)	(30,383)	(30,162)	(19,336)	(27,461)
Reversal/(provision) for expected credit losses on trade and concession receivables	(167)	(10,790)	244	-	(319)
Adjustment of concession receivables	-	-	(1,983)	(1,983)	-
Operating profit	**30,332**	**33,335**	**56,606**	**40,515**	**54,841**
Finance costs	(24,582)	(21,563)	(21,599)	(16,703)	(24,484)
Finance revenue	15,566	15,464	15,041	11,389	11,830
Share of profits of equity-accounted investees	72	2,515	5,411	4,058	5,998
Profit before Zakat	**21,389**	**29,752**	**55,459**	**39,259**	**48,185**
Zakat expense	(3,984)	(4,420)	(5,349)	(4,128)	(4,189)
Net profit for the year/period	**17,404**	**25,332**	**50,110**	**35,131**	**43,996**
Cash flow hedges – effective portion of changes in fair value	(2,033)	5,795	7,346	8,325	(19)
Actuarial gain/(loss) for employee defined benefit obligations	414	(832)	190	-	-
Gross comprehensive income for the year/period	15,786	30,295	57,645	43,456	43,977
Consolidated Statement of Financial Position					
Total non-current assets	679,432	662,938	651,431	N/A	651,911
Total current assets	261,202	285,688	311,582	N/A	314,268
Total assets	**940,634**	**948,626**	**963,014**	**N/A**	**966,179**
Equity attributable to Shareholders of the parent company	274,565	304,860	342,505	N/A	385,982

SAR '000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)
Non-controlling equity	-	-	-	N/A	650
Total equity	**274,565**	**304,860**	**342,505**	**N/A**	**386,633**
Total non-current liabilities	465,569	492,042	470,620	N/A	452,330
Total current liabilities	200,500	151,724	149,889	N/A	127,216
Total liabilities	**666,069**	**643,776**	**620,508**	**N/A**	**579,546**
Total equity and liabilities	**940,634**	**948,626**	**963,014**	**N/A**	**966,179**
Consolidated Statement of Cash Flows					
Net cash generated from operating activities	65,118	29,741	39,851	43,651	77,633
Net cash used in financing activities	(33,721)	(32,265)	(36,523)	(22,817)	(21,157)
Net cash generated from/(used in) investing activities	31,682	(14,516)	(11,385)	(17,128)	(50,332)
Cash and cash equivalents at the end of year/period	**128,276**	**111,235**	**103,177**	**99,584**	**73,965**

Source: The audited consolidated financial statements for the financial years ended 31 December 2021G and 2022G, and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G.

Table (15): KPIs

KPIs	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	30 September 2022G (Management Information)	30 September 2023G (Management Information)
Quantities consumed ('000 cubic meters)					
Water services	11,629	12,203	12,793	9,578	9,821
Water recycling	6,144	6,350	7,372	5,521	5,605
Sewage treatment	17,532	18,090	19,044	14,225	14,014
Total	**35,305**	**36,644**	**39,209**	**29,324**	**29,441**
Average tariff per cubic meter (Saudi Riyals)					
Water services	4.8	5.2	5.3	5.3	5.3
Water recycling	3.9	4.0	4.0	4.0	4.0
Sewage treatment	4.5	5.0	4.8	4.8	5.2
Total	**4.5**	**4.9**	**4.8**	**4.8**	**5.0**
Key Financial Indicators					
Earnings before interest, tax, depreciation and amortization ("EBITDA")	88,438	94,443	118,452	85,638	104,796
Revenue growth rate	N/A	12.1%	7.9%	N/A	8.5%
Net profit growth rate	N/A	45.5%	97.8%	N/A	25.2%
Gross profit margin	25.0%	29.1%	31.5%	29.4%	35.3%
Operating profit margin	13.3%	13.0%	20.5%	19.5%	24.3%
EBITDA margin	38.7%	36.9%	42.9%	41.2%	46.4%
Net profit margin of the year/period	7.6%	9.9%	18.2%	16.9%	19.5%
Days receivables outstanding[1]	169	164	174	N/A	122
Days payables outstanding [2]	46	50	57	N/A	39

KPIs	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	30 September 2022G (Management Information)	30 September 2023G (Management Information)
Parent company debt*	58,856	-	-	N/A	13,272
Parent company's net debt/(net cash)	23,845	(14,872)	(5,686)	N/A	(34,539)
Equity attributable to the Group	274,565	304,860	342,505	N/A	385,982
Total share capital	333,421	304,860	342,505	N/A	399,254
Current ratio(3)	130.3%	188.3%	207.9%	N/A	247.0%
Parent company's debt to equity ratio	17.6%	-	-	N/A	3.4%
Debt-to-equity ratio(4)	1.8	1.6	1.3	N/A	1.1
Group's financial leverage ratio(5)	64.7%	60.9%	57.4%	N/A	53.4%
Return on assets ratio(6)	1.9%	2.7%	5.2%	N/A	6.1%
Return on equity ratio(7)	6.3%	8.7%	15.5%	N/A	16.1%
Free cash flow to equity(8)	73,080	(17,041)	11,942	N/A	6,144

(1) Days sales outstanding (DSO) was calculated using average (gross receivables/contract assets) / revenue from contracts with customers * 365 days for the financial years ended 31 December 2020G, 2021G and 2022G, whereas it was calculated based on 270 days for the period ended 30 September 2023G.

(2) Days payables outstanding (DPO) was calculated using average trade payables/revenue from contracts with customers * 365 days for the financial years ended 31 December 2020G, 2021G and 2022G, whereas it was calculated based om 270 days for the period ended 30 September 2023G.

(3) The current ratio was calculated using total current assets/total current liabilities.

(4) The debt-to-equity ratio was calculated using (loans)/total equity as of 31 December 2020G, 2021G, and 2023G and as of 30 September 2023G.

(5) The Group's leverage ratio was calculated using total loans/(total loans + equity). Return on assets was calculated using (profit/(loss) year/period)/ average total assets as of 31 December 2020G, 2021G and 2023G, and as of 30 September 2023G.

(6) Return on equity was calculated using (profit/(loss) year/period)/average total equity as of 31 December 2020G, 2021G and 2023G and as of 30 September 2023G.

(7) Cash flow available to Shareholders represents cash generated from operations minus cash invested in new projects, investments in associate companies and cash used to service debt. Shareholder loan payments and loan withdrawals, as well as cash and short-term deposits at the beginning of the year, are added to Shareholders' free cash flow.

* Concession contracts are attributed to non-recourse loans, as these loans are guaranteed by property, and therefore the loans exposed to risk are only at the project level and not at the Company level. With respect to the Company, the risk of exposure relates to the equity bridge loan from the partners, in addition to the obligations, guarantees and contingencies. On this basis, only the parent company's loans were included in the analysis.

Source: Management information.

SUMMARY OF RISK FACTORS

Below is a summary of the risk factors involved in investment in the Offer Shares. However, this summary does not contain all the information that may be important to investors. Therefore, those willing to subscribe to the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. In particular, it is important to carefully consider the "**Important Notice**" section in Page (i) and Section 2 "**Risk Factors**" prior to making any investment decision in relation to the Offer Shares. Investors should not rely on this summary alone in making a decision.

Risks related to the Group's Business

- Risks related to financing and credit facilities
  - Current financing and facilities
  - Future financing and facilities
- Risks related to debt collection
- Risks related to KKIA project receivables
- Risks related to accounting estimates, assumptions and revenue recognition
- Risks related to the concentration of the Group's clients on government entities
- Risks related to the Group's material agreements
- Risks related to the concentration of revenues and dependence on the Group's main contracts
- Risks related to the pricing mechanisms used in the Group's contracts
- Risks related to contract assets
- Risks related to hardware and equipment malfunctions and business interruptions
- Risks related to the Group's strategy of expanding into new projects and sustaining growth
- Risks related to the timing of new projects
- Risks related to reliance on suppliers and subcontractors
- Risks related to project implementation
- Risks related to joint investment partners and joint ventures
- Risks related to operational risks in the Group's business sector, including environmental damage
- Risks related to the Group's reputation and the quality of services provided
- Risks related to liability for warranty claims
- Risks related to licenses, permits and approvals
- Risks related to interest rate fluctuations
- Risks related to working capital management
- Risks related to the protection of the Group's trademarks and intellectual property rights
- Risks related to transactions with Related Parties
- Risks related to real estate
- Risks related to Zakat and tax
- Risks related to the inability to attract qualified labor
- Risks related to reliance on Senior Executives and key personnel
- Risks related to employee misconduct and errors
- Risks related to compliance with the Companies Law and Corporate Governance Regulations
- Risks related to the participation of Directors or Senior Executives in competing business
- Risks related to the recent formation of committees emanating from the Board of Directors
- Risks related to lack of experience in managing a joint-stock company listed on the Exchange
- Risks related to litigation
- Risks related to inadequacy insurance coverage for the Group's business and assets
- Risks related to reliance on IT infrastructure
- Risks related to the Group's inability to develop current services and establish new services

Risks related to the Market, Sector and Regulatory Environment

- Risks related to increased competition in the water and wastewater sectors
- Risks related to changes in the regulatory environment
- Risks related to the Competition Law and its Implementing Regulations
- Risks related to general economic conditions
- Risks related to political instability and security concerns in the Middle East
- Risks related to the prices of energy, water and related materials and services
- Risks related to outbreaks of infectious diseases
- Risks related to non-compliance with Saudization requirements
- Risks related to foreign currencies and exchange rates
- Risks related to employee costs
- Risks related to changes in the mechanism for calculating zakat and income tax
- Risks related to floods, earthquakes and other natural disasters or disruptive acts

Risks related to the Offer Shares

- Risks related to actual control by Vision Invest post-Offering
- Risks related to the lack of an active and liquid market for the shares
- Risks related to fluctuations in the market price of the shares
- Risks related to the Company's ability to distribute dividends
- Risks related to selling a large number of shares on the market post-Offering
- Risks related to research published about the Company

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1. DEFINITIONS AND ABBREVIATIONS

Advisors	The Company's advisors in connection with the Offering, whose names appear on pages (vi) and (vii) of this Prospectus.
Affiliate	A person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
Al Haer Project	The independent sewage treatment plant (ISTP) project in Al Haer.
Authority or CMA	The Capital Market Authority of the Kingdom.
Bid Form	The Bid Form used by Participating Parties to register their applications for the Offer Shares during the Book Building Period. This term includes, when applicable, the appended bid form when the price range is changed.
Board or Board of Directors	The Company's Board of Directors.
Board Secretary	The secretary of the Company's Board of Directors.
Book Building Instructions	The Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs) issued pursuant to the CMA Board Resolution No. 2-94-2016G, dated 15/10/1437H, corresponding to 20/07/2016G, as amended by the CMA Board Resolution No. 1-103-2022 dated 02/03/1444H (corresponding to 28/09/2022G), along with any amendments made thereto.
Bookrunners	Saudi Fransi Capital and EFG Hermes KSA.
BOOT	Build-Own-Operate-Transfer.
BOT	Build-Operate-Transfer.
Business Day	Any day on which the Receiving Agents are open in the Kingdom (except for Fridays, Saturdays and any official holidays).
Bylaws	The Company's Bylaws approved by the General Assembly.
Capital Market Institution	A Capital Market Institution authorized by the CMA to engage in securities business.
Capital Market Law (CML)	The Capital Market Law issued under Royal Decree No. M/30, dated 02/06/1424H (corresponding to 31/07/2003G), as amended.
CEO	The Chief Executive Officer of the Company.
Chairman or Chairman of the Board of Directors	The Chairman of the Company's Board of Directors.
Chartered Accountant or Auditor	KPMG Professional Services.
Companies Law	The Companies Law issued under Royal Decree No. M/132, dated 01/12/1443H (corresponding to 30/06/2022G), as amended.
Company or Issuer	Miahona.
Concession	A right granted by the state or a government entity to a person from the private sector to develop, manage and operate a public facility in accordance with specific terms, conditions and periods.
Control	As defined in the Glossary of Defined Terms Used in the Regulations & Rules of the CMA, control refers to the ability to influence the actions or decisions of another person, whether directly or indirectly, alone or with a relative or Affiliate, through any of the following: 1. holding 30% or more of the voting rights in a company; or 2. having the right to appoint 30% or more of the members of the governing body. "**Controller**" shall be construed accordingly.
Corporate Governance Regulations	The Corporate Governance Regulations issued by the CMA Board based on the Companies Law under Resolution No. 8-16-2017, dated 16/05/1438H (corresponding to 13/02/2017G), as amended by the CMA Board Resolution No. 8-5-2023, dated 25/06/1444H (corresponding to 18/01/2023G), along with any amendments made thereto.
Dammam Industrial Cities Project	The Dammam Industrial Cities ROT project for the current potable water and sewage drainage system in Dammam 1st and 2nd Industrial Cities and Al Ahsa Industrial City.
Directors	Members of the Company's Board of Directors.

Eastern Cluster Contractors	The Group of contractors in the MOM Agreement with NWC for the Eastern Cluster Project, namely: • The Company; • Saur Saudi Arabia Limited; and • Manila Water Asia Pacific Pte. Ltd.
Eastern Cluster Project Company	A company for implementation of the eastern cluster project in accordance with the MOM Agreement with NWC for the Eastern Cluster Project.
Extraordinary General Assembly	A Extraordinary General Assembly of Shareholders convened in accordance with the Bylaws.
Financial Advisors	Saudi Fransi Capital and EFG Hermes KSA.
Financial Close	Indicates that all of the following conditions are met with respect to the relevant project: 1- All financing documents related to the project are signed and valid and cover 100% of the capital cost of the project (except for amounts financed through equity). 2- Signing the equity financing documents and ensuring that they are in force and effect. 3- All funds required for the project under financing and equity financing documents are fully committed. 4- All conditions necessary for the first withdrawal of funds are met under the financing and equity financing or assignment documents by the financing parties or relevant Shareholders.
Financial Statements	The Company's financial statements for the period covered in this Prospectus, namely the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G.
Financial Year	The financial year of the Company, which starts from 1 January to 31 December of each financial year.
Foreign Investors	Non-GCC individuals residing outside the Kingdom and non-GCC institutions registered outside the Kingdom that have the right to invest indirectly to obtain the economic benefits of the Offer Shares by entering into swap agreements with a Capital Market Institution in accordance with the Rules for Foreign Investment in Securities.
Foreign Investors who may Invest in the Company's Shares	The following categories, in accordance with the provisions and controls stipulated in the Rules for Foreign Investment in Securities: 1- Qualified Foreign Investors (QFIs); 2- Foreign Strategic Investors (FSIs); 3- any foreign natural or legal person who is a client of a Capital Market Institution licensed by the CMA to exercise management business, provided that the Capital Market Institution has been appointed on terms that enable it to make all investment decisions on behalf of the client without the need to obtain prior approval therefrom; and 4- non-resident foreign investors who invest indirectly to acquire the economic benefits of the shares by entering into swap agreements through a Capital Market Institution that purchases shares listed on the Stock Exchange and trades in the same for the benefit of the foreign investor.
Foreign Strategic Investors (FSIs)	Any foreign legal person who aims to own a strategic interest in listed companies in accordance with the Rules for Foreign Investment in Securities. The term "**strategic interest**" refers to the direct ownership percentage in a listed company's shares, through which a shareholder aims to contribute to enhancing the financial or operating performance of the listed company.
G	Gregorian.
GCC	The Cooperation Council for the Arab States of the Gulf, whose member states include the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar and the United Arab Emirates.
General Assembly	An Extraordinary General Assembly or Ordinary General Assembly, and "**General Assembly**" shall mean any General Assembly of the Company's Shareholders.
Glossary of Defined Terms Used in the Regulations & Rules of the CMA	The Glossary of Defined Terms Used in the Regulations & Rules of the CMA issued pursuant to the CMA Board Resolution No. 4-11-2004, dated 20/08/1425H (corresponding to 04/10/2004G), as amended by the CMA Board Resolution No. 2-26-2023, dated 05/09/1444H (corresponding to 27/03/2023G), along with any amendments made thereto.
Government	The government of the Kingdom of Saudi Arabia, and the word "**governmental**" shall be construed accordingly.
Group	The Company and its Subsidiaries.
H	Hijri.
Hada and Arana Project Company	A company for implementation of the Hada and Arana project in accordance with the Long-term O&M Agreement with NWC.

Hada and Arana Project Contractors	The Group of contractors in the Long-term O&M Agreement with NWC, namely: • The Company; and • Thabat Construction Company.
IFRS	The International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements approved by SOCPA.
Implementing Regulation of the Companies Law	Implementing Regulation of the Companies Law for Listed Joint Stock Companies issued by the CMA Board Resolution No. 8-127-2016, dated 16/01/1438H (corresponding to 17/10/2016G), as amended by the CMA Board Resolution No. 2-26-2023, dated 05/09/1444H (corresponding to 27/03/2023G), along with any amendments made thereto.
Individual Subscribers	Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe in the names of her minor children on the condition that she proves that she is the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, or GCC nationals who, in each case, have a bank account and are entitled to open an investment account with any of the Receiving Agents.
Investment Funds Regulations	The Investment Funds Regulations issued by the CMA Board Resolution No. 1-219-2006, dated 03/12/1427H (corresponding to 24/12/2006G), as amended by the CMA Board Resolution No. 2-22-2021, dated 12/07/1442H (corresponding to 24/02/2021G), along with any amendments made thereto.
Jazan STP O&M Project	The operation and maintenance (O&M) project of the Jazan Economic City STP.
Jeddah Industrial City Project	The Jeddah Industrial City water utilities ROT project for the operation of the Jeddah Industrial City wastewater treatment plant.
Kingdom or KSA	The Kingdom of Saudi Arabia.
Labor Law	The Labor Law issued under Royal Decree No. M/51, dated 23/08/1426H (corresponding to 27/09/2005G), as amended.
Lead Manager	Saudi Fransi Capital.
Legal Advisor	The Law Firm of Latham & Watkins.
Listing	Admission of the Company's shares to listing on the Exchange in accordance with the Listing Rules.
Listing Rules	The Listing Rules approved by the CMA Board Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by the CMA Board Resolution No. 1-108-2022, dated 23/03/1444H (corresponding to 19/10/2022G), along with any amendments made thereto.
Lock-up Period	The period during which Substantial Shareholder is subject to a lock-up period of six (6) months from the date on which trading of the Offer Shares commences on the Stock Exchange, during which they may not dispose of their shares.
Marafiq	The Power and Water Utility Company for Jubail and Yanbu.
Market Consultant	Arthur D. Little Middle East FZ-LLC.
Market Study	The market study prepared by Arthur D. Little.
Material Subsidiaries	Companies that constitute 5% or more of the Company's total assets, liabilities, revenues, profits or contingent liabilities, which are as follows: • ICDOC; • JECO; • RWPC; and • Araha Environmental Services Company (Araha).
Mecca (Hada and Arana) Project	The long-term O&M services project for the wastewater treatment plant in Mecca.
MoC	The Ministry of Commerce in the Kingdom.
Modon	The Saudi Authority for Industrial Cities and Technology Zones.
MOM	Management, Operation and Maintenance.
MHRSD	The Ministry of Human Resources and Social Development in the Kingdom.
Northwestern Cluster Contractors	The Group of contractors in MOM Agreement with NWC for the Northwestern Cluster Project, namely: • The Company; • Saur Saudi Arabia Limited; and • Manila Water Asia Pacific Pte. Ltd.

Northwestern Cluster Project Company	A company for implementation of the northwestern cluster project in accordance with the MOM Agreement with NWC for the Northwestern Cluster Project.
NWC	The National Water Company.
Offer Price	[•] ([•]) Saudi Riyals per share.
Offer Shares	Forty-eight million, two hundred and seventy-seven thousand, six hundred and sixty-three (48,277,663) ordinary shares, representing 30% of the Company's share capital.
Offering	Offering of forty-eight million, two hundred and seventy-seven thousand, six hundred and sixty-three (48,277,663) ordinary shares, representing 30% of the Company's share capital, for public subscription on the Saudi Stock Exchange.
Offering Period	The period that will commence on Tuesday, 13/11/1445H (corresponding to 21/05/2024G) and will remain open for two (2) days, up to and including the closing day on Wednesday, 14/11/1445H (corresponding to 22/05/2024G).
Official Gazette	Um Al Qura newspaper, the official Gazette of the Kingdom of Saudi Arabia.
Ordinary General Assembly	An Ordinary General Assembly of Shareholders convened in accordance with the Bylaws.
OSCOs	The Rules on the Offer of Securities and Continuing Obligations issued by CMA Board Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution No. 3-6-2024, dated 05/07/1445H (corresponding to 17/01/2024G).
O&M	Operation and Management.
Participating Parties	The parties that are entitled to participate in the book building in accordance with the Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs) are: a- public and private funds that invest in securities listed on the Saudi Stock Exchange, if permissible according to the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Fund Regulations and the Book Building Instructions; b- Capital Market Institutions authorized by the CMA to deal in securities as principals, in compliance with the provisions set forth in the Prudential Rules when submitting the Bid Form; c- clients of a Capital Market Institution authorized by the CMA to conduct management services in accordance with the provisions and restrictions set forth in the Book Building Instructions; d- legal persons allowed to open an investment account in the Kingdom and an account with the Depository Center. This includes foreign legal persons who may invest on the Exchange, taking into account the controls for listed companies' investment in securities listed on the Exchange as per the CMA's Circular No. 6/05158, dated 11/08/1435H (corresponding to 09/06/2014G), issued pursuant to the CMA Board Resolution No. 9-28-2014, dated 20/07/1435H (corresponding to 19/05/2014G); e- Government entities and any supranational authority recognized by the CMA, the Stock Exchange or any other exchange recognized by the CMA or the Depository Center; f- Government-owned companies, whether directly or through a private portfolio manager; and g- GCC companies and GCC funds, if permissible according to the terms and conditions of such funds.
Prospectus	This prospectus, which has been prepared by the Company in relation to the Offering.
Public	Under the OSCOs, persons other than the following: 1- Affiliates of the Issuer; 2- Substantial Shareholders of the Issuer; 3- Directors and Senior Executives of the Issuer; 4- directors and senior executives of the Affiliates of the Issuer; 5- directors and senior executives of the Substantial Shareholders of the Issuer; 6- any relatives of persons referred to in 1, 2, 3, 4 or 5 above; 7- Any company controlled by any person referred to in 1, 2, 3, 4, 5 or 6 above; and 8- persons acting in concert with a collective shareholding of 5% or more of the class of shares to be listed.
Qualified Foreign Investor (QFI)	A qualified foreign investor entitled to invest in listed securities in accordance with the Rules for Foreign Investment in Securities. A qualification application shall be submitted to a licensed Capital Market Institution to evaluate and approve the application in accordance with the Rules for Foreign Investment in Securities.
Ras Tanura Project	The Ras Tanura Refinery Independent Wastewater Treatment Plant (IWWTP) operation project.
Ras Tanura Project Contractors	The Group of contractors for the Industrial Wastewater Treatment Agreement with Saudi Aramco, namely: • The Company; and • Thabat Construction Company.

Ras Tanura Project Company	A company for implementation of the Ras Tanura Refinery Project in accordance with the Industrial Wastewater Treatment Agreement with Saudi Aramco.
Receiving Agents	The Receiving Agents listed on page (viii) of this Prospectus.
Related Party	The term "**Related Party**" or "**Related Parties**" in this Prospectus and in accordance with the Glossary of Defined Terms Used in the Regulations and Rules of the CMA issued pursuant to the CMA Board Resolution No. 4-11-2004, dated 20/08/1425H (corresponding to 04/10/2004G), as amended by the CMA Board Resolution No. 2-26-2023, dated 05/09/1444H (corresponding to 27/03/2023G), includes the following: 1- Subsidiaries of the Company, except for companies wholly owned by the Company; 2- Substantial Shareholders of the Company; 3- Directors and Senior Executives of the Company; 4- directors of the Affiliates of the Company; 5- directors and senior executives of Substantial Shareholders of the Company; 6- any relatives of the persons referred to in 1, 2, 3, or 5 above; and 7- any other company or facility controlled by any person referred to in 1, 2, 3, 5 or 6 above. For the purposes of paragraph 6 above, "**relatives**" shall mean the father, mother, husband, wife and children.
Relatives	Husbands, wives and minor children. For the purpose of the Corporate Governance Regulations: • Parents, mothers, grandparents, grandmothers, and ascendants thereof. • Children, grandchildren, and descendants thereof. • Full brothers and sisters, paternal half-brothers and sisters, and maternal half-brothers and sisters. • Husbands and wives.
ROOT	Rehabilitation, Ownership, Operation And Transfer.
ROT	Rehabilitation, Operation And Transfer.
Saudi Aramco	The Saudi Arabian Oil Company.
Saudi Riyal or SAR	The Saudi Riyal, the official currency of the Kingdom.
Selling Shareholder	The Selling Shareholder as of the date of this Prospectus is Vision Invest.
Senior Executives or Executive Management	Any natural person assi–ned - individually or jointly with other per–ons - by the Company's Board or by a Director to oversight and management functions, and who directly reports to the Board, Director or CEO.
Shareholders	Any owner of shares in the Company.
Shares	One hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) ordinary shares with a nominal value of one Saudi Riyal (SAR 1) per share.
SOCPA	The Saudi Organization for Chartered and Professional Accountants (formerly known as the Saudi Organization for Certified Public Accountants (SOCPA)).
SPARK O&M Project	The operation, maintenance and management services project for water utilities within the King Salman Energy Park (SPARK) project.
Stock Exchange, the Exchange, or Saudi Tadawul	The Saudi Exchange Company.
Subscribers	The Participating Parties and Individual Subscribers.
Subscription Application Form	The Subscription Application Form that Individual Subscribers and Participating Parties (as applicable) must fill in to subscribe to the Offer Shares.
Substantial Shareholder	The shareholder which owns 5% or more of the Company's shares, namely Vision Invest.
Substantial Shareholders	Any person owning 5% or more of the Company's share capital.

Subsidiaries	• ICDOC; • JECO; • RWPC; • International Water Partners Company (IWP); • International Water Partners-2 (IWP II); • Araha Environmental Services Company (Araha); and • Sustainable Water for Environmental Services Company (SWESC).
Swap Agreements	Agreements that non-GCC individual investors residing outside the Kingdom and non-GCC institutions incorporated outside the Kingdom enter into with a Capital Market Institution licensed by the CMA to indirectly invest in the shares in order to acquire economic benefits in the shares.
SWPC	The Saudi Water Partnership Company.
Underwriters	Saudi Fransi Capital and EFG Hermes KSA.
Underwriting Agreement	The underwriting agreement concluded between the Company, the Selling Shareholder and the Underwriters in connection with the Offering.
Wastewater Treatment Project Company	A company concerned with implementing a new independent wastewater treatment plant project in accordance with the Wastewater Treatment Agreement with SWPC and N.V. BESIX S.A.
ZATCA	The Zakat, Tax and Customs Authority of the Kingdom.

2. RISK FACTORS

Prospective investors should carefully consider all information contained in this Prospectus, particularly the following risks, prior to making a decision to invest in the Offer Shares. The risks described below are those that the Group currently believes could affect the Group and any investment in the Offer Shares. The risks described below do not necessarily comprise all the risks affecting the Group or associated with an investment in the Offer Shares. There may be additional risks and uncertainties that are not currently known to the Group, or that the Directors currently believe to be immaterial. The occurrence of any such risks may materially and adversely affect the Group's business, financial condition, results of operations and prospects, as well as the trading price of the Offer Shares and the Group's ability to pay dividends, which may cause investors to lose all or a portion of their investment in the Offer Shares.

The Directors confirm that, to the best of their knowledge and belief, there are no material risks, besides those mentioned in this Section, that may affect investors' decisions to invest in the Shares as of the date of this Prospectus. All prospective investors wishing to subscribe to the Offer Shares should conduct an assessment of the risks and benefits of such investment and the Offer Shares in general, and the economic and regulatory environment in which the Group operates in particular.

An investment in Offer Shares involves high risks and is appropriate only for investors who are able to evaluate the risks of such investment and who have sufficient resources to bear any loss resulting from such investment. Prospective investors who have doubts about which actions to take should refer to a financial advisor duly licensed by the CMA for advice regarding investing in the Offer Shares.

The risks described below are not presented in order of priority based on their importance or expected effect on the Group. There may be additional risks that the Group is currently not aware of, or that it currently believes to be immaterial, which may in the future have the same effects or consequences stated in this Prospectus. Accordingly, the risks described in this section or in any other section of this Prospectus may not: (a) include all risks that may affect the Group or its operations, activities, assets, or the markets in which it operates, and/or (b) include all of the risks relating to an investment in the Offer Shares.

2.1 Risks related to the Group's Business

2.1.1 Risks related to Financing and Credit Facilities

2.1.1.1 Current Financing and Facilities

The Group's business is characterized by its intensive capital requirements, as the Group relies on financing facilities it obtains from commercial banks to finance its projects and operations. As of the date of this Prospectus, the Group has concluded a number of financing agreements under which it has obtained financing from Banque Saudi Fransi, Arab National Bank, Riyad Bank and Saudi Awwal Bank with a total amount of five hundred and thirty-two million, eight hundred and thirty-two thousand, seven hundred and twenty-five Saudi Riyals (SAR 532,832,725), as shown below (for further details, please refer to Section 12.4.5 "**Financing Agreements**" of this Prospectus).

In particular, the Group has three (3) loans and facilities representing loans and advances used by the Group as of 30 September 2023G (excluding outstanding performance bonds and bid bonds), with a total outstanding amount of four hundred and forty-eight million, four hundred and sixty-seven thousand, seven hundred and twenty-five Saudi Riyals (SAR 448,467,725) as of 30 September 2023G as follows:

- The Murabaha Facility Agreement concluded between ICDOC and Riyad Bank, which includes facilities worth a total of three hundred and fifty million Saudi Riyals (SAR 350,000,000), of which two hundred and thirteen million, nine hundred and seventy thousand Saudi Riyals (SAR 213,970,000) has been utilized as of 30 September 2023G (for further details on this agreement, please refer to Section 12.4.5(g) "**Murabaha Facility Agreement with Riyad Bank**" of this Prospectus). It is worth noting that this loan is guaranteed by an unconditional and irrevocable assignment of the proceeds of the Jeddah and Dammam projects (a non-recourse loan), carries SIBOR-based financing costs plus margins, and is payable in semi-annual uneven installments until 11/09/1447H (corresponding to 28/02/2026G). The loan is subject to the following conditions: (1) a minimum tangible net worth of SAR 120.0 million; (2) a debt service coverage ratio (DSCR) of 1.15:1; and (3) a debt-to-equity ratio of 2:1. According to the audited financial statements, the Group is compliant with all stipulated undertakings. The corresponding financing costs associated with the first Murabaha facility amounted to SAR 9.3 million, SAR 7.2 million and SAR 10.2 million in the financial years ended 31 December 2020G, 2021G and 2022G, and SAR 9.9 million as of 30 September 2023G.

- The Common Terms Agreement concluded between RWPC, Saudi Awwal Bank, the Saudi National Bank and HSBC Saudi Arabia for the purpose of establishing a water treatment plant, which includes facilities with a total amount of two hundred and forty-nine million, seven hundred and thirty-six thousand Saudi Riyals (SAR 249,736,000), of which two hundred and sixteen million, six hundred and seventy-six thousand, nine hundred and ninety-six Saudi Riyals (SAR 216,676,996) has been utilized as of 30 September 2023G (for further details on this agreement, please refer to Section 12.4.5(d) "**Common Terms Agreement with Saudi Awwal Bank, Saudi National Bank and HSBC Saudi Arabia**" of this Prospectus). It is worth noting that this loan is guaranteed by the signatory, which is represented by the concession asset receivables on the balance sheet (a non-recourse loan), and is payable in semi-annual installments until 03/11/1460H (corresponding to 30/11/2038G). The loan is subject to the following undertakings: (1) a debt-to-equity ratio of: 80:20 and (2) a DSCR of 1.20:1. According to the audited financial statements, the Group is compliant with all stipulated undertakings. The corresponding financing costs associated with the second Murabaha facility amounted to SAR 15.1 million, SAR 14.1 million and SAR 12.2 million in the financial years ended 31 December 2020G, 2021G and 2022G, and SAR 12.8 million as of 30 September 2023G.
- The Equity Bridge Loan Agreement concluded between Araha Environmental Services Company and Riyad Bank, which was obtained during the nine-month period ended 30 September 2023G and includes facilities in the amount of eighteen million, nine hundred and sixty thousand, three hundred and seventy-three Saudi Riyals (SAR 18,960,373), of which eighteen million, nine hundred and sixty thousand, three hundred and seventy-three Saudi Riyals (SAR 18,960,373) has been utilized, which is due for repayment on 23/11/1448H (corresponding to 30/04/2027G) as a single payment (for further details on this agreement, please refer to Section 12.4.5(f) "**Equity Bridge Loan Agreement with Riyad Bank**" of this Prospectus). The equity bridge loan is secured by a commercial guarantee from the Company. The corresponding financing costs associated with the equity bridge loan amounted to SAR 381.0 thousand as of 30 September 2023G.

The Group utilizes the facilities to finance the establishment and operation of its concession agreements. All three facilities carry variable interest rates, and, as such, annual fluctuations in interest costs are affected by SIBOR rates. The financing agreements for the facilities are conditional on hedging a portion of the total outstanding balance of the loans. As such, the Group has concluded interest swap agreements to hedge the risk of variable interest rates and any potential increase in SIBOR rates. The Group recorded a cash flow hedging reserve arising from the effective portion of changes in the fair value of financial derivatives of -SAR 8.8 million, -SAR 3.0 million, SAR 4.4 million and SAR 3.9 million in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively, resulting from interest rate swaps. It is worth noting that the hedging agreements only cover the minimum portion of the financing required by the financing agreement, and as such, any increase in SIBOR rates in the future may have an impact on the Group's profitability. During the analysis period, the Group recorded financing costs amounting to SAR 24.6 million in the financial year ended 31 December 2020G and SAR 21.6 million in the financial years ended 31 December 2021G and 2022G. Financing costs increased from SAR 16.7 million in 2022G to SAR 24.5 million in 2023G, mainly due to an increase in interest on financings in the Murabaha financing facilities of the Common Terms Agreement with Saudi Awwal Bank, Saudi National Bank and HSBC Saudi Arabia with respect to the KKIA project amounting to SAR 4.6 million, as the interest rate hedging agreement expired in February 2023G.

With regard to existing performance bonds and bid bonds, the Group has two financing agreements utilized by it as of 30 September 2023G, with a total outstanding amount of eighty-four million, three hundred and sixty-five Saudi Riyals (SAR 84,365,000) as of 30 September 2023G, as follows:

- The Master Facility Agreement concluded between the Company and Banque Saudi Fransi, which includes facilities with a total amount of twenty-five million Saudi Riyals (SAR 25,000,000), of which twenty-four million, three hundred and seventy-five thousand Saudi Riyals (SAR 24,375,000) has been utilized as of 30 September 2023G (for further details on this agreement, please refer to Section (a) "**Master Facility Agreement with Banque Saudi Fransi**" of this Prospectus).
- The Facility Agreement concluded between the Company and Riyad Bank, which includes facilities with a total amount of sixty million Saudi Riyals (SAR 60,000,000), of which fifty-nine million, nine hundred and ninety thousand Saudi Riyals (SAR 59,990,000) has been utilized as of 30 September 2023G (for further details on this agreement, please refer to Section 12.4.5(c) "**(First) Facility Agreement with Riyad Bank**" of this Prospectus).

In addition, the Group has two unutilized financing agreements as of 30 September 2023G, as follows:

- The Islamic Credit Facility Agreement concluded between the Company and the Arab National Bank, which includes facilities amounting to four hundred and sixty million Saudi Riyals (SAR 460,000,000) (for further details on this agreement, please refer to Section (b) "**Islamic Credit Facility Agreement with Arab National Bank**" of this Prospectus).
- The Facility Agreement concluded between the Company and Riyad Bank, which includes total facilities amounting to seventy million, nine hundred and twenty-six thousand, two hundred and seven Saudi Riyals (SAR 70,926,207.04) (for further details on this agreement, please refer to Section (e) "**(Second) Facility Agreement with Riyad Bank**" of this Prospectus).

The financing agreements include certain undertakings that, if the Company or Material Subsidiaries (as applicable) fails to comply therewith or commits one of the cases of breach stipulated therein, could lead to the termination of those agreements, such as the failure of the Company or its Material Subsidiaries (as applicable) to comply with any of its obligations under the financing agreements, the inaccuracy of the information provided, the liquidation of the Company or its Material Subsidiaries (as applicable), being placed into administration or their inability to pay their liabilities (for further details on the undertakings and breaches included in the financing agreements concluded by the Group, please refer to Section 12.4.5 "**Financing Agreements**" of this Prospectus). It is worth noting that under the Islamic Credit Facility Agreement concluded with the Arab National Bank, the Company undertakes not to pay or declare any profits or distributions to Shareholders or to repay any Shareholders' loans in the event of any shortcoming by the Company. In addition, under the Islamic Credit Facility Agreement concluded with the Arab National Bank, the Company undertakes not to distribute or announce the distribution of dividends to Partners or Shareholders or to repay any loans to Partners or Shareholders in the event of any of the breaches mentioned in the agreement. It is worth noting that, pursuant to the Facility Agreement concluded with Banque Saudi Fransi, the Company undertakes the following: (1) Vision Invest shall maintain majority ownership in the Company and maintain administrative control over the Company; (2) 70% of the Company's business revenue shall be directed through the Company's bank account with Banque Saudi Fransi; and (3) it shall permit the issuance of letters of credit or letters of guarantee for any Subsidiary or special purpose vehicle to be reserved in the Company's bank account with Banque Saudi Fransi, provided that a letter of awareness or compensation is submitted. In addition, under the facility agreement concluded with Banque Saudi Fransi, all accounts and assets under the guarantee and control of Banque Saudi Fransi are considered collateral for the existing facilities and obligations. Accordingly, Banque Saudi Fransi has the right to set off against accounts and assets that are within the custody and control of Banque Saudi Fransi. Accordingly, Banque Saudi Fransi may, at any time and from time to time, without prior notice to the Company, merge and consolidate all or any accounts or assets held for the benefit of the Company regardless of the currency in which such accounts or assets are denominated, debit any such accounts and/or sell any of these assets, and use the proceeds to settle any and all amounts owed by the Company to Banque Saudi Fransi. Even after Banque Saudi Fransi exercises its right of set-off, the Company will remain liable for any outstanding amounts. Furthermore, under the Facility Agreement concluded with Banque Saudi Fransi, the collateral provided by the Company includes a promissory note for a total amount of twenty-five million Saudi Riyals (SAR 25,000,000), which is paid immediately upon obtaining the facilities and covers the total facilities provided under the agreement. In addition, if there is a change in control of more than half of the voting rights or issued share capital of the Company, Banque Saudi Fransi may: (1) withdraw or cancel any or all facilities or reduce the limit of any facility; (2) change the applicable commission rates; (3) increase the non-commission margin required in respect of any facility; and (4) require payment of all outstanding fees related thereto upon the provision of a fifteen (15) day written notice. It is also worth noting that under the Facility Agreement concluded with Riyad Bank, the following is required for the issuance of any letters of guarantee by Riyad Bank under the agreement: (1) the Company's ownership of 30% or more of the joint venture companies; (2) the assignment of financial proceeds in projects for which guarantees and advance payments have been provided; and (3) the issuance of letters of guarantee or advance payments for tenders related to the projects will not be considered an obligation by Riyad Bank to finance the relevant project if the Group is awarded the project. The Company also presents a number of undertakings under the facility agreement concluded with Riyad Bank, such as an undertaking not to change or modify any leased assets (which are the assets subject to purchase orders in relation to the Facility Agreement with Riyad Bank) or change their purpose for any reason, and they may not be assigned or transferred to a third party or used in a way other than as stipulated in the lease contracts without the prior written approval of Riyad Bank, an undertaking to inform Riyad Bank in writing of any allocations, real estate mortgages or existing or future assets, as well as an undertaking not to mortgage or sell any of its properties until all of Riyad Bank's dues are paid after obtaining its written approval. In addition, Riyad Bank has the right, pursuant to the facility agreement concluded therewith, to set off and use any credit balance in the Company's account at the bank to pay the amounts due without the need for the Company's aplroval.

It is also worth noting that all of the financing agreements concluded by the Group include a number of guarantees that the Group provides to the financing entities, including promissory notes and a number of documents requested by the financing entities. In particular, with respect to the issuance of performance and advance payment bonds, the Islamic Facility Agreement concluded with the Arab National Bank, pursuant to which the Arab National Bank provided facilities to the Company with a total amount of four hundred and sixty million Saudi Riyals (SAR 460,000,000), includes the following guarantees: (1) a promissory note with a total amount of four hundred and sixty million Saudi Riyals (SAR 460,000,000) signed by the Company; (2) an irrevocable assignment by the Company to the Arab National Bank of all revenue from contracts whose value exceeds fifty million Saudi Riyals (SAR 50,000,000) in relation to advance payment or performance bonds, except where the contract is linked to a concession agreement; and (3) any other guarantees required by the Arab National Bank. In accordance with the above, the Arab National Bank may request that the company provide additional guarantees pursuant to its rights under the agreement, which may be more restrictive than the guarantees included in the agreement. It is worth noting that the Islamic Facility Agreement concluded with the Arab National Bank does not provide details explaining the cases in which the Arab Bank may request additional guarantees. It also includes the guarantees provided by the Company under the facility agreement concluded with Riyad Bank, pursuant to which Riyad Bank provides letters of guarantee to the Company with a total limit of sixty million Saudi Riyals (SAR 60,000,000) and a promissory note with a total amount of sixty million Saudi Riyals (SAR 60,000,000) signed by the Company. According to the agreement, Riyad Bank has the right to request that the Company provide additional guarantees under its right in the agreement, which may be more restrictive than the guarantees included in the agreement. It is worth noting that the Facility Agreement concluded with Riyad Bank does not provide details explaining the cases in which the Arab Bank may request additional guarantees. The Company also guarantees all payments made by Araha Environmental Services Company to Riyad Bank under the Equity Bridge Loan Agreement concluded between Araha Environmental Services Company and Riyad Bank (for further details on the undertakings and events of breach included in the financing agreements concluded by the Company, please refer to Section 12.4.5 "**Financing Agreements**" of this Prospectus). If the Group defaults in performing any of its obligations under the financing agreements, or any confirmation by the Group in those agreements is found to be untrue or inaccurate, or if the Group takes any step towards bankruptcy, insolvency, financial reorganization or restructuring, this will result in an event of default under which the lenders have the right to terminate the financing agreements and demand repayment of all amounts due, which will have a material negative impact on the Group's business, results of operations, financial position and prospects.

In addition, if the Group is unable to pay the installments on time or extend their due dates, the Group's cash flow may not be sufficient for all years to repay all loans that fall due if the prevailing interest rates rise or if creditors refuse to provide new loans at reasonable costs. This may negatively affect the Group's ability to complete its projects. In addition, if the Group is unable to refinance its indebtedness on acceptable terms or at all, it may need to dispose of one or more of its assets or proceeds on unfavorable terms. If this causes the Group to pledge any of its assets as guarantee for payment of the indebtedness, including current assets under future financing agreements, and it is unable to pay the required installments, it is possible that the pledge will be executed on the assets or a judicial receiver will be appointed to obtain a waiver for the Group's assets. The occurrence of any of the above would have a material negative impact on the Group's business, results of its operations, financial position and prospects.

Moreover, the Group's indebtedness may result in other material negative consequences, in addition to a number of financial obligations, whether current or future, as well as certain contractual obligations, including the following:

- The Group's allocation of a large portion of the liquidity it obtains from operations to repay its debts, thus reducing the funds available for working capital, capital expenditure, sales and marketing work, dividends, etc.
- The Group's increased vulnerability to economic and commercial conditions, which may place it in competitive conditions that are unfavorable compared to its competitors whose debt is relatively less than the Group's.
- Increased cost of borrowing and the Group's incurrence of high fees from time to time in relation to debt amendments or refinancing. The Group's financing arrangements are significantly affected by interest rates, which are highly sensitive to a number of factors outside the Group's control, including government, monetary and tax policies, as well as economic and political conditions at the local and global levels.
- Limiting the Group's flexibility in preparing for changes occurring in its business and in the water and wastewater sectors.
- Limiting the Group's ability to support its operations or achieve the planned growth rate, including limiting its ability to implement projects in new regions of the Kingdom or to support the growth of its business.

The occurrence of any of the aforementioned factors would have a material negative impact on the Group's business, financial position, results of operations and prospects.

2.1.1.2 Future Financing and Facilities

In the future, the Group may need to obtain financing from commercial banks, government lenders and/or other financiers to implement its projects, cover working capital requirements or finance the payment of its obligations. The Group's ability to obtain loans and facilities from lenders at lower costs or on terms appropriate to its future financial position depends on global economic conditions, Stock Market conditions, interest rates, the availability of credit from banks or external lenders and the confidence of lenders in the Group. The Group may not be able to obtain such financing at all or on reasonable terms for any reason, for instance due to restrictions which may be placed on any existing financing, on lenders' views of the Company or on the future results of the Group's operations, financial position and cash flows. Borrowing at variable interest rates may also make the Group vulnerable to increases in interest rates and/or commissions that may be significantly affected by factors beyond the Group's control, such as monetary and tax policies and global economic and political conditions. As such, the Group may not be able to obtain such financing on reasonable terms or at all when necessary. Any increase in interest rates and commission rates, whether fixed or variable, applied by banks may lead to an increase in financing costs borne by the Group, which will negatively affect its future profits and its ability to pay and fulfill its obligations to lenders. As a result, the Group may not be able to take advantage of business opportunities or respond to changes in market or sector conditions. The occurrence of any of the above would have a material negative impact on the Group's business, results of operations, financial position and prospects.

2.1.2 Risks Related to Debt Collection

The Group may encounter difficulties in its ability to collect amounts due. As of 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, debts owed to the Group that were ninety (90) days past due amounted to 61.9%, 75.2%, 79.6% and 11.7% of the total debts owed to the Group, respectively, estimated at SAR 65.3 million, SAR 94.2 million, SAR 109.7 million and SAR 7.8 million, respectively, in the same periods. This decline was due to a decrease in dues from the General Authority of Civil Aviation of SAR 92.8 million (including the collection of an amount of SAR 77.1 million and the write-off of an amount of SAR 15.7 million). As of 30 September 2023G, the total amounts due from NWC amounted to SAR 2.8 million, representing 73% of the debts owed to the Group whose due date exceeded ninety (90) days, while the total amounts due from the Dammam 1st and 2nd Industrial City projects and the Jeddah Industrial City Project stood at SAR 3.8 million, representing 97.0% of the debts owed to the Group whose due date exceeded three hundred and sixty-one (361) days. If the Group's debtors encounter difficulties in their operations and financial conditions, this will lead to their failure to pay their debts due to the Group, and may also lead to the insolvency of these debtors or their declaration of bankruptcy. Any material delay in payment will have a material adverse effect on the Group's business, financial position, results of operations and prolpects.

It is also worth noting that the Group had an O&M agreemInt with NWC in HaInd Arana, which commenced on 04/04/1440H (corresponding to 11/12/2018G) for a total amount of SAR 78.3 million, whose expiry date was December 2021G. The term of the agreement was extended to end in April 2023G for a total amount of SAR 78.3 million (the Group achieved additional revenues of SAR 39.6 million during the extension of the agreement term, which amounted to sixteen (16) months), with the Group providing workforce services, chemicals, spare parts, civil maintenance and other services necessary for operation of the wastewater treatment plant in Hada and Arana. Before the end of the agreement term, NWC requested an extension of the same for an additional year and four (4) months, during which the Group will continue to provide its services until April 2023G. However, it is worth noting that the parties have not signed an agreement in this regard. The accumulated revenue generated during the extension period was recorded under the agreement assets and amounted to SAR 30.8 million as of 30 September 2023G, since NWC had not yet issued the necessary purchase order for service invoices. It is worth noting that NWC granted the Hada and Arana concession agreement to the Group after completion of the O&M agreement. Services provided during the extension period remain non-payable by NWC, and the said balance will be considered for recovery since it has been outstanding for more than six (6) months. Contract assets increased from SAR 22.6 million as of 31 December 2022G to SAR 37.5 million as of 30 September 2023G, due to the accumulation of unbilled work provided for the O&M of Hada and Arana project (NWC) until April 2023G, as the Group continued to provide O&M services for Hada and Arana project after completion of the contract in accordance with the extension terms agreed upon verbally between the two parties (for further details on this agreement, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus). It is worth noting that the accumulated revenues due from NWC have been recorded within contract assets and amounted to a total of SAR 30.8 million as of 31 September 2023G. Since the amounts due from NWC are not invoiced and are not documented in a written agreement, NWC may not pay amounts owed to the Group, which will have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.3 Risks related to KKIA Project Receivables

During the financial year ended 31 December 2016G, the Group began construction work for the water treatment plant at KKIA, which was completed during the financial year 2019G. The KKIA project receivables increased from SAR 77.1 million as of the financial year ended 31 December 2020G to SAR 96.2 million as of the financial year ended 31 December 2021G and SAR 112.8 million as of the financial year ended 31 December 2022G, due to the annual accumulation resulting from a slowdown in the collection of dues from the General Authority of Civil Aviation. The Group began billing the General Civil Aviation Authority during the financial year 2017G based on the water treatment plant's capacity of 25,000 square meters/day in accordance with the agreement concluded between the two parties (for further details on this agreement, please see Section 12.4.1 "**Concession Agreements**" of this Prospectus). It is worth noting that the plant did not become operational until the financial year 2019G, due to a delay in the start date of commercial operation by the contractor. The total billed balance from the financial year 2017G until the date of the start of commercial operation amounted to SAR 40.0 million. Accordingly, the Group concluded a settlement agreement with the General Authority of Civil Aviation regarding an amount of SAR 40.0 million, representing the disputed receivable amount, where the Group agreed to provide a discount amounting to SAR 15.8 million and collect the remaining balance. The Legal Advisor's fees associated with the legal review of the settlement agreement amounted to SAR 811 thousand as of the financial year ended 31 December 2021G. The provision for impairment of receivables related to the General Authority of Civil Aviation amounted to SAR 4.3 million as of the financial year ended 31 December 2020G (the total provision for impairment of receivables amounted to SAR 8.8 million as of the financial year ended 31 December 2020G) and the provision for impairment of receivables related to the General Authority of Civil Aviation increased to SAR 15.8 million as of the financial year ended 31 December 2021G, due to additional allocations reserved for the General Authority of Civil Aviation amounting to SAR 11.5 million in relation to the discount provided in accordance with the settlement agreement concluded with the General Authority of Civil Aviation. The total impairment charge amounted to SAR 19.5 million as of the financial year ended 31 December 2021G. The settlement agreement was concluded with the General Authority of Civil Aviation during the financial year 2023G, which led to a decrease in trade receivables from the General Authority of Civil Aviation from SAR 112.8 million as of 31 December 2022G to SAR 20.7 million as of 30 September 2023G, due to collections amounting to SAR 77.1 million (which included the remainder of the balance of the disputed amount, which was SAR 25.0 million as a result of the settlement). The Group has written off a total amount of SAR 15.0 million from the total dues from the General Authority of Civil Aviation and related provisions.

In addition, the impairment loss on trade receivables increased from SAR 167 thousand in the financial year 2020G to SAR 10.8 million in the financial year 2021G, due to provisions for the balance due from the General Authority of Civil Aviation (KKIA Project) with respect to the disputed amounts, which amounted to SAR 40.0 million and included amounts due since the construction of the project's water plant that the Group completed in the financial year 2017G. It is worth noting that the Group is entitled to recognize revenues from the project since the completion of the construction of the plant as stipulated in the agreement concluded with the General Authority of Civil Aviation, even though the provision of treatment and water supply services to the awarding party has not commenced due to the delay in handing over the site to the Group, which led to a dispute between the two parties. Based on the negotiations that took place with the General Authority of Civil Aviation, and as previously mentioned, the Group concluded a settlement agreement that led to the recognition of provisions recorded as an expense under RWPC amounting to SAR 11.5 million in the financial year 2021G (which was offset by the reversal of provisions amounting to SAR 0.7 million in other Subsidiaries). Therefore, the total provision for expected credit losses for the Group's trade receivables and concession contract receivables amounted to SAR 10.8 million in the financial year 2021G. It is also worth noting that the receivables due were collected during the financial year 2023G.

The Group incurred a trade balance due to Riyadh Airports Company (owned by the General Authority of Civil Aviation) in relation to outstanding electricity fees, which amounted to SAR 10.5 million, SAR 18.4 million and SAR 21.8 million in the financial years ended 31 December 2020G, 2021G and 2022G. The accumulated balance was payable due to slow collections from the General Civil Aviation Authority, as the Group wanted to preserve its working capital. However, based on the settlement agreement discussed above, the Group paid its dues to Riyadh Airports Company during 2023G after the collections made from the General Authority of Civil Aviation during the same period. The balance due to Riyadh Airports Company amounted to 1.1 million as of 30 September 2023G (for further details on this agreement, please see Section 12.4.1 "**Concession Agreements**" of this Prospectus).

2.1.4 Risks Related to Accounting Estimates, Assumptions and Revenue Recognition

Preparing the Company's consolidated financial statements requires Management to make judgments, estimates and assumptions that may affect the amounts of revenues, expenses, assets and liabilities at the date of preparing the consolidated financial statements. Uncertainty regarding these assumptions and estimates may result in a material adjustment to the book values of the assets or liabilities that will be affected in the future. Such estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to measure the book values of assets and liabilities that are difficult to obtain from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized in the period in which the estimates are adjusted or during the adjustment and future periods if the adjusted estimates affect current and future periods (for further details on accounting estimates and assumptions, please refer to Section 6-4 "**Basis of Preparation of the Financial Statements and Summary of Accounting Policies**" of this Prospectus).

Under IFRS 15, a company recognizes revenues and costs relating to its customers before payments from customers are due. In exchange for recognizing these revenues in the Company's income statement, contract assets (or contract liabilities if the Company receives the amount due from the customer or payment is due but the revenue has not yet been recognized) are recorded in the statement of financial position until the performance obligation is met by the Company. Accordingly, the Company may face the possibility of making a mistake in estimating its accounting revenue and assets, either through an increase or decrease, as the assets may be subject to cancellation or future disputes, since if the customer refuses to accept invoices, the Company records an allowance for bad debts in the statement of financial position and records sales and marketing expenses in the income statement (based on the expected credit loss (ECL) provision policy and in accordance with IFRS 9 (for further details on accounting estimates and assumptions, please refer to Section 6-4 "**Basis of Preparation of the Financial Statements and Summary of Accounting Policies**" of this Prospectus).

Revenue generated from administration, engineering, project management and consulting services consists of the value of the work carried out during the year, and revenue is calculated over a period based on the percentage of completion. In the case of non-profit contracts, a provision is made for future losses in full. Those are mainly related to information technology services and accounting services provided to associate companies, in addition to consulting services provided to Vision Invest (a Related Party). With respect to information technology and accounting services provided to associate companies, the Company recognizes revenue based on fixed monthly invoices. With respect to the advisory services provided to Vision Invest, revenue is recognized when the service is provided and the performance obligation is made, and therefore, proof of commitment (POC) does not apply. Revenue from administration, engineering, project management and consulting services amounted to SAR 1.3 million, SAR 3.4 million (including SAR 1.3 million, reclassified from O&M revenue) and SAR 1.9 million in the financial years ended 31 December 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively. Revenue resulting from construction is recognized from construction and rehabilitation services based on the actual service provided to the client as a percentage of the total services to be provided (which is calculated on the basis of the percentage of completion). All revenue relates to intangible assets resulting from concession agreements (the value of additions is recognized as construction revenue, and in return, the same value is recognized as construction expenses in accordance with IFRIC 12) and receivables from concession agreements. This excludes construction revenue related to the rehabilitation of the wastewater plant with respect to the Hada and Arana project with NWC, amounting to SAR 15.6 million, as the project was implemented during the nine-month period ended 30 September 2023G and was calculated based on the percentage of completion.

Revenue generated from O&M through the provision of O&M services is recognized over the period in which the related services are provided. Revenue from O&M services is linked to the plant's production, and revenue is recognized based on the value of the services the Company provides. O&M revenue is recognized based on fixed monthly invoices according to the total value of the project. O&M revenue of the Group's concession agreements (submitted to RWPC and ICDOC) is calculated based on the completion percentage, but is written off upon consolidation of the Group's financial statements. Therefore, revenue recognition over a period based on the percentage of completion does not apply in this case. Revenue from the provision of operation services is recognized over the period in which the related services are provided. The transaction price for the operating service is linked to the plant's production, and revenue is recognized based on the value of the services the Group provides. The Group provides water and wastewater services (potable water, recycled water and wastewater) to customers of Dammam Industrial City and Jeddah Industrial City (which depends on the quantities sold in cubic meters). Revenue is recognized based on monthly invoices according to the quantities consumed and the fixed tariff according to water type. RWPC revenue consists of water treatment and provision, which are based on fixed amounts based on a daily capacity of twenty-five thousand (25,000) cubic meters of water. Therefore, revenue recognition over a period based on the percentage of completion does not apply in this case. Revenue from connection services is recognized over a period of time. The amount received for connection services is recognized as revenue over the remaining period of the concession agreement. The unamortized balance of such revenue is classified as deferred revenue within non-current liabilities. Revenue from connection services was not significant during the previous period, amounting to zero (SAR 650 thousand was reclassified as revenue from water treatment and provision), SAR 686 thousand, SAR 866 thousand and zero (SAR 640 thousand was reclassified as revenue from water treatment and provision in the same period) in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively. Revenue consists of the value of works performed during the year.

2.1.5 Risks Related to the Concentration of the Group's Clients on Government Entities

The Group's total revenue generated from contracts concluded with government agencies such as the Ministry of Environment, Water and Agriculture, NWC, the General Authority of Civil Aviation and Modon represent an estimated amount of SAR 228.2 million, SAR 252.1 million, SAR 263.3 million and SAR 213.5 million, which together represent 100%, 99%, 95% and 95% of the Group's revenue in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively. Projects and services related to water and wastewater are usually offered through government tenders, which include a number of risks, including the following:

- The Group may bid on these projects based on inaccurate pricing assumptions, which results in the actual cost of labor and materials being different to the estimated costs relied upon.
- The Group may incur lost opportunity costs by not submitting bids for certain tenders or by not obtaining other contracts that it was seeking.
- Changes in the Group's rating at its governmental clients or changes in the qualification conditions by government entities based on the tenders offered, which may lead to the Group not being qualified to submit bids for certain tenders.

The Group may also not be able to obtain new contracts or renew its current contracts with government entities, which are often for a definite term. This will have a material negative impact on its business, financial position, results of operations and prospects. For example, the Group concluded a concession agreement with Modon on 10/01/1423H (corresponding to 24/03/2002G) to operate the Jeddah Industrial City wastewater treatment plant, which will expire on 25/08/1446H (corresponding to 25/03/2025G), with the resultant revenue constituting a total of SAR 57.1 million, SAR 55.7 million, SAR 60.4 million and SAR 50.5 million in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively, representing 25%, 22%, 22% and 22% of the Group's revenues for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively (for further details on this agreement, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus. Upon expiration of the agreement term, Modon may propose a new tender and the Group may seek to submit its bid in order to be awarded the project again. However, the Group may not succeed in doing so, which will have a material adverse effect on its business, financial position, results of operations and prospects.

In addition, it is worth noting that the operation, maintenance and marketing agreement for potable water services in Dammam 3rd Industrial City and Al Ahsa Oasis concluded with Modon is nearing completion, with the expiration set for September 2024G. The revenue resulting from this agreement amounted to a total of SAR 2.6 million, SAR 3.0 million, SAR 4.1 million and SAR 3.2 million in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, representing 1.13%, 1.17%, 1.48% and 1.43% of the Group's revenue for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively. It is also worth noting that the term of the O&M services provision agreement for Manfouha Phase 4 STP with Thabat Construction Company expires on 09/12/1445H (corresponding to 15/06/2024G). The revenue resulting from this agreement amounted to a total of SAR 2.5 million for the financial year ended 31 December 2021G (representing six (6) months from the date of concluding the agreement until the end of the financial year), SAR 9.3 million and SAR 6.5 million in the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G, respectively, representing zero percent (due to its conclusion during the financial year 2021G), 0.97%, 3.38% and 2.88% of the Group's revenue for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G.

Projects and contracts with government entities also involve various risks that lie in the mechanism of applying for those projects and the regulations to which they are subject. These risks include the following:

- The terms and conditions of public sector contracts are usually not as favorable for the Company as the terms and conditions of commercial contracts concluded with the private sector. For example, they may include greater penalties than their counterparts in the private sector in the event of a low level of service or a violation of the terms of the contract, which imposes additional responsibilities on the Group.
- The terms and conditions of public sector contracts are usually standardized or non-negotiable.
- Public sector contracts are often subject to greater media coverage than other contracts, and any negative media coverage relating to these contracts, regardless of how true it is, may adversely affect the Group's business or reputation.
- Public sector contract projects differ from commercial contracts concluded with the private sector, as public sector contract projects are generally subject to government procurement regulations in the Kingdom, which may prolong the interim period between the process of applying for tenders and the announcement of the results thereof, in addition to the possibility of a delay in submitting projects for tender, which may lead to the Company incurring costs that are higher than those budgeted.
- In some cases, public sector projects may be subject to a higher risk of scope limitation or termination clauses than other contracts. This may be due to economic factors, funding cuts or insufficient funding.

The occurrence of any of these risks would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.6 Risks related to the Group's Material Agreements

The Group's business depends heavily on the agreements it enters into with its clients, including agreements related to projects managed and operated by the Group. The Group has concluded numerous material agreements, such as concession agreements, under which the Company and its Material Subsidiaries are granted concessions for properties and assets of a number of government entities so that the Company and its Material Subsidiaries can develop projects on such properties and provide services in relation thereto. The Company and its Material Subsidiaries have concluded MOM agreements under which they provide administrative, operational and maintenance services to their clients in the Kingdom. These agreements are essential for the Group's business activities, as they allow the Group to operate its business segments correctly (for further details on the Group's material agreements, please refer to Section 12.4 "**Material Agreements**" of this Prospectus).

The provisions of a number of these material agreements concluded by the Group stipulate the right of the contracting parties to terminate the same without the need to provide a reason, including the following agreements:

- The concession agreement concluded with Modon in Jeddah on 10/01/1423H (corresponding to 24/03/2002G) (for further details on this agreement, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus).
- The wastewater treatment agreement concluded with SWPC and N.V. BESIX S.A (for further details on this agreement, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus).
- The O&M agreement for the water and sewage system in Jazan concluded with the Power and Water Utility Company for Jubail and Yanbu (hereinafter referred to as "**Marafiq**") (for further details on this agreement, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus).
- Two MOM agreements concluded with NWC (for further details on these agreements, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus).
- The O&M agreement for a wastewater treatment plant concluded with Araha Environmental Services Company (for further details on this agreement, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus).
- The technical support services agreement concluded with Hamid Al-Anazi Est. (for further details on this agreement, please refer to Section 12.4.3 "**Subcontracting and Support Agreements**" of this Prospectus).
- The workforce agreement concluded with Reem Al Sunni Contracting Company (for further details on this agreement, please refer to Section 12.4.3 "**Subcontracting and Support Agreements**" of this Prospectus).

The material agreements concluded with the Group also stipulate the right of the contracting parties to terminate such agreements upon the occurrence of a number of events, including, for instance, if the Company or its Material Subsidiaries commit a material breach of these agreements, in cases of force majeure, in the event that the Company or its Material Subsidiaries become insolvent or in the event of the issuance of a bankruptcy judgment. These include the following agreements:

- The potable water concession agreement for KKIA concluded with the General Authority of Civil Aviation (for further details on this agreement, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus).
- The industrial wastewater treatment agreement concluded with Saudi Aramco (for further details on this agreement, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus).

- The concession agreement concluded with Modon (for further details on this agreement, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus).
- The long-term O&M agreement concluded with NWC (for further details on this agreement, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus).
- The concession agreement concluded with Modon in Jeddah on 10/01/1423H (corresponding to 24/03/2002G) (for further details on this agreement, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus).
- The wastewater treatment agreement concluded with SWPC and N.V. BESIX S.A (for further details on this agreement, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus).
- The general services agreement (for water utilities) concluded with the Energy City Operations Company (ECOC) (for further details on this agreement, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus).
- The O&M service provision agreement for Manfouha Phase 4 STP concluded with Thabat Construction Company (for further details on this agreement, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus).
- The O&M agreement for the water and wastewater system in Jazan concluded with Marafiq (for further details on this agreement, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus).
- The agreement for the operation, maintenance and marketing of potable water services in Dammam 3rd Industrial City and Al Ahsa Oasis concluded with Modon (for further details on this agreement, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus).
- Two MOM agreements concluded with NWC (for further details on these agreements, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus).
- The O&M agreement for a wastewater treatment plant concluded with Araha Environmental Services Company (for further details on this agreement, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus).
- The Shareholders' agreement concluded with Saur SAS and Manila Water Company (for further details on this agreement, please refer to Section 12.4.4 "**Shareholders' Agreements**" of this Prospectus).

The Company had previously concluded a joint development agreement for the purpose of forming an alliance and submitting a tender for a long-term O&M project, which was awarded to another competing bid. Accordingly, the joint development agreement was terminated. The contracting parties that work with the Group under several material agreements are in fact not contractually obligated to renew such agreements, conclude new agreements with the Group, or continue to work under such agreements. In the event that those parties decide to terminate any or all of these agreements at any time due to the award of projects to other competing bids, or, for any other reason, refuse to renew them on terms favorable to the Group, or they refuse to renew them at all, the Group may not be able to compensate for the losses that it may incur due to the termination of any of the material agreements or the conclusion of other agreements on favorable terms or at all, which may disrupt its business and negatively affect the Group's revenue and profitability.

Certain material agreements concluded by the Group also include strict conditions that the Group must adhere to. For example, Marafiq has the right under the O&M agreement for the water and sewage system in Jazan concluded with the Company to issue one or several variation orders, leading to either an increase in the agreement price by 10% of the basic total price, or a reduction thereof by no more than 20%. Furthermore, under the agreement, if the Company fails to provide the required workforce and equipment, delays in completing the work satisfactorily or fails to comply with any of the requirements under the agreement, the Company will be responsible for paying a fine of 2% per week of the total value of the agreement, provided that the total fines shall not exceed 10% of the total value of the agreement. Deductions in the event of the Company's non-performance are not limited to 10% and will be in addition to the fines mentioned above (for further details on this agreement, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus). It is also worth noting that the operation, maintenance and marketing agreement for potable water services in Dammam 3rd Industrial City and Al Ahsa Oasis concluded between ICDOC and Modon stipulates that Modon shall pay the amounts due to ICDOC in accordance with the agreement on the basis of the tariff of selling potable water per cubic meter to beneficiaries, based on the following values: (1) potable water from the water technology plant: four Saudi Riyals and seventy halalas (SAR 4.70) per cubic meter; (2) water delivery via tankers: three Saudi Riyals and eighty halalas (SAR 3.80) per cubic meter; and (3) for all water services provided in Dammam 3rd Industrial City and Al Ahsa Oasis: six Saudi Riyals (SAR 6) per cubic meter. The price of water delivery through water networks will be determined at a later stage after the completion of the water network implementation, subject to the approval of Modon. The price of supplying water from outside Dammam 3rd Industrial City and Al Ahsa Oasis is determined based on quotations submitted by ICDOC for approval by Modon. The revenue and fees resulting from the agreement are distributed as follows: (1) splitting revenues from potable water sales into 80% for the benefit of ICDOC and 20% for Modon; (2) 100% of revenue from delivering desalinated water through tankers for the benefit of ICDOC; and (3) 100% of desalinated water delivery fees through water networks for ICDOC. Hence, Modon has the right to 20% of the profits resulting from the sale of potable water in relation to the project in connection with the agreement (for further details on this agreement, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus). It is also worth noting that, according to the concession agreement concluded with Modon, ICDOC shall pay 20% of the total revenue generated annually from the beneficiaries of the services, which includes the rehabilitation, exploitation, operation, management and maintenance of water and sewage facilities in Dammam 1st and 2nd Industrial Cities and Al Ahsa 1st Industrial City, to Modon. The total fees paid to

Modon under the above amounted to SAR 20.7 million, SAR 24.4 million, SAR 25.4 million and SAR 19.1 million for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively. This revenue includes, but is not limited to, the prices of O&M services and violations and penalties applied by Modon as a result of any violation by the beneficiaries, noting that the total of such revenue amounted to SAR 103.9 million, SAR 122.1 million, SAR 127.2 million and SAR 95.6 million for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively (for further details on this agreement, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus). In addition, the Group may violate the terms and conditions of its material agreements, or these agreements may, in the future, include commercial terms that entail additional restrictions to the terms of existing agreements, whereby this affects the Group's ability to operate its business segments or revenues and profitability, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.7 Risks related to the Concentration of Revenues and Dependence on the Group's Main Contracts

Revenue generated from water and wastewater services is a major component of the Group's revenues, totaling SAR 184.5 million, SAR 204.3 million, SAR 189.5 million and SAR 175.8 million in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively, representing 81%, 80%, 78% and 78% of the Group's revenues in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively. Revenue generated from water and wastewater services mainly includes four (4) concession agreements, namely (1) the concession agreement concluded with Modon for operation of the wastewater treatment plant for Dammam 1st and 2nd Industrial Cities and the Al Ahsa 1st Industrial City, which expires on 28/12/1459H (corresponding to 03/02/2038G); (2) the concession agreement concluded with Modon for operation of the Jeddah Industrial City wastewater treatment plant, which expires on 15/09/1446H (corresponding to 15/03/2025G); (3) the concession agreement for potable water for KKIA concluded with the General Authority of Civil Aviation, which expires on 20/08/1469H (corresponding to 14/06/2047G); and (4) the long-term O&M agreement concluded with NWC, which expires on 03/02/1455H (corresponding to 02/05/2033G). The total revenue resulting from the four (4) largest contracts concluded by the Group, which are the aforementioned agreements, represent SAR 202.6 million (of which SAR 181.9 million was revenue resulting from water and wastewater services and SAR 20.7 million was construction revenue), SAR 225.5 million (of which SAR 201.3 million was revenue from water and wastewater services, SAR 23.5 million was construction revenue, and SAR 686 thousand was connection revenue), SAR 235.6 million (of which SAR 185.4 million was revenue from water and wastewater services, SAR 23.6 million was construction revenue, SAR 25.7 million was revenue from water and wastewater services but was classified as O&M revenue, and SAR 877 thousand from connection revenue) and SAR 201.7 million (of which 172.6 million was revenue from water and wastewater services and SAR 29.1 million was construction revenue) in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively, representing 89%, 88%, 85% and 89% of the Group's revenue in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively (for further details on these agreements, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus). The average term of majority of the Group's contracts with its major clients ranges from two (2) to thirty (30) years. Most of the provisions of these contracts are related to the services provided by the Group, as the Group charges a fixed tariff in terms of value or method of calculation for such services. Any failure by the Group in terms of providing services to the concerned party or the percentage of compliance with the terms of these contracts may lead to the loss of all or part of the tariff charged by the Company, which may negatively affect revenue and may not guarantee their stability or sustainability. Majority of the Group's contracts result from tenders for which it has submitted bids and been awarded. Most of the revenues expected in the future may result from tenders offered by the Group's two largest clients or one of them. Any decline in the number of tenders offered may negatively affect revenue to the extent that it may not ensure the stability or sustainability thereof, which will have a material adverse effect on the Group's business, financial position, results of operations and prospects. In addition, the concession agreements contain provisions for compensation in the event of early termination or default by the concession grantor, and the compensation that the Group may receive may not cover all the anticipated profits necessary to achieve the targeted profitability. Therefore, any dispute or loss due to the early termination of any of these master concession agreements could have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.8 Risks related to the Pricing Mechanisms Used in the Group's Contracts

The total revenue generated from the Group's volume-based revenue contracts, which includes cases where compensation is determined based on the volume of use by the client at a specified tariff and which covers the Group's business related to O&M or water and wastewater project services, amounted to approximately SAR 186.3 million, SAR 214.9 million , SAR 226.5 million and SAR 175.2 million of the Group's total revenue in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively, representing 82% and 84%, 82% and 78% of the Group's revenue in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G. While the total fixed revenue generated from the Group's contracts, which includes guaranteed payments either based on the plant's capacity or as a fixed periodic payment regardless of actual consumption and applicable only to project services, amounted to SAR 41.9 million, SAR 41.0 million, SAR 49.5 million and SAR 50.4 million of the Group's total revenue in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively, representing 18%, 16%, 18% and 22% of the Group's revenue for the same periods, respectively. The revenue of these contracts is based on a fixed tariff, whether in terms of their value or the calculation method thereof, in exchange for the services provided by the Group (for further details on the nature of these contracts, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus). Therefore, variances in the actual cost of labor and materials in comparison to the estimated and assumed cost when submitting bids may mean that the Group will not be able to achieve the targeted and expected returns, which may lead to a decrease in profitability or losses in projects, which will have a material adverse effect on the Group's business, financial position and results of operations. Below are a number of factors that may cause a project's estimated revenues to differ from actual revenues:

- Failure to properly estimate engineering costs, materials, equipment, laborers or subcontractors.
- Ineffective performance by laborers.
- Unforeseen problems with the Group's supply chain, which may cause the Group to incur additional costs to address the same.
- Failure of the Group's suppliers or subcontractors to implement the project.
- The possibility that the condition of the site differs from that assumed in the bid to such an extent that it is not possible to carry out corrective actions under the contract.
- The unavailability of laborers or their skills being inadequate.
- Amendments to relevant laws and regulations, leading to unexpected costs.
- Delays in project implementation due to factors beyond the Group's control, such as variations in weather or delays from external parties or clients.
- Work quality issues that require re-implementation of works.

The occurrence of any of the aforementioned factors would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

It is also worth noting that the Group operates primarily under contracts pursuant to which it is compensated in the form of monthly payments for the developed capacities and/or rehabilitation works and/or O&M of water and wastewater facilities completed by the Group over the term of the relevant agreement. These monthly payments are subject to the relevant project company's fulfillment of certain performance obligations specified in the respective agreements, including timely completion of construction or repair works and/or operation of the water or wastewater facility within the agreed limits. As of 30 September 2023G, the outstanding payments due under concession agreements concluded by the Group amounted to a total of SAR 6,183.1 million. The billing and collection of these amounts are subject to the aforementioned performance obligations. The Group may not be able to continue to fulfill its performance obligations in accordance with the relevant agreements, which may lead to the Group's inability to fully realize the remaining value of the concession agreements, which may have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.9 Risks related to Contract Assets

Certain contracts concluded between the Group and a number of government clients contain clauses stipulating that the client's approval must be obtained before the Group issues invoices and records the relevant balance, which may require a longer time period and consequently lead to delays in the issuance of invoices and collection of the amounts thereof compared to normal credit terms. Contract assets, mainly representing services that have been provided but not yet invoiced (due to them pending client approval), totaled SAR 4.2 million, SAR 6.8 million, SAR 22.6 million and SAR 37.6 million as of the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively, representing 1.8%, 2.7%, 8.2% and 18% of total revenue for the same periods. It is worth noting that the Group recognized revenues resulting from the long-term O&M agreement concluded with NWC in relation to the Hada and Arana project before obtaining the client's approval, as the initial contract expired and the client issued an variation order to the agreement for the Group to continue providing its services. The Group has provided the relevant services and therefore is entitled to obtain financial consideration for the same, regardless of the non-issuance of a purchase order in this regard as of the date of this Prospectus. It is worth noting that the assets of the Hada and Arana project O&M contracts amounted to a total of SAR 22.69 million and SAR 30.8 million for the financial year ended 31 December 2022G and the nine-month period ended 30 September 2023G, respectively. As of the nine-month period ended 30 September 2023G, 83% of the balance of project services contract assets is related to contracts for the O&M of the Hada and Arana project. Accordingly, in the event that the contract assets are not invoiced as a result of the client's disapproval of the executed works for any reason, the Group may have to adjust its revenues accordingly. It is worth noting that if the client does not agree, the Company will establish a provision in the same amount as the disputed amount, which will cause a direct decrease in the Group's net profits. In this case, the Group's total profit may be affected, which will have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.10 Risks related to Hardware and Equipment Malfunctions and Business Interruptions

The operation of the Group's projects involves risks that include the malfunction or breakdown of devices and equipment, the slowdown and faltering of processes and procedures, or being affected by a level of performance that may be less than expected or required in terms of production, efficiency and effectiveness, or in terms of contractual obligations. Devices and equipment may malfunction or their performance may be impaired due to several factors, including human error, insufficient maintenance, wear and tear resulting from normal use over time, or malfunctions for unknown reasons. As a result of the above, many of the Group's projects require comprehensive periodic restoration and maintenance works to reduce the possibility of sudden, unplanned downtime, which, if it were to occur, may reduce the expected level of production or efficiency, in addition to maintenance expenses and costs, which, if they were to exceed what is expected, will result in a material adverse effect on the Group's business, financial position and results of operations. Flooding in Jeddah, for example, resulted in two forced closures at the sewage treatment plant (STP) in Jeddah Industrial City between the financial periods from 31 December 2020G to 30 September 2023G, with the first closure lasting for twenty-four (24) hours in the sewage network and the second closure lasting for forty-eight (48) hours in the recycled water network. It is worth noting that the two aforementioned closures led to the Group incurring additional maintenance costs totaling SAR 100 thousand.

Fundamental malfunctions in devices and equipment, if they were to occur, may cause the Group to incur significant losses as a result of repair costs and an unexpected decrease in revenue during the period in which the project is completely or partially down, in addition to incurring the burden of compensation for damages and/or other penalties as stipulated in the related contracts and/or a possible increase in insurance costs that may not cover all losses may result from the aforementioned malfunctions. Accordingly, any such malfunctions may lead to damage to the Group's reputation, and the occurrence of each of them would have a material adverse effect on the Group's business, financial position and results of operations.

In addition, devices and equipment in projects, both old and new, may need periodic development, improvement or maintenance. It may be difficult to obtain spare parts therefor, particularly in the event of reliance on only one contractor for supply and/or on a small number of suppliers of devices and equipment. If the suppliers fail for reasons beyond their control or the control of the Group, or if it is not possible to ship or deliver spare parts in the required time, this will have a material adverse effect on the Group's business, financial position, and results of operations.

Moreover, when major equipment needs to be replaced earlier than planned due to its breakdown or malfunction, this may lead to unscheduled capital expenditures, which the Group may have to incur if they are not covered under the supplier warranty or return periods due to hidden defects or if they are not covered under any insurance obtained by the Group. Hence, the Group's cash flows may be affected, and it may be forced to obtain additional facilities to secure financing, which would have a material adverse effect on the Group's business, financial position and results of operations.

2.1.11 Risks related to the Group's Strategy of Expanding into New Projects and Sustaining Growth

The development of new projects constitutes an important aspect of the Group's growth strategy. The development of these projects requires a significant amount of the Group's administrative, financial and other resources. It also requires the Group to continuously develop and improve its operational, financial and internal controls and to continue strengthening the capabilities of Executive Management and its recruitment and administrative capabilities. Continuous expansion in the Group's current or target markets in particular increases challenges related to financial and technical management, recruitment, training and retention of sufficiently skilled technical and managerial staff, as well as the development and improvement of the internal administrative infrastructure, in addition to challenges related to the Group's ability to maintain growth at a similar level, which in turn depends on its ability to attract new clients, win bids for new projects, price projects, estimate costs accurately, and increase the number of projects implemented for existing clients. Larger projects may also require significant financial resources to meet working capital requirements, in addition to the fact that the Group may become exposed to increased challenges and risks if it expands into new countries and/or geographic regions, including challenges and risks related to new regulations, an unfamiliar commercial and labor environment, bureaucracy, bribery and corruption, along with a lack of familiarity with the legal framework to which the agreements and contracts governing the Group's business will be subject.

The Group's ability to grow also depends on obtaining concession and O&M agreements with government entities through government tenders. The Group may not be able to obtain new contracts or renew its existing contracts with government entities, which are often for a limited period. This may have a material adverse effect on its business, financial position, results of operations and prospects (for further details on risks related to government tenders, please refer to Section 2.1.5 "**Risks related to the Concentration of the Group's Clients on Government Entities**" of this Prospectus).

The Group's growth depends on its ability to successfully meet the above-mentioned challenges, many of which are beyond the Group's control. Maintaining a similar level of growth may require the Group to make significant financial expenditures and allocate additional administrative resources. Accordingly, the inability to manage this growth effectively may have a material adverse effect on the Group's business, financial position, results of operations and reputation.

2.1.12 Risks Related to the Timing of New Projects

The Group derives its revenue from project-related business, and the schedule, nature, and timing of the acquisition of these projects may be difficult to predict. The offering of certain projects may be delayed by the responsible authorities or owners of those projects, or there may be a change in the project offering schedule, which may negatively affect the Group's ability or chances to apply for and/or obtain those projects, which may lead to a decrease in the overall profitability of the Group and its cash flows. In the event that it acquires projects, the Group faces other risks that could prevent the start of work implementation or affect the launch date, which may constitute missed opportunities for the Group and affect its profitability. Delays in the award of expected projects, the granting of related work permits or the commencement of work may lead to the Group incurring significant costs without generating any revenue in return, or such revenue may be delayed. The termination or completion of work on large projects that the Group was implementing during the previous periods may also lead to a reduction in the Group's revenue and profits if alternative projects are not obtained in the coming period.

2.1.13 Risks related to Reliance on Suppliers and Subcontractors

The Group relies on suppliers and subcontractors to obtain the necessary materials, such as permanent materials for project service clients, consumables, diesel and supplies necessary for O&M services, implementation and repair work and fixed assets. It relies on subcontractors to carry out parts of its work on some of its projects. The Group's purchases for the ten (10) largest subcontractors and suppliers amounted to 14%, 17%, 13% and 14% of the Group's total direct and indirect operating expenses as of the years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively. The unavailability of suppliers or subcontractors as a result of market and economic conditions or as a result of any disruptions in the supply chain will adversely affect its operations. The Group's inability to contract with subcontractors to obtain the materials required to operate projects or delays in obtaining them according to the required specifications may expose it to losses in the performance of its operations. In addition, if the Group's subcontractors fail to perform their contractual obligations as a result of financial or other difficulties, or if they fail to meet expected completion dates or quality standards, the Group may be required to incur additional costs or provide additional services in order to make up for the shortfall, which may affect the Group's reputation. If any of the above occurs, this would have a material adverse effect on the Group's business, financial position and results of operations.

2.1.14 Risks related to Project Implementation

Many of the Group's projects include design, preparation, construction, implementation and operation works, including the purchase of equipment and supplies directly or through subcontracts. The implementation period may extend over several years, during which the Group may face difficulties that affect its ability to complete the projects according to the agreed delivery schedule for reasons that may be related to arrangements and contracts in connection with engineering designs or construction works and providing projects with devices and equipment during the construction phase or materials and laborers during the operation phase. Any delays or difficulties would negatively affect the relevant schedules. In addition to the above, the construction and implementation of certain projects may require the Group to obtain permits or rights of way, and any delays in obtaining them or in meeting other regulatory requirements in a timely manner due to reasons related to the Group, such as the work environment, shortcomings in performance, failure of laborers to achieve expected performance, or conditions beyond the control of the Group, since the Group relies on suppliers or subcontractors to establish and implement its projects, as well as any delays or failures by suppliers or subcontractors to complete the part of the project assigned to them, may cause the Group to bear additional costs that it may not be able to recover. Failure to adhere to agreed delivery schedules or performance requirements may result in additional costs, including monetary compensation, which could negatively impact the expected profit from the project. For example, the potable water concession agreement for KKIA concluded with the General Authority of Civil Aviation during the financial year ended 31 December 2022G was amended to reduce the period of O&M services from thirty (30) years to twenty-eight (28) years as a result of delays in providing an electrical connection in the newly constructed facility by the General Authority of Civil Aviation. This amendment caused the Group to record losses in receivables resulting from the potable water concession agreement for KKIA concluded with the General Authority of Civil Aviation in the amount of SAR 2 million during the financial period ended 31 December 2022G, noting that this loss was calculated on the basis of the current value of the expected losses due to the reduction in the value of the agreement. In addition to the above, the above-mentioned factors may lead to project cancellation, and the Group may not be able to compensate for cancelled projects with similar projects at all. Cases of delay in implementing or terminating contracts may affect the Group's reputation and its relationships with its clients, which would negatively affect its ability to obtain new contracts. This would in turn have a material adverse effect on the Group's business, financial position, results of operations and prospects.

Furthermore, there are inherent risks that the Group's projects will face material delays in achieving financial closure or will not achieve financial closure at all. This may be due to various reasons, including delays in obtaining all necessary permits and licenses for development and construction, including environmental permits (where applicable), or the delay of the members of the alliance implementing the project in fulfilling their obligations or providing the documents requested from them. In the event that the Group is unable to achieve financial closure for its projects, this would have a material adverse effect on its business, financial position and results of operations.

Furthermore, the Group's clients may change or postpone the implementation of a project or a number of its elements after its initiation. The design, engineering information, equipment or materials to be provided by the client or other parties may be incomplete or may be delivered after the date specified in the project schedule, which will lead to incurring additional direct or indirect costs. The Group may be unable, whether through negotiation, arbitration, litigation or other means, to obtain sufficient amounts to compensate for additional work or expenses incurred due to variation orders made by the client or due to failure to deliver certain items such as blueprints or engineering materials on time. Litigation or arbitration for compensation claims can be lengthy and expensive, and the date and manner of adjudication of claims are often difficult to predict. In addition, the Group may be required to invest significant working capital to fund additional costs during the process of settling variation orders or claims. The occurrence of any of the above factors will have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.15 Risks related to Joint Investment Partners and Joint Ventures

The Group implements a number of its projects through co-investment and joint ventures with other co-joint venturers, ranging from local companies located within the geographical scope of the relevant project to international multinational project companies. The total amounts of joint investment and joint projects with other co-joint venturers was seven hundred and twenty-five thousand Saudi Riyals (SAR 725,000) upon establishment, with the value of these investments totaling twelve million, nine hundred and twenty-eight thousand, seven hundred and seven Saudi Riyals (SAR 12,928,707) as of 30 September 2023G, representing a total of 9.30% of the Group's revenue and a total of 5.91% of the Group's total assets. These joint ventures are represented by the Al-Haer ISTP Project, a MOM agreement for the benefit of the Eastern and Northwestern Clusters, an industrial wastewater treatment agreement, and a long-term O&M agreement through joint investments and ventures with other co-joint venturers. The Group aims to apply governance measures to preserve its interests. When the Group does not control or manage a project, it may not be operated efficiently or effectively, or it may not be operated in an optimal manner to serve the best interests of the Group.

In addition to the aforementioned, joint investments and ventures involve risks in such contracts, which include, but are not limited to, the risk that the co-investors or co-joint venturers in the Group's investments and companies will violate local laws (including anti-corruption laws, anti-bribery laws, tax laws, etc.) or fail to fulfill their obligations, which would adversely impact the Group. This may also negatively affect the Group's reputation, and it may become liable under the agreements if its Subsidiaries violate local laws.

If any of the abovementioned risks were to occur, this would have a material adverse effect on the Group's business, financial position and results of operations.

2.1.16 Risks related to Operational Risks in the Group's Business Sector, including Environmental Damage

The Group and its contractors are subject to the applicable health and safety regulations in the Kingdom, which establish various standards to regulate certain aspects of the quality of health, safety and security and impose civil and criminal penalties and other obligations for any violations or breaches. The Group's work, whether directly or through subcontractors, includes the use of machinery and equipment whose use may result in significant health and safety risks due to potential accidents such as fires, floods, explosions, light vehicle accidents, falls, personal injuries, death and electric shocks, in addition to the possibility of accidents involving emissions of harmful gases, leakage of chemicals or the emission of odors. All of these factors may result in death or other serious injuries to the Group's employees or contractors.

The water and wastewater sectors are also subject to many applicable laws and regulations in the Kingdom, which may materially affect the Group's business and operations, increase its costs related to the environmental, health and safety accountability and water quality laws and regulations to which its operations are subject, or increase the difficulty of complying with such laws and regulations. The Group may be exposed to fines and penalties if it does not comply with what is stated in these laws and regulations or if it does not implement the licensing requirements, which may change from time to time. This may increase the Group's costs or cause damage to its reputation and thus reduce demand for its services.

In the event that the Group fails to comply with any of these regulations or does not follow safety and prevention procedures, it may be subject to penalties or fines under any contractual obligations requiring it to adhere to the applicable regulations. Any such incidents or cases of non-compliance, if they were to occur, would have a material adverse effect on the Group's business, financial position and results of operations.

2.1.17 Risks related to the Group's Reputation and the Quality of Services Provided

The Group works in the field of water and sewage services, which could cause harm to the environment. As such, the Group seeks to build a good reputation linked to the quality of services provided to its clients. This depends on several factors, including adherence to contractual quality standards, the quality of laboratory facilities and regular monitoring of water and wastewater treatment results. Therefore, if the Group is unable to provide or maintain the quality of services provided to its clients, this would have a material adverse effect on its brand and reputation.

The Group's inability to provide high-quality services may expose it to negative publicity, which may cause damage to its reputation and in turn may lead to its inability to obtain projects in the future, or may expose it in certain cases to lawsuits. The Group's reputation may be affected if it is unable to maintain the quality of services provided to its clients, which would negatively and materially affect the Group's business, results of operations, financial position and prospects.

2.1.18 Risks related to Liability for Warranty Claims

Under some of its contracts with clients, the Group provides performance bonds based on the nature of the projects. For example, JECO provided, under the O&M agreement for the Hada and Arana sewage treatment plants concluded with NWC, and the Company provided, under the MOM agreements concluded with NWC, performance bonds (for further details, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus). If a shortcoming occurs in the level of service and/or the Group does not adhere to the required performance standards and does not remedy such shortcoming or non-compliance, this may cause it to incur additional costs, and/or the bonds may be liquidated by clients as a standard procedure as contained in and/or permitted by the contracts under which the Group provides its services (for more information, please refer to Section 12.4 "**Material Agreements**" of this Prospectus). Any liquidation of these bonds will have a material adverse effect on the Group's business, reputation, financial position, results of operations and prospects.

It is also worth noting that when submitting a bid, the Group provides bid bonds to the contractor/client in accordance with the nature of the project. For example, the Group provided a bid bond of SAR 37.5 million to SWPC for the ISTP project in Al Haer. In the event of failure to deliver the services after announcement of the project award, the client has the right to disburse the bond amount provided by the Group, which would have a material adverse effect on the Group's business, reputation, financial position, results of operations and prospects.

2.1.19 Risks related to Licenses, Permits and Approvals

The Group's business is subject to a number of permits and licenses necessary for operation of its business, including services provided in the water and sewage sectors, from the relevant regulatory authorities, including MoC, MEWA, WERA, GAMEP and NCEC (for more information regarding the Group's licenses and permits, please refer to Section 12.2.4 "**Key Licenses**" of this Prospectus).

As of the date of this Prospectus, ICDOC has an operational license issued by Modon for its works in Dammam 1st Industrial City which has expired, as well as an operational environmental permit issued by MEWA for its works in Dammam 2nd Industrial City which has expired. The Group is working to renew the expired license and permit. As of the date of this Prospectus, JECO also has an expired residential license from Modon for its work in Dammam 2nd Industrial City, and it is in the process of renewing it (for further details about the licenses and certificates obtained by the Company, please refer to Section 12.2.4 "**Key Licenses**" of this Prospectus). The Group's practice of its activities without renewing the above licenses may expose it to penalties and fines. In addition, when renewing or amending the scope of a license, certificate or permit, the competent authority may not approve of such renewal or amendment and may impose additional conditions that may be unfavorable for the Group, which would negatively affect the Group's performance. The Group must also generally renew licenses, permits and approvals periodically and amend their scope when needed. The Group's licenses are generally subject to suspension or cancellation in the event that the Group does not comply with the relevant terms and conditions, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

If the Group is unable to obtain or renew the licenses it needs to conduct its business, this may lead to the suspension of its operations or the imposition of regulatory sanctions, including the suspension of any business that violates licensing requirements or the imposition of fines thereon, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.20 Risks related to Fluctuation in Interest Rates

The Group may decide in the future to enter into variable interest rate financing agreements to finance its operating costs, invest in new technologies, finance its expansion and growth and manage cash flows. Accordingly, any unhedged increases in the benchmark interest rates on which the facilities are based will increase the financing charges and reduce the Group's cash flows. Interest rates are also greatly affected by many factors, including government, monetary and tax policies, international and local economic and political conditions and other factors beyond the Group's control. Central banks in certain countries have increased their interest rates in response to the current inflationary environment, including, for example, the decisions of the Saudi Central Bank concurrent with increasing interest rates during the financial period ended 30 September 2023G. Central banks, including the Saudi Central Bank, may continue to amend interest rates in the coming periods based on the prevailing economic conditions, which will affect the cost of financing. If the Group decides to hedge interest rate risks from time to time, such hedging may be costly and may not provide the Group with complete protection from any increases in interest rates. Therefore, an increase in interest rates and related financing costs may reduce the Group's profitability and cash flows, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.21 Risks related to Working Capital Management

The Group may face difficulties in meeting its needs to cover working capital or manage working capital properly during the coming period. Net working capital amounted to SAR 60.7 million, SAR 134.0 million, SAR 161.7 million and SAR 187.1 million as of 31 December 2020G, 2021G and 2022G and as of 30 September 2023G, respectively. It should be noted that the Group's working capital assets are concentrated in trade receivables and contract assets, which amounted to SAR 105.4 million, SAR 132.0 million, SAR 160.4 million and SAR 104.1 million, which in total constituted 174%, 99%, and 99% and 56% of total working capital assets in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively. It is worth mentioning that the collection of trade receivables may involve lengthy procedures for collection from the Group's clients. There is no guarantee that the Group will properly manage its cash reserves and the funds obtained from the financing agreements currently available to it or which it concludes in the future. This may affect the Group's ability to meet its working capital needs for the coming period, which would negatively and materially affect the Group's business, financial position, results of operations and prospects.

2.1.22 Risks related to the Protection of the Group's Trademarks and Intellectual Property Rights

The Group's relies heavily on its trademarks and intellectual property rights for its business, reputation and in order to maintain the quality of its work. As of the date of this Prospectus, the Company has registered the trademark for the Miahona logo and JECO has also registered the trademark for its logo. Moreover, as of the date of this Prospectus, the applications to register trademarks for the logos of Araha, ICDOC and RWPC in the Kingdom are still in progress by Araha Environmental Services Company, ICDOC and RWPC (for further details on the Group's intellectual property rights, please refer to Section 12.6 "**Intangible Assets**" of this Prospectus). The Group's success and ability to compete depend on its ability to protect its intellectual property, including its trademarks. Even if the Group registers its intellectual property rights, including its trademarks, there is no guarantee that they will not be used by third parties without the permission of the Group and copied, illegally owned, or otherwise infringed. The Group may not be able to obtain protection for its intellectual property, including its trademarks, to protect its reputation promptly enough to meet the Group's business needs, or at all. The Group may be forced, from time to time, to file a claim to protect its intellectual property rights, including its trademarks. The inability of the Group to protect its trademarks for any reason or in the event third parties misuse its intellectual property rights, including its trademarks, causing damage to or violating the trademarks, may pose a threat to the value of the trademarks and would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.23 Risks related to Transactions with Related Parties

The Company deals with Related Parties in the ordinary course of its business. As of the date of this Prospectus, the Company has a lease agreement concluded with Vision Invest, a deal to provide a credit bond to Toledo Arabia Company LLC for payment of end-of-service benefits to employees, a shareholder loan agreement with IWP-2, a novation agreement with Araha Environmental Services Company and a deal with Etihad Energy International to whom it sold furniture. Each of the contracting companies is deemed a Related Party (for further details on transactions with Related Parties, please refer to Section 12.4.6 "**Transactions and Contracts with Related Parties**" of this Prospectus). Total transactions with Related Parties amounted to fourteen million, eight hundred and fifty-six thousand, two hundred and fifty-three Saudi Riyals (SAR 14,856,253), eighteen million, eighty-two thousand, two hundred and thirty-three Saudi Riyals (SAR 18,082,233), thirteen million, three hundred and one thousand, six hundred and eighty-three Saudi Riyals (SAR 13,301,683) and thirty-two million, eight hundred and forty-four thousand, eight hundred and nineteen Saudi Riyals (SAR 32,844,819) for the financial years ended 31 December 2020G, 2021G and 2022G, and the nine-month period ended 30 September 2023G, respectively, representing 6.5%, 7.1%, and 4.8% and 14.6% of total net revenue, respectively, for the same period. All of the Company's transactions and agreements with Related Parties are concluded on an arm's length basis. The Company obtained a license from the General Assembly with respect to all transactions and agreements in which the Directors have a direct or indirect interest at its meeting held on 01/06/1445H (corresponding to 14/12/2023G).

Amounts due from Related Parties were SAR 837 thousand, SAR 10.6 million, SAR 8.9 million and SAR 8.3 million for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively, representing 0.1%, 1.1%, 0.9% and 0.9% of the Company's total assets, respectively, for the same periods. Amounts due from Related Parties as of 30 September 2023G were as follows:

- As of 30 September 2023G, an amount of SAR 3.8 million is due from IWP II, an associate company. This amount includes a loan of SAR 3.5 million as of 30 September 2023G and other receivables related to services provided under the service level agreement (finance and IT) provided by the Company to IWP II. It is worth noting that the service level agreement was terminated during the financial year 2023G.
- As of 30 September 2023G, an amount of SAR 3.3 million is due from Thabat Construction Company, which is a subsidiary of a partner in Vision Invest. This amount includes O&M services provided for the Manfouha Plant.
- As of 30 September 2023G, an amount of SAR 556 thousand is due from MEPCO, an associate company of a partner in Vision Invest. This amount includes receivables related to wastewater services provided by the Group.

Amounts due to Related Parties were SAR 17.1 million, SAR 16.9 million, 11.3 million and SAR 6.4 million for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively, representing 2.6%, 2.6%, 1.8% and 1.1% of the Company's total liabilities, respectively, for the same periods. Amounts due to Related Parties as of 30 September 2023G were as follows:

- As of 30 September 2023G, an amount of SAR 2.9 million is due to Thabat Construction Company, a subsidiary of a partner in Vision Invest. This amount includes success fees and other project development expenses payable in relation to the Hada and Arana concession.
- As of 30 September 2023G, an amount of SAR 2.2 million is due to Vision Invest, the parent company. This amount includes rent payable by the Company in relation to the lease contract for the Company's head office.

The conclusion of contracts and transactions with Related Parties is subject to the provisions of the relevant laws and regulations in accordance with Articles 27 and 71 of the Companies Law, under which the Group must present any transactions in which any Director of the Company has a direct or indirect interest to the General Assembly for approval and any Director who has an interest in such transactions is prohibited voting thereon, whether at the level of the Board of Directors or the Shareholders' assemblies. Accordingly, the Company may not be able to renew the contracts concluded with Related Parties at the end of their term, as the Board or the General Assembly of the Company may not approve such transactions. There is also no guarantee that the terms and scope of future agreements concluded with Related Parties will be similar to those that could have been obtained in the event of contracting with independent persons (i.e., unrelated parties), particularly if the Group's interests differ from the interests of the relevant parties who are parties to such agreements. In addition, if transactions with Related Parties are not concluded in the future on an arm's length basis, this would negatively affect the Company's business, results of operations, financial position and prospects.

2.1.24 Risks related to Real Estate

As of the date of this Prospectus, the Group relies on leased properties for the purpose of operating its business throughout the Kingdom and occupies sixteen (16) leased sites (for further details on the lease agreements concluded by the Group, please refer to Section 12.5 "**Real Estate**" of this Prospectus). The provisions of the Group's lease agreements generally include set terms ranging from one year to four (4) years and generally include automatic renewal mechanisms or are renewed pursuant to the conclusion of new agreements. The Group may not be able to renew all its lease agreements or they may be renewed under different terms, conditions or rental amounts that may be unfavorable to the Group. If the Group decides to vacate any of its leased properties due to the expiration of the lease agreements, failure to renew them in accordance with their terms, or due to the renewal terms being unfavorable, the Group will incur additional costs for the purpose of moving to a new property, including increased rental amounts and costs related to the necessary equipment for the new location. The occurrence of any of the above-mentioned risks will have a material adverse effect on the Group's business, results of operations, financial position and prospects.

It is worth noting that on 29/06/1441H (corresponding to 02/23/2020G), H.E. the Minister of Commerce and the Minister of Municipal and Rural Affairs and Housing issued a unified lease contract for the commercial real estate sector. Such contract became mandatory pursuant to Ministerial Resolution No. 405, dated 22/09/1437H (corresponding to 06/28/2016G), requiring the registration of all residential and commercial lease contracts on the "**Ejar**" platform in order to be approved as enforceable instruments. As of the date of this Prospectus, no lease agreement has been registered by the Company on "**Ejar**" for its headquarters in the city of Riyadh. It is important to note that, in accordance with the Council of Ministers' Resolution No. 292, dated 16/05/1438H (corresponding to 13/02/2017G), a circular was issued by H.E. the Minister of Justice directed to all courts, pursuant to which leases that have not registered with "**Ejar**" are not valid contracts that are judicially and administratively enforceable. Hence, the Company may not be able to bring legal action to claim the rights under the unregistered leases with respect to the leases entered into after 04/05/1440H (corresponding to 10/01/2019G). It should also be noted that the Ministry of Municipal, Rural Affairs and Housing intends to link electronically registered lease contract services to the Baladi platform, through which municipal commercial licenses are issued and renewed. If these services are linked, the Group will not be able to obtain municipal licenses or renew the Group's lease agreement which is not registered electronically, which may lead to disruption of the Group's operations or exposure to penalties and fines as a result of non-compliance with applicable laws. Moreover, the existence of unified lease contracts may not grant the Group the freedom to set all the terms thereof. Therefore, if the Group does not comply with the relevant requirements and regulations, this may result in its exposure to fines or penalties or may affect its ability to implement its lease contracts, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.25 Risks related to Zakat and Taxes

The Group is subject to zakat and tax requirements in the Kingdom. Any increases in zakat and/or tax requirements applicable to the Group may negatively affect its profitability. The Kingdom issued a VAT Law that came into effect on 14/04/1439H (corresponding to 01/01/2018G). This law imposes a VAT of 5% on a number of products and services. On 17/09/1441H (corresponding to 10/05/2020G), in response to the economic impact of the emerging coronavirus (COVID-19) pandemic, the Kingdom announced an increase in VAT to 15%, which entered into force on 10/11/1441H (corresponding to 01/07/2020G). This increase, or any future increase in zakat entitlements or tax requirements applicable to the Group, may have a negative impact on its profitability. The Group may make mistakes in implementing regulatory requirements, which may lead to the imposition of penalties by ZATCA in accordance with the VAT Law, which in turn would have an adverse effect on the Group's business, results of operations, financial position and prospects.

It is worth noting that zakat expenses amounted to three million, nine hundred and eighty-four thousand, one hundred and sixty-seven Saudi Riyals (SAR 3,984,167), four million, four hundred and nineteen thousand, seven hundred and seventy-six Saudi Riyals (SAR 4,419,776), five million, three hundred and forty-nine thousand, two hundred and forty-two Saudi Riyals (SAR 5,349,242) and four million, one hundred and eighty-nine thousand and seventy Saudi Riyals (SAR 4,189,070) for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G. In addition, the Group has submitted zakat and tax returns to ZATCA for the financial years up to and including 2022G, obtained the relevant certificates for the same period, and paid the zakat and tax dues within the required timeframe. With respect to the Company, ZATCA issued an assessment related to the zakat return for the year 2017G which has not been finalized by ZATCA. However, ZATCA has not issued assessments related to the zakat returns for the years 2018G to 2022G. With reference to ICDOC and JECO, ZATCA issued an assessment related to the zakat returns for the years 2017G and 2018G which have not been finalized by ZATCA. ZATCA has not yet issued the assessments related to the zakat returns for the years 2019G to 2022G. In relation to RWPC, ZATCA has not issued assessments related to the zakat returns for the years 2019G to 2022G. There is also a risk that ZATCA may revert to any of the past five (5) years in the event that there is no zakat assessment therefor and ZATCA challenges the submitted returns, requesting that the Company or any of its Subsidiaries pays additional zakat amounts. Any differences in ZATCA's assessment of the Group's zakat will negatively and materially affect the Group's business, results of operations, financial position and prospects. It is worth noting that Vision Invest will bear any additional claims that may arise from zakat assessments by ZATCA for the years mentioned above or for the five (5) years preceding the listing of the Company's shares.

2.1.26 Risks related to the Inability to Attract Qualified Labor

The Group's business requires the availability of a large workforce, and the Group's ability to maintain its productivity and results of operations may depend on its ability to employ, train and retain the qualified labor necessary to meet its requirements. The Company may not be able to retain a sufficient number of qualified laborers to achieve efficiency in the Group's operations and support its growth strategy. The Group suffers from time to time from a shortage in certain categories of qualified laborers, such as field supervisors, technicians or heavy equipment operators. In addition, its projects are sometimes located in remote areas, which may make it difficult to attract and distribute laborers to work areas. During periods when the volume of work increases, the Group often brings in laborers to various geographical areas to meet demand, and experienced field supervisors, project managers, engineers and other qualified laborers may not be sufficiently available to meet current or expected demand, especially in the event of any imposition of travel restrictions for various reasons, such as outbreaks of infectious and other diseases. It is worth noting that the initiation of new large-scale infrastructure projects or increased demand for infrastructure improvements, as well as a decline in experienced laborers, may reduce the availability of qualified laborers available to the Group. The labor shortage may impair the Group's ability to continue its business or increase its revenue. Therefore, if the Group is unable to attract employees who possess the required skills, it may also incur significant training expenses and be forced to postpone some of its projects, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

As a result of the difficulty in recruiting qualified labor, the Group may be forced to offer salaries higher than those paid in other countries or by competitors, which would negatively affect the Group's profit margins. It is also worth noting that there are a number of regulatory requirements that must be taken into account and completed with respect to the recruitment process, which can be costly and lengthy in nature, including, but not limited to, the issuance of work visas and adherence to Saudization policies, regulations and rates issued by MHRSD (for further details on Saudization, please refer to Section 2.2.8 "**Risks related to Non-Compliance with Saudization Requirements**" of this Prospectus). If the Group is unable to meet these requirements, this may limit its ability to employ and retain qualified non-Saudi employees. Accordingly, the Group may not be able to perform its business as required, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.27 Risks related to Reliance on Senior Executives and Key Personnel

The Group's success depends on its ability to attract, recruit, develop, motivate and retain a team of highly qualified Senior Executives. The Group's future performance will be affected by any disruptions in the continued service of its Senior Executives and other key personnel. Any departure or transfer of Senior Executives or key personnel may disrupt the Group's operations or materially affect the results of its operations. Competition for Senior Executives and key personnel in the water and wastewater sectors is intense, and the Group may not be able to retain Senior Executives and key personnel or attract and retain new employees in the future. The Group's competitors may actively seek to recruit Senior Executives or key personnel of the Company and may be successful in these efforts. The loss of any of the Group's Senior Executives or key personnel, or the inability to appoint new qualified employees with the required experience in exchange for reasonable remuneration, would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

The Group may need to invest significant financial and human resources in order to attract and retain new employees, and it may not achieve returns on these investments. The loss of any of the Group's Senior Executives or key personnel may hinder or delay the implementation and achievement of its strategic objectives, divert Management's attention towards searching for specific qualified alternatives, or negatively impact its ability to manage its business effectively and efficiently. In addition, each of Senior Executives or key personnel may resign at any time. Moreover, the Group's Senior Executives and key personnel may receive job offers from competitors which may force the Group to focus and intensify its efforts, as well as incur additional or unanticipated expenses to recruit and retain qualified employees. The occurrence of any of the above-mentioned risks would have a material adverse effect on the Group's business, results of operations, financial position and prospects. If the Group is unable to recruit and retain Senior Executives and key personnel with high levels of skills in the appropriate areas, this would have a material adverse effect on its business, results of operations, financial position and prospects.

2.1.28 Risks related to Employee Misconduct and Errors

Group employees may perform actions or make mistakes that negatively affect the Group, such as by carrying out any illegal activities, misusing information, disclosing confidential information, publishing misleading information or violating the Group's internal controls. This may result in a violation of any of the applicable laws or regulations in the Kingdom, which may lead to the imposition of statutory penalties on the Group by the competent authorities. These penalties may vary based on the extent of the employee's misconduct or mistake that exposes the Group to financial liability and/or causes damage to its reputation. The Group may not be able to prevent its employees from committing any misconduct as there is no guarantee that the Group's employees will adhere to its internal policies, which would cause losses, fines, financial burdens to the Company or damage to its reputation. The Group's internal policies related to governance and compliance (including with respect to sanctions, trade restrictions, anti-bribery, corruption and employee conduct and whistle-blowing policies in relation thereto) may not be sufficient to protect the Group from any mistakes made by its employees. Any fines, penalties or claims may impact the Group's profitability, and negative publicity regarding employee misconduct may negatively impact the Group's reputation and revenue. If any misconduct is committed by the Group's employees or they make any mistakes, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.29 Risks related to Compliance with the Companies Law and Corporate Governance Regulations (CGRs)

The Group's management, conduct of its operations and various activities are governed by the provisions of the Companies Law and the Corporate Governance Regulations. The Companies Law and Corporate Governance Regulations impose certain corporate governance requirements that the Group must adhere to, which require taking certain measures to ensure effective compliance. The Companies Law and the Capital Market Law impose strict penalties for violation of their mandatory provisions and rules. Therefore, the Group may be subject to such penalties, including financial fines and/or imprisonment. For example, the Companies Law stipulates that every manager, officer, director, auditor or liquidator who records false or misleading statements shall be punished with imprisonment for a period not exceeding three (3) years and a fine not exceeding five million Saudi Riyals (SAR 5,000,000). It should be noted that the Companies Law was issued by Royal Decree No. M/132, dated 01/12/1443H (corresponding to 30/06/2022G), and concluded force on 26/06/1444H (corresponding to 19/01/2023G). The extent of the impact of enforcement of the new Companies Law on companies in general and the Group in particular and its operations may not be apparent at the present time. The Group may incur additional costs to take the necessary measures to ensure compliance therewith. If the Group does not comply with these provisions and rules, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.30 Risks related to the Participation of Directors or Senior Executives in Competing Business

As of the date of this Prospectus, none of the Directors participate in any activity competitive with the Group, nor is any Director deemed a party to any agreement, contract or understanding under which they are subject to any obligation that prevents them from undertaking work that competes with the Group or any similar obligation in relation to the business of the Group. It should be noted that Directors must obtain authorization from the General Assembly to conduct activities competitive with the Group, in accordance with Article 44 of the Corporate Governance Regulations and the Paragraph 2 of Article 27 of the Companies Law. Senior Executives and Directors may participate in businesses competing with the Group in the future, including, but not limited to, through their membership in boards of directors or through direct or indirect ownership of competing businesses and/or businesses engaged in activities similar to those of the Group, as the case may be. Directors and Senior Executives have access to internal information about the Group, and thus they may use such information to serve their personal interests or use it in a manner that conflicts with the interests and objectives of the Group. If Directors and Senior Executives with interests that conflict with those of the Group adversely affect the Group's decisions or if the information available to them about the Group is used in a way that conflicts with its interests, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.31 Risks related to the Recent Formation of Committees Emanating from the Board of Directors

The Company formed the Audit Committee pursuant to the Shareholder resolution dated 01/06/1445H (corresponding to 14/12/2023G), the Nomination and Remuneration Committee pursuant to the Board of Directors' resolution dated 01/06/1445H (corresponding to 14/12/2023G), and the Executive Committee pursuant to the Board of Directors' resolution dated 01/06/1445H (corresponding to 14/12/2023G) (for further details on the Company's Board Committees, please refer to Section 5.4 "**The Company's Committees**" of this Prospectus). Failure by members of such committees to perform their duties and adopt a framework that ensures protection of the Company's interests and those of its Shareholders may affect the Company's compliance with corporate governance and continuing disclosure requirements and the Board's ability to monitor the Company's activities through such committees, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

The Board of Directors approved the Company's internal corporate governance manual on 01/06/1445H (corresponding to 14/12/2023G). In addition, the Company approved, by way of a Shareholder resolution, the Audit Committee charter and the Nomination and Remuneration Committee charter on 01/06/1445H (corresponding to 14/12/2023G) (for further details on the corporate governance manual, please refer to Section 5.9 "**Corporate Governance**" of this Prospectus). The Company's internal corporate governance manual includes provisions derived from the Corporate Governance Regulations issued by the CMA. The Company's success in correctly implementing Corporate Governance Regulations and procedures depends on the extent of its awareness and understanding of these provisions and the proper implementation of such regulations and procedures by the Board of Directors, its Committees and the Senior Executives, particularly with respect to the requirements for the independence of Directors, conflicts of interest procedures and disclosure requirements. Failure to comply with the mandatory provisions of the Corporate Governance Regulations issued by the CMA may lead to the imposition of regulatory penalties on the Group, which will have a material adverse effect on the Group's business, results of operations, financial position and prospects. If the Group does not comply with such provisions and rules, it may be subject to penalties and fines, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

It should be noted that Directors are bound by duties of care and loyalty towards the Group and its Shareholders to act in their interests. These duties require the Directors to exercise due diligence and act in the best interests of the Group, not their own or those of other stakeholders, including in cases where a Director may have a conflict of interest under a Related Party transaction or carry out a competing activity (for more information, please refer to Section 5.7 "**Direct and Indirect Interests of the Directors and Executive Management**" and Section 12.4.6 "**Transactions and Contracts with Related Parties**" of this Prospectus). If Directors fail to comply with their duties of care and loyalty, they may be subject to liability towards the Group in respect of their acts or shortcomings, in addition to any claims related thereto. Any of these events generally results in the resignation or dismissal of the concerned Director, and a vacant seat on the Board of Directors, which may limit the Board's ability to deliberate on matters and make decisions effectively or in general and may divert the Group's resources in order to find and appoint a qualified nominee. This would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.32 Risks related to Lack of Experience in Managing a Joint-Stock Company Listed on the Exchange

Since its establishment, the Company operated as a limited liability company until its transformation into a closed joint-stock company on 01/05/1445H (corresponding to 15/11/2023G). Majority of the Group's Senior Executives have no to little experience in managing joint-stock companies listed on the Stock Exchange (Tadawul) in the Kingdom and adhering to the rules and regulations related thereto, including the Companies Law and its Implementing Regulations with respect to listed joint-stock companies. Accordingly, the Group's Senior Executives will require internal or external training in the field of management of listed public joint-stock companies and the obligations imposed thereon, including regulatory oversight and reporting obligations, which will require significant attention from Senior Executives and may distract them from the day-to-day management of the Group. If the Company does not comply with the regulations and disclosure requirements imposed on listed companies on time, it will be exposed to regulatory penalties and fines. The imposition of fines on the Company would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.33 Risks related to Litigation

As of the date of this Prospectus, the Group is not a party to any lawsuits or claims as a claimant or defendant. However, the Group may be exposed in the future to lawsuits, claims and other material judicial procedures related to its operations, whether inside or outside the Kingdom, by many parties, including lessees, clients, contractors, suppliers, employees, operators and other third parties. The Group cannot expect that it will not be exposed to any future claims or disputes nor is it able to predict the outcome of any existing or future claims to which the Group may be exposed. In addition, the Group would incur costs in connection with any future claims brought by or against it or as a result of such claims or judgments, including the penalties imposed and resultant damages therefrom. Accordingly, any judgment that is unfavorable to the Group in relation to any future claim would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.34 Risks related to Insufficient Insurance Coverage for the Group's Business and Assets

The Group has several types of insurance policies to provide coverage for its operations and assets, including employee medical insurance, workers' compensation insurance, employer's liability insurance, comprehensive general liability insurance, professional liability insurance, property all risks insurance, professional indemnity insurance, trade credit insurance, political violence insurance, property risk, business interruption, machinery and contractors' equipment breakdown insurance, business interruption and property damage all risks insurance, as well as machinery insurance (for further details on the insurance policies issued to the Group, please refer to Section 12.4.7 "**Insurance**" of this Prospectus). It is worth noting that Araha Environmental Services Company has three insurance policies which it is attempting to renew as of the date of this Prospectus related to employer's liability insurance, workers' compensation, contractors' machinery and equipment insurance, and professional liability insurance. The Group's insurance policies may not provide adequate coverage for all the risks to which its business and assets are exposed. The limits of insurance coverage under these policies may be insufficient to cover the losses that the Group may incur regarding the risks covered, or it may not be insured against such risks, or the relevant insurance policy may have expired and the Group may not be able to renew it. It is worth noting that, as of the date of this Prospectus, Araha Environmental Services Company has not issued a medical insurance policy to its employees. According to Article 144 of the Labor Law, all employers must provide health care to their employees in accordance with the levels determined by the Minister of Labor, taking into account the Cooperative Health Insurance Law. Pursuant to the Ministerial Resolution issued by the Minister of Human Resources and Social Development on 19/05/1445H (corresponding to 03/12/2023G), employers shall be penalized for failing to provide medical insurance for their laborers with a fine of no less than three hundred Saudi Riyals (SAR 300) and no more than one thousand Saudi Riyals (SAR 1,000) per laborer. The Group may not be able to substantiate its claims according to the applicable insurance policies due to the existence of exclusions or limitations in the insurance coverage, such as the limitation of insurance coverage to certain types of accidents, which would result in the Group compensating for losses arising from any other accidents itself. The Group may also be affected by a number of risks that are not covered by insurance or at reasonable rates. The Group may not be able to renew insurance policies on commercially favorable terms, and there can be no assurance that the Group's insurance policies will remain available on commercially acceptable terms to cover relevant events or circumstances or in the event of an uninsured event. There may be future incidents that are not included in the Group's insurance policies to cover potential losses or that are not completely covered by insurance, which may have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.1.35 Risks related to Reliance on IT Infrastructure

The Group relies on the secure and reliable performance of its IT systems in its operations and business management, including in its finance and human resources departments. The Group's information technology systems may be subject to damage resulting from computer viruses, natural disasters, hacker attacks, hardware or software failure, power fluctuations, cyberterrorism and other similar issues. In addition, a breach or failure of the Group's cybersecurity measures could also result in the loss, destruction or theft of confidential or proprietary data, which could expose the Group to liability or material losses to clients, suppliers or dealers of the Group. It is also worth noting that under the general services agreement (for water utilities) concluded with Energy City Operations Company, the Company must apply the latest cybersecurity standards when dealing with Energy City Operations Company's information using the internet and shall comply with the applicable law in the Kingdom in this regard. The Company also bears responsibility for any leakage of Energy City Operations Company's information caused by it (for further details on this agreement, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus).

Cyberattacks and other cyber incidents are occurring with greater frequency and are constantly evolving in terms of their nature and ever more complex tools. If the Group is unable to maintain appropriate cybersecurity measures and keep pace with new and evolving threats, this could make its systems vulnerable. Similar risks exist in relation to third parties who may be in possession of the Group's confidential data, such as its IT support service providers or professional consultants of the Group, banks and Capital Market Institutions that the Group deals with. The weakness of the Group's information technology systems and its failure to detect or respond to cyber incidents in a timely manner or the occurrence of any of the previous damages would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.1.36 Risks related to the Group's Inability to Develop Current Services and Establish New Services

The Group's ability to grow and compete depends on its ability to anticipate changes and developments in technology and the sector and to be able to develop and introduce new services and equipment in water and wastewater treatment in a timely manner. Developing new services and equipment usually necessitates significant capital allocations and requires long-term forecasts regarding market trends, developing new services, equipment and software, as well as putting them into effect. As such, the Group must adapt quickly to changing market conditions and client requirements. If the Group is unable to anticipate or respond to technical developments, changes in industry standards or client requirements in a cost-effective and timely manner, or if the Group is significantly delayed in developing or introducing new services that satisfy clients, this would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.2 Risks related to the Market, Sector and Regulatory Environment

2.2.1 Risks related to Increased Competition in the Water and Wastewater Sectors

The water and wastewater sectors are characterized by a multiplicity of competitors. The Group competes with other companies serving local, regional and international markets. Any of the institutions and companies that have sufficient financial resources, an established track record of the required expertise in the same field or a high rating and access to those with technical expertise may become a competitor to Group in the markets in which it operates. Competition in the water and wastewater sectors depends on a number of competitive factors, including price, type of service provided and quality. Some of the Group's competitors may have lower labor and general expense structures. Thus, they may be able to offer their services at lower prices than the Group. In addition, some of the Group's competitors may have financial, technical and human resources that exceed those of the Group. The Group does not guarantee that its competitors will not develop their expertise and resources with the aim of providing services that exceed the services provided by the Group in terms of price and quality. Likewise, there can be no assurance that the Group will be able to maintain or enhance its competitive position within the markets in which it offers its services, nor can there be any assurance that it will be able to maintain its client base at the same current levels. If the Group is unable to address these competitive challenges, this would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.2.2 Risks related to Changes in the Regulatory Environment

The water and wastewater sectors are subject to numerous applicable laws and regulations in the Kingdom, which may materially affect the Group's business and operations, increase its costs related to the environmental, health and safety accountability and water quality laws and regulations to which its operations are subject, or increase the difficulty of complying with such laws and regulations. The Group may be exposed to fines and penalties if it does not comply with the provisions of these laws and regulations or if it does not implement the licensing requirements, which may change from time to time and in turn may increase the Group's costs or cause damage to its reputation and thus reduce demand for its services.

The Group's operations are also governed by regulations, the implementation of which is supervised by the General Authority of Meteorology and Environmental Protection, which are related to, inter alia, the impact of the materials used on the environment and the handling and disposal of waste. Failure to comply with the provisions of these regulations may result in negative consequences such as fines or an impact on the Group's reputation. The discovery of future cases of contamination in or near the Group's property may lead to the Group incurring additional expenses, which would have a material adverse effect on its business, financial position, results of operations and prospects.

Environmental regulations and requirements are also expected to become more stringent, which may lead to increased liabilities, compliance costs and capital expenditure. Moreover, the Group may face difficulty in complying with the applicable requirements or obtaining financing for its projects. In connection with these environmental laws, regulations and requirements, the Group may need to obtain new or amended permits, purchase replacements or allowances, or install costly technological means to comply therewith. Such changes would have a material adverse effect on the Group's business, financial position and results of operations.

In addition, regulatory requirements are liable to change and may require interpretation and clarification, which may force the Group to incur significant expenses, lead to amendment of its business practices in order to align with what is stipulated in current or future laws and regulations, or restrict its ability to conduct its business, which would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

2.2.3 Risks related to the Competition Law and its Implementing Regulations

If the Group occupies a dominant position in the market or is so classified by the General Authority for Competition, the Group's operational activities will be subject to the terms and conditions stipulated in the Competition Law issued pursuant to Royal Decree No. M/75, dated 29/06/1440H (corresponding to 06/03/2019G), and its Implementing Regulations issued by the Board of the General Authority for Competition pursuant to Resolution No. 337, dated 25/01/1441H (corresponding to 24/09/2019G). The Competition Law aims at protecting legitimate competition in Saudi markets, as well as establishing and strengthening market rules along with free and transparent pricing. In the event that the Group violates the provisions of the Competition Law and a judgment is issued against it in relation to the said violation, the Group may be exposed to substantial fines, subject to the discretion of the General Authority for Competition. In addition, the General Authority for Competition has the right to request a temporary or permanent suspension (partial or complete) of the Group's activities in the event of repeated violations by the Group. In addition, the defense and litigation procedures in such cases would be lengthy and expensive for the Group. The occurrence of any of these risks may have a material adverse effect on the Group's revenue, financial position, results of operations and prospects.

In addition, pursuant to Article 7 of the Competition Law, entities participating in any economic concentration activity must notify the General Authority for Competition for approval of such concentration at least ninety (90) days prior to the completion of the relevant transaction. The Law defines "**economic concentration**" broadly to include, among other things, any total or partial transfer of ownership of shares, and stipulates that the Implementing Regulations shall specify the application procedures to be followed. The Implementing Regulations of the Law set a new limit regarding transactions that require the approval of the General Authority for Competition. If the total revenues of the entities participating in the merger or SPA exceed two hundred million Saudi Riyals (SAR 200,000,000), the relevant parties must submit a request to the General Authority for Competition at least ninety (90) days prior to completion of the transaction. The General Authority for Competition issued some guidance regarding specifying the entities that will be taken into account when determining whether the above-mentioned limit has been exceeded or not. In practice, the parties to the relevant transaction (along with any other controlled entity within their groups) shall be taken into account. Due to the size of the Group and its large participation in the Saudi market, any commercial transaction completed by Group members could reach the limit of two hundred million Saudi Riyals (SAR 200,000,000). As a result, it may be necessary to notify the General Authority for Competition of such transaction for approval thereof. This applies even if such transaction is conducted outside the Kingdom, regardless of its size.

In addition, the General Authority for Competition shall be notified of all mergers and acquisitions conducted by the Group that are considered economic concentrations. The General Authority for Competition has the right under the Competition Law to deny any such transaction if it deems it harmful to competition in the Kingdom. The General Authority for Competition has a period of ninety (90) days to submit its response. If it is proven that notification is required and the parties proceed with completing the proposed transaction without requesting the approval of the General Authority for Competition, the General Authority for Competition may impose (1) a fine of up to 10% of the annual sales which are in violation, (2) a fine not exceeding ten million Saudi Riyals (SAR 10,000,000) when it is impossible to estimate annual sales, or (3) a fine of up to three times the amounts profited by the violators as a result of the transaction. In addition, the General Authority for Competition may require the violator or violators (as the case may be) to take all necessary steps to correct the violation, including cancellation of the entire transaction, and daily penalty fees of up to ten thousand Saudi Riyals (SAR 10,000) may be imposed until the violation is fully corrected.

Based on the aforementioned, there is a risk that the necessary notification for economic concentration deals will not be provided to the General Authority for Competition, or the General Authority for Competition will issue a conditional approval for a transaction for which notice is submitted which the Group cannot fulfill or abide by, or that the General Authority for Competition will reject certain transactions or delay their completion until it issues its decision. The General Authority for Competition may impose the above-mentioned penalties and fines on any of the Group companies if they do not comply with the provisions of the Competition Law and its Implementing Regulations. If any of the risks mentioned above occur, this may have a material adverse effect on the Group's business, financial position and results of operations.

2.2.4 Risks related to General Economic Conditions

The Group's operations are mainly located within the Kingdom. Therefore, the Group's performance, results of its operations and growth prospects are be affected by the general economic conditions in the Kingdom, as well as the economic conditions at the regional and international levels which affect the Kingdom's economy. Furthermore, negative developments in international relations or economic and political conditions emerging in other countries may negatively affect the Kingdom's economy, foreign direct investment therein or in the capital markets within the Kingdom in general, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

The Kingdom's economy relies heavily on oil revenues, which contribute significantly to the economic plan and GDP of the Kingdom. Any decline in oil prices will lead to an economic slowdown and a slowdown in the government's spending plans, which will affect the Kingdom's economy and thus have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.5 Risks related to Political Instability and Security Concerns in the Middle East

The Group's assets, clients and core operations are located in the Kingdom, and the Middle East region, including the Kingdom, is exposed to a number of geopolitical and security risks. This may entail negative geopolitical events and unrest in the Middle East and its surrounding areas (which may or may not include the Kingdom). Therefore, investments in the Middle East are characterized by a relatively high degree of uncertainty. Any unexpected changes in political, social, economic or other conditions in countries located in the Middle East region, or any future terrorist attacks or acts of sabotage targeting the Kingdom or surrounding countries, would have a material adverse effect on the markets in which the Group operates or may operate in the future and could affect its ability to maintain clients and attract them in such regions. This would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.6 Risks related to the Prices of Energy, Water and Related Materials and Services

The Group's contractors rely heavily on basic construction materials, including, but not limited to, cement and iron. Some of these materials are provided locally while the remaining part is provided by importing from abroad. Therefore, any shortage in the availability of materials necessary to complete construction operations will result in a noticeable increase in the pricing thereof, which will cause the Group to incur costs that significantly exceed its current estimated costs as a result of increased costs of materials, labor and other costs, in addition to the incurrence of other unexpected costs, including, but not limited to, any fees that the state may impose on the import of building materials or increases in the price thereof due to their scarcity in the market. This makes implementing or operating projects, or both, economically unfeasible, as the Group may not be able to price its contracts and projects sufficiently to compensate for the increased costs.

The Council of Ministers also issued Resolution No. 95, dated 17/03/1437H (corresponding to 28/12/2015G), raising energy prices (including fuel) and electricity, as well as water and sewage tariffs for the residential, commercial and industrial sectors as part of the Kingdom's policies intended for rationalizing the government support program. The Ministry of Energy and Industry issued a statement dated 24/03/1439H (corresponding to 12/12/2017G) on the Fiscal Balance Program plan to reform prices of energy products. It resulted in an increase in prices of gasoline 91, gasoline 95, diesel for industry and facilities, diesel for transportation and kerosene as of 14/04/1439H (corresponding to 01/01/2018G).

The Group's electricity expenses amounted to SAR 18.2 million, SAR 17.6 million, SAR 14.7 million and SAR 13.7 million in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively. The price increases described above, in addition to any other potential increases, may result in a reduction in the Group's discretionary spending rate. Consequently, the Group's business may be adversely affected, and the Group's operating expenses may increase. This would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.7 Risks related to Outbreaks of Infectious Diseases

An outbreak of any communicable disease in the Kingdom or any other place or any other serious public health concern could have a material adverse effect on economies, capital markets and business activities worldwide, including on the Group's business. For example, the global COVID-19 pandemic caused by a new strain of SARS-CoV-2, as announced by the World Health Organization, led to certain preventive measures by governments, companies and individuals that resulted in global business disruptions. The COVID-19 pandemic negatively affected global economies, capital markets, global oil demand and pricing, as well as the general environment in which the Group operates due to strict preventive measures, restrictions on travel and public transportation, stay-at-home requirements, social distancing practices and prolonged closure of workplaces and economic activities, which caused significant damage to the economy of the Kingdom and the economies of the countries in which the Group operates. In addition, the re-imposition of preventive or additional measures due to an outbreak of infectious disease, whether the COVID-19 pandemic or other diseases, may lead to a prolonged decline in oil prices, an exacerbation of the decline, or a long-term negative impact on the Kingdom's economy or the economies of the countries in which the Group operates. This would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.8 Risks related to Non-Compliance with Saudization Requirements

Compliance with Saudization requirements is a statutory requirement in the Kingdom, whereby companies operating in the Kingdom, including the Group, are required to employ and maintain a certain percentage of Saudi employees among their staff. Such percentage varies based on the activity of each entity as stipulated in the "**Nitaqat**" program. The Company and each of its Material Subsidiaries are currently in compliance with the Saudization requirements as of the date of this Prospectus and are classified within the medium-green and high- green ranges as per the "**Nitaqat**" program (for more information regarding the Saudization percentages of the Company and its Material Subsidiaries, please refer to Section 4.13 "**Saudization and Nitaqat**" of this Prospectus). However, the Group may not be able to continue to comply with the requirements of the Saudization and "**Nitaqat**" programs, which would expose the Group to sanctions by the relevant government agencies, including suspension of work visa applications, suspension of sponsorship transfer applications for non-Saudi employees and exclusion from government competitions and loans. The Group may not be able to appoint Saudi employees on appropriate terms or at all and it may be unable to maintain its current Saudi employees, which may affect its ability to meet the required Saudization percentage. Moreover, there may be a significant increase in salary costs if the Group hires further Saudi employees. The occurrence of any of the above will have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.9 Risks related to Foreign Currencies and Exchange Rates

The Group engages in operational transactions that are not denominated in Saudi Riyals and is therefore exposed to foreign exchange risk. The Saudi Riyal is currently pegged to the US dollar at a fixed rate. However, the Kingdom may cancel or change this peg in the future, which will cause the US dollar-denominated value of the Group's assets and liabilities to fluctuate. Any arrangements made by the Group to hedge against foreign exchange fluctuations may not be sufficient to manage all of its risks, as foreign exchange rate fluctuations may have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.10 Risks related to Employee Costs

The Kingdom has implemented a number of reforms aimed at increasing Saudi employees' participation in the labor market, including imposing fees on non-Saudi employees employed at Saudi institutions as well as fees on the residence permits of non-Saudi employees' family members. Non-Saudi employee fees came into effect on 14/04/1439H (corresponding to 01/01/2018G), while residence permit fees became effective on 07/10/1438H (corresponding to 01/07/2017G), noting that such fees were gradually increased to ten thousand, two hundred and fifty Saudi Riyals (SAR 10,250) annually per employee in 2020G. As of 30 September 2023G, non-Saudi employees constituted 76.9% of the Group's total employees. The application of these fees and increases led to an increase in the government fees paid by the Group for its non-Saudi employees, which amounted to SAR 2.5 million, SAR 2.48 million, SAR 2.67 million and SAR 2.76 million in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively. In addition, an increase in fees payable by non-Saudi employees for their family members resulted in higher living costs, which may affect the attractiveness of the Kingdom for such employees who may look to relocate to other countries with lower living costs. Consequently, the rise in government fees and the difficulty of retaining non-Saudi employees will have a negative impact on the Group's business, results of operations, financial position and prospects.

MHRSD officially announced the launch of the "**Improving the Contractual Relationship**" initiative, which includes a number of policies and controls, such as replacing the sponsorship system with an employment contract between employers and the expatriate laborers, as of 01/08/1442H (corresponding to 14/03/2021G). Within the framework of this initiative, the Kingdom strives to improve and develop the efficiency of the work environment, enhance the flexibility, effectiveness and competitiveness of the labor market and increase its attractiveness in line with international best practices, as well as apply a contractual agreement in the work relationship between employers and employees on the basis of an employment contract documented through the Labor Contract Documentation Program. The employee transfer service also allows expatriate laborers to transfer to any other job at the end of the employment contract without the need to obtain their employer's approval. In addition, the initiative also defines transfer mechanisms during the contract period, provided that the notice period and applicable controls are adhered to. The exit and re-entry service allows expatriate laborers to travel outside the Kingdom upon submitting a request to do so while notifying employers electronically. The final exit service enables expatriate laborers to leave immediately after the end of the contract while notifying their employers electronically, without the need to obtain the employer's approval. The initiative also grants the laborer the option to leave the Kingdom, provided that the laborer bears all the consequences of terminating the contract. All such services are available through the "**Absher**" and "**Qiwa**" platforms launched by MHRSD. Accordingly, the Group may be negatively affected if a large number of non-Saudi employees decide to move to other companies, in which case the Group will be unable to prevent them from doing so, except as stipulated in the employment contracts concluded with such employees. Hence, the Group may face difficulties in contracting with new employees to replace them. In the event that the Group loses a large number of its non-Saudi employees due to their transfer to other companies and is unable to replace them with new employees, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.11 Risks related to Changes in the Mechanism for Calculating Zakat and Income Tax

ZATCA issued Circular No. 6768/16/1438, dated 05/04/1438H (corresponding to 04/12/2016G), which requires Saudi companies listed on the Stock Exchange (Tadawul) to calculate income and zakat based on the nationality of shareholders and actual ownership of Saudi, GCC and other nationals as stated in the "**Tadawulaty**" system at the end of the year. Before this circular, companies listed on the Stock Exchange were generally subject to the requirement to pay zakat or tax based on the ownership of their founders in accordance with their bylaws. Listing of shares was not a factor in determining the zakat base. This circular was scheduled to be implemented in the year ended 31 December 2016G and for subsequent years. However, ZATCA issued its letter No. 12097/16/1438, dated 19/04/1438H (corresponding to 17/01/2017G), which states that the implementation of this circular would be postponed for the financial year ended 31 December 2017G and for subsequent years.

Under the Income Tax Law issued pursuant to Royal Decree No. M/1, dated 15/01/1425H (corresponding to 07/03/2004G), as amended, income tax applies to (1) any resident capital company with respect to shares owned directly or indirectly by non-Saudi or non-GCC persons, and those persons engaged in the production of oil and hydrocarbons, except for the following (in which case, the relevant resident company is subject to zakat): (2) shares owned in any resident capital company listed on the Stock Exchange and purchased for the purpose of speculation through trading on the Stock Exchange, and (3) shares owned directly or indirectly by persons working in the field of oil and hydrocarbon production in resident capital companies listed on the Stock Exchange, as well as shares owned directly or indirectly by such companies in capital companies, (b) any non-Saudi resident natural person who undertakes business activities in the Kingdom, (c) any non-resident person who undertakes activities in the Kingdom through a permanent establishment, (d) any non-resident person who has other taxable income from sources within the Kingdom without having a permanent project, (e) any person working in the areas of investment in natural gas, and (f) any person working in the production oil and other hydrocarbons.

The Group cannot anticipate the changes made by ZATCA to the mechanisms for calculating both zakat and income tax. If any future changes are applied to the Group that cause the Group to incur additional costs, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.2.12 Risks related to Floods, Earthquakes and Other Natural Disasters or Disruptive Acts

The occurrence of natural disasters or disruptive acts that are beyond the Group's control may adversely affect the Group's facilities, employees or assets. In the event of any damage to the Group's facilities, assets or equipment, including its data storage centers, as a result of floods, earthquakes, storms or other natural disasters, or as a result of acts of sabotage such as terrorist attacks, this will result in data loss, system disruption and physical damage to vital equipment and structures of the Group, which will lead to the suspension of the Group's operations, increased costs and decreased revenue. The occurrence of any of the above-mentioned cases will have a material adverse effect on the Group's business, results of operations, financial position and prospects.

2.3 Risks related to the Offer Shares

2.3.1 Risks related to Actual Control by Vision Invest Post-Offering

After completion of the Offering, Vision Invest will own 70% of the Company's share capital. As a result, Vision Invest will be able to control matters that require Shareholder approval and will be able to significantly influence the Company's business, including important matters such as the election of Directors, material transactions of the Company, dividends and capital adjustments. If the interests of Vision Invest conflict with those of the Company's minority Shareholders (including the Subscribers), the minority Shareholders might be disadvantaged, and Vision Invest will be able exercise its control over the Company in a way that may have a negative impact on the Company. This will have a adverse effect on Subscribers' expected returns and/or result in the loss of all or part of their investment in the Company.

2.3.2 Risks related to the Lack of an Active, and Liquid Market for the Shares

There has previously been no public market for the Company's shares. As such, there is currently no market for the Company's shares. Moreover, there may not be an active trading market for the Company's shares after the Offering. Even if such market were to exist, it may not be sustained. The absence or lack of continuity of an active market with high liquidity may have a material adverse effect on the trading price of the Company's shares or lead to Subscribers losing all or part of their investment in the Company, which would affect the expected returns of Subscribers.

2.3.3 Risks related to Fluctuations in the Market Price of the Shares

The Offer Price may not be an indication or guide to the price at which the shares will be traded after completion of the Offering. Subscribers may not be able to resell the Offer Shares at or above the Offer Price, or at all. Resale of the Offer Shares by Subscribers will be subject to the volatility limits imposed by the Stock Exchange (Tadawul), which may limit the ability to buy or sell shares that are below or in excess of such limits, and thus restrict the tradability of shares in general and the rate of return that can be achieved. The trading price of the shares may also be volatile and may fluctuate significantly as a result of a variety of factors, many of which are beyond the Group's control, including the following:

- Negative fluctuations in the Group's operating performance and improvements in the performance of its competitors.
- Actual or expected fluctuations in the quarterly or annual results of the Group's operations.
- Devaluations or changes in research coverage by equity research analysts in relation to the Group, its competitors or the sector in which it operates.
- Public reactions to the Group's press releases and other public announcements.
- The inability of the Group or its competitors to meet analysts' forecasts.
- The appointment or resignation of key personnel.
- Changes in the Group's business strategy.
- Changes in the regulatory environment.
- Any changes in applicable accounting rules and policies.
- Political or military developments or terrorist attacks in the Middle East or elsewhere.
- Political, economic or other developments in or affecting the Kingdom, or political or military developments or terrorist attacks in the Middle East or elsewhere.
- Exemption from or expiration of the Lock-up Period or other transfer restrictions on the shares.
- Natural and other disasters.
- Any changes in the general market and economic conditions.

Any of these factors may result in large and sudden changes in the trading volume and market price of the shares, which, in turn, may lead to a material adverse effect on the Subscribers' anticipated returns and/or result in the loss of all or a portion of their investment in the Group.

2.3.4 Risks related to the Company's Ability to Distribute Dividends

The Company may not be able to distribute dividends, or the Board of Directors may not recommend the distribution of dividends and the Shareholders may not approve their distribution for any reason. The future distribution of dividends will depend on several factors, including, inter alia, the Group's future profits, financial position, cash flows, working capital requirements, capital expenditure and distributable reserves (for further information on the Group's dividend policy, please refer to Section 7 "**Dividend Distribution Policy**" of this Prospectus).

It is worth noting that under the Islamic credit facility agreement concluded with Arab National Bank, the Company undertakes not to distribute or announce the distribution of dividends to Partners or Shareholders or to repay any loans to the same in the event of any of the breach cases mentioned in the agreement (for more information, please refer to Sections 2.1.1 "**Risks Related to Financing and Credit Facilities**" and 12.4.5 "**Financing Agreements**" of this Prospectus). In addition, the Company may be subject to the terms of its future financing agreements, which may include restrictions on any dividends. The Company may incur expenses or liabilities that will reduce or exhaust the cash available for dividend distribution. If the Company does not pay dividends on the shares, Shareholders will not receive any return on investment in the shares unless they sell the shares at a price higher than the Offer Price. There is no guarantee that the Company will be able to distribute dividends to Shareholders or that the distribution of dividends will be recommended by the Board of Directors or approved by the Shareholders, which may have a material adverse effect on investors' expected returns on investment in the Offer Shares.

2.3.5 Risks related to Selling a Large Number of Shares on the Exchange Post-Offering

The sale of a large number of shares on the Exchange after the completion of the Offering or the perception that such sale will occur may adversely affect the market price of the shares. Vision Invest will be subject to a Lock-up Period of six (6) months after listing of the Company's shares wherein it will be prohibited from disposing of any shares it owns during such period. The sale of a large number of shares by Vision Invest after the end of the Lock-up Period, or the perception that such sale will occur, would have a material adverse effect on the Exchange and may lead to a decline in the market price of the shares.

Furthermore, if the Company decides to increase its share capital by issuing new shares, the new shares may negatively affect the market price of the shares and dilute Shareholders' ownership in the Group if they do not subscribe for such new shares. The occurrence of any of the foregoing factors would have a material adverse effect on Subscribers' anticipated returns or may result in the loss of all or a portion of their investment in the Company.

2.3.6 Risks related to Research Published about the Company

The trading price and volume of the Offer Shares will depend in part on the research published by securities analysts or sector analysts regarding the Company and its business. If analysts do not conduct sufficient research on an ongoing basis or if one or more analysts covering the Company scale back their recommendations regarding the shares or publish research on the Company's business that lacks accuracy or includes results that are not in the Company's favor, this may lead to a decline in the market price of the shares. In addition, if one or more of these analysts publishing research ceases coverage of the Company altogether or does not publish regular reports on it, the Company may lose standing and visibility in the capital markets, which could cause the market price of the shares to decline significantly.

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3. MARKET AND INDUSTRY DATA

3.1 Introduction

The information shown in this section 3 (Market and Industry) is based on an independent market study dated 29/11/2023G (15/05/1445H) developed by Arthur D. Little Saudi Arabia (hereinafter referred to as the "Market Consultant") exclusively for the company. The company has contracted Arthur D. Little Saudi Arabia to develop a market study covering the water supply sector in the Kingdom of Saudi Arabia. Arthur D. Little Saudi Arabia is an independent company established in Riyadh in 2010G, that provides strategic advisory services and market research. Arthur D. Little started its operations in Saudi Arabia in the 1950s.

It should be noted that neither the market study consultant nor any of its affiliates or sister companies, partners, shareholders, members of its board of directors, directors or their relatives, own any kind of share or interest in the company or its affiliate companies. The market study consultant has provided their written consent on the use of their name, the market information and data provided by them to the company as shown in this document, and such approval has not been withdrawn to date.

The board of directors observe that the information and data shown in this document and received from other sources, including those provided by the market study consultants reliable. However, neither the company nor the members of the board of directors or its directors or other consultants have checked or verified the accuracy or completion of the information shown in this section, and none of them shall assume any responsibility as to such information. As well, such information shall not constitute the sole basis for taking or refraining to take any investment-related decisions.

Conclusions shown in this section are the results of the exercise of the best professional judgement of the market research consultant, based in part upon materials and information collected by them through primary research with sectoral experts, and by secondary research on third party sources, government agencies and other agencies.

Although this document represents the Market Consultant's current view of the market sizing, growth and dynamics, actual realization of forecasts is contingent on several factors. These include but are not limited to timely and effective implementation of policy initiatives, global evolution or changes, extraordinary developments that impact regional or global economies, technological progress and maturity, regulatory changes and developments, and industry trends and movements.

As a result, the use of this report by any third party for whatever purpose should not, and does not, absolve such third party from using their own due diligence and competent business judgement in verifying the report's contents or deriving conclusions from the same

3.2 Research and Information Collection Methodology

All analysis outlined in this section is a product of comprehensive research conducted by the Market Consultant during the period November 2023:

1- Secondary research on publicly available sources such as government entities, academic reports, publicly available documents reported by market participants, and industry reports from reputed sources;
2- Analysis of commercial information provided by the company, including but not limited to revenue and project pipeline.
3- Primary research with subject matter experts.
4- Information available within the best judgement and expertise of the Market Consultant's team members;
5- Analysis of data collected from multiple sources, cross referencing and comparison to arrive estimates representative of market realities in the best judgement of the Market Consultant.

Examples of sources of data utilized for developing the report include: General Authority for Statistics (GASTAT), Saudi Central Bank (SAMA), Ministry of Finance budget reports and analyses, Ministry of Environment Water & Agriculture (MEWA) reports, Saudi Vision 2030 documents, Saudi National Water Strategy, Saudi Water Partnership Company (SWPC) 7-year statement 2022-2028 and other publicly available resources.

3.3 Global Water Sector Trends

The global water sector is marked by ongoing expansion, evidenced by a consumption of 4,023 billion cubic meters in the year 2020G. Over the period spanning 2015G to 2020G, a modest yet discernible compound annual growth rate (CAGR) of 0.16% was recorded. This growth is principally attributed to the confluence of population growth, industrialization, and heightened agricultural activities.

Population growth, accompanied by industrialization and intensified agricultural practices, stands out as the primary impetus behind the burgeoning demand for water and wastewater treatment, recycling and disposal. The expansion of the global population is intricately linked to heightened needs for water in households, industries, and agricultural operations.

The escalating global population directly correlates with an augmented demand for water in diverse sectors, including households, industries, and agriculture. This escalating demand necessitates a strategic and efficient approach to water management and conservation. As the demand for water intensifies, addressing water scarcity and championing environmental sustainability become paramount imperatives.

In the face of these trends, the imperative for efficient water management strategies and conservation efforts becomes increasingly pronounced. The global community must proactively engage in measures that balance the escalating demand for water with the imperative of preserving this invaluable resource for future generations.

Table (3.1): Annual Global Water Consumption by segment from 2015G to 2020G (billion cubic meters)

	2015G actual	2016G actual	2017G actual	2018G actual	2019G actual	2020G actual	CAGR actual
Agricultural	2,872	2,885	2,893	2,888	2,899	2,889	0.1%
Industrial	642	637	643	641	628	608	-1.1%
Municipal	477	498	501	507	520	526	2.0%
TOTAL	**3,990**	**4,020**	**4,037**	**4,036**	**4,047**	**4,023**	**0.2%**

Source: Food and Agricultural Organization Aquastat 2020

Simultaneously, climate change is a critical factor contributing to water scarcity, characterized by escalating temperatures, extreme weather events, and precipitation variability that significantly impact water resources. Extreme weather events present risks such as sewage system overflows and contaminant runoff, while rising temperatures exacerbate harmful algae growth, compromising water quality. Variability in precipitation and snowmelt patterns disrupts the predictability of freshwater supplies, making planning for needs increasingly complex. United Nations Water projections indicate that for every degree of global warming, 7% more of the world's population will experience a 20% or more reduction in renewable water resources, adversely affecting agriculture and the quality of daily life. This underscores the urgency of addressing climate change and implementing effective water resource management and conservation strategies.

Addressing the increasing need for more efficient water supply management and the development of new infrastructure, privatization has emerged as a global trend since the 20th century. When appropriately managed and regulated, privatization holds the potential to enhance water supply systems' efficiency, drive infrastructure improvements, and elevate service delivery standards. This approach can stimulate innovation, attract investment, and foster technological advancements in the water sector, ultimately benefiting the public. It underscores the significance of responsible privatization practices as a strategic tool in addressing the evolving challenges of water resource management on a global scale.

3.4 Saudi Arabian Macroeconomic Overview

3.4.1 Economic indicators

The Kingdom's economy was growing during the period from 2020G to 2022G. The nominal GDP increased from SAR 2.8 trillion in 2020G to SAR 4.2 trillion by 2022G. Following the decline caused by the Covid-19 pandemic in 2020G, the real GDP rebounded and achieved a growth of 4% in 2021G and 9% by 2022G.

The Table below illustrates the dynamics of the key economic indicators from 2020G to 2022G.

Table (3.2): Key economic indicators, from 2020G to 2022G

	2020G actual	2021G actual	2022G actual
Nominal GDP (SAR trillion)	2.8	3.3	4.2
Real GDP Growth (annual, %)	(4%)	4%	9%
Nominal GDP per capita (SAR)	87,268	105,807	129,154
Average Oil (Brent) Price (USD/barrel)	41.76	70.68	100.78
Repo rate (at the end of the year, %)	1.75	1.75	5.00
Inflation (%)	1.28	4.38	6.97

Sources:

General Authority for Statistics (GASTAT), Annual National Account Publication 2022, Saudi Consensus 2022G (Population 2010G-2022G) and Annual Consumer Price Index Publication;

US Energy Information Administration, Spot Prices for Crude Oil and Petroleum Products, Monthly Europe Brent Spot Price FOB (Dollars per Barrel);

Saudi Central Bank, Monetary Operations, Repo Rate

The oil market witnessed substantial fluctuations between January 2020G and September 2023G (Table 3.2 "**key economic indicators from 2020G to 2022G**"). The price per barrel followed a consistent upward trajectory starting from 2020G, driven by the recovery after Covid-19 and geopolitical events like the conflict in Ukraine until reached USD 123 in June 2022G and then stabilized between USD 80 and USD 95.

The most prominent sector of the Kingdom's economy has remained Mining and Quarrying, representing 33% of the Nominal GDP or 37.8% of the real Gross Value Added in 2022G, driven by the reliance of the oil industry in Saudi Arabia. However, this share declined from 39.5% in 2015G to 35.5% in 2021G. In 2022G, it increased to 37.8% (Table 3.3 "**Sectors contribution to the real Gross Value Added in 2022G**") driven by crude oil price and supply changes due to the Russian-Ukrainian conflict. During the same period, economic diversification measures and policies undertaken by the government has resulted in growth in the share of other sectors in the Kingdom's real Gross Value Added, most notably in manufacturing – which grew from 12% in 2015G to 12.4-12.5% in 2021-2022G and finance & real estate sector – which grew from 9% in 2015G to 10.0-10.6% in 2021-2022G.

The following table presents the Kingdom's real Gross Value Added structure across sectors as of 2022G.

Table (3.3): Sectors contribution to the real Gross Value Added in 2022G (%)

Sectors	2015G actual	2021G actual	2022G actual
Mining and quarrying	39.5%	35.5%	37.8%
Government services	13.7%	14.3%	13.5%
Manufacturing	12.0%	12.5%	12.4%
Finance, Insurance, Real Estate & Business Services	9.0%	10.6%	10.0%
Wholesale & Retail Trade, Restaurants & hotels	9.2%	9.9%	9.5%
Transport, Storage & Communication	5.6%	5.8%	5.9%
Construction	4.8%	4.3%	4.1%
Electricity, Gas and Water	1.3%	1.2%	1.1%
Others[1]	4.9%	5.9%	5.7%

Source: General Authority for Statistics (GASTAT), Annual National Account Publication 2022

(1) Others include Community, Social, and Personal Services in addition to Agriculture, Forestry and Fishing.

3.4.2 Fiscal indicators

According to the Budget Statement, sourced from the Ministry of Finance, the Government's revenues was increasing with a CAGR of 8% from 2018G to 2022G, reaching SAR 1,234 billion in 2022G. This growth was driven by both oil and non-oil sources. During the same period of time, the government expenditures was increasing more slowly with a CAGR of 1.2% from 2018G to 2022G, reaching SAR 1,132 billion in 2022G. As a result, the budget balance achieved a surplus in 2022G.

The following table shows the Kingdom's fiscal indicators from 2018G to 2022G and respective CAGRs.

Table (3.4): The Kingdom's Fiscal Indicators from 2018G to 2022G

	2018G actual	2019G actual	2020G actual	2021G actual	2022G actual	CAGR
Government Revenue						
Oil Revenue (SAR Billion)	611	594	413	562	842	8.3%
Non-oil Revenue (SAR Billion)	295	333	369	403	392	7.4%
Non-oil Tax Revenue (SAR Billion)	168	220	226	317	315	17.0%
Non-oil Other Revenue (SAR Billion)	127	113	143	86	77	(11.8%)
Total (SAR Billion)	**1,201**	**1,260**	**1,151**	**1,368**	**1,626**	**8%**
Government Expenditures						
CAPEX (SAR Billion)	188	169	155	117	151	(5.3%)
Employee compensation (SAR Billion)	484	505	495	496	506	1.1%
Other OPEX (SAR Billion)	407	385	426	426	475	3.9%
Total (SAR Billion)	**1,079**	**1,059**	**1,076**	**1,039**	**1,132**	**1.2%**
Budget deficit and debt						
Surplus / Deficit (SAR Billion)	(174)	(133)	(294)	(73)	102	-
Surplus / Deficit to GDP	(5.9%)	(4.5%)	(11.2%)	(2.3%)	2.6%	-
Debt (SAR Billion)	560	678	854	938	985	15.2%
Debt to GDP	19%	22.8%	32.5%	30.0%	24.9%	-
Reserves						
Government Reserves (SAR Billion)	490	470	359	347	394	(5.3%)

Source: Ministry of Finance, Budget Statement reports for fiscal years 2019G to 2023G, Fiscal Developments section

Monetary indicators

The Saudi Central Bank (SAMA) has taken deliberate actions to adjust the Kingdom's repo rate over the period from 2020G to 2023G (Table 3.2 "key economic indicators from 2020G to 2022G"). The repo rate was 2.25% in January 2020G, then was reduced to 1% in March 2020G, and then steadily increased to reach its highest point at 6% by July 2023G.

The high correlation between the oil prices and the repo rate (Table 3.2 "key economic indicators from 2020G to 2022G") is an example of the Kingdom's adaptive response to the global economic and market dynamics. SAMA proactively adjusts the repo rate addressing potential inflationary pressures and ensuring stability in domestic monetary and financial matters.

3.4.3 Employment Landscape

The total unemployment rates are stable, fluctuating around 5%. At the same time, the unemployment rate for Saudi citizens decreased significantly in 2022G.

The table below shows the unemployment rates in the Kingdom with a breakdown of unemployment rates among Saudis (Males and Females) and Non-Saudis from 2016G to 2022G.

Table (3.5): Unemployment Rates Overview, 2016G-2022G (%)

Category	2016G actual	2017G actual	2018G actual	2019G actual	2020G actual	2021G actual	2022G actual
Total Unemployment (%)	5.6	6	6	5.7	9	6.9	4.8
Saudis (%)	12.3	12.8	12.7	12	15.4	11	8
Non-Saudis (%)	0.5	0.7	1	0.4	3.1	2.9	1.5
Saudi Males (%)	5.9	7.5	6.6	4.9	8.1	5.2	4.20
Saudi Females (%)	34.5	31	32.5	30.8	31.4	22.5	15.4

Source: General Authority for Statistics

Saudi Arabia has set a target to reduce the unemployment rate for Saudis to 7% by 2030G. Additionally, there's a proactive initiative in place aiming to create approximately one million job opportunities for Saudi women within the same timeframe.

The changing employment landscape can potentially affect the water demand in the following ways:

- **urbanization & population growth:** as employment opportunities grow and the economic landscape stabilizes, there might be an increased influx of people to urban areas seeking employment. Urban centres generally consume more water, leading to increased demand;
- **industrial demand:** higher employment rates reflect growth in industries and businesses. As enterprises expand, especially those dependent on water for cooling or other processes, the water consumption will increase;
- **higher living standards:** with more individuals employed, household incomes increases. Increased income often correlates with higher consumption patterns, including water usage, as people invest in amenities, gardening, etc.

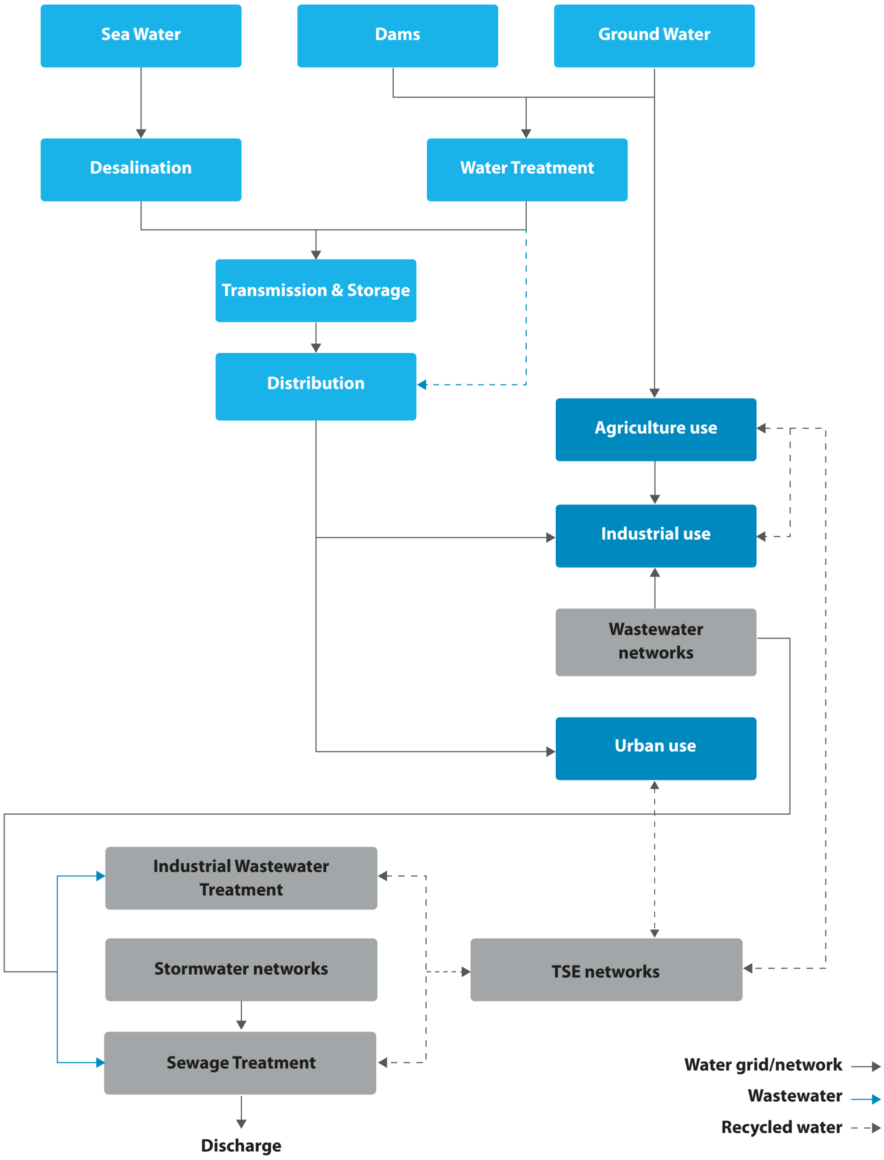
3.5 KSA Water Sector Overview

3.5.1 Water Supply Value Chain

The water supply value chain in the Kingdom (Figure 3.1 "**Water Sector Value Chain**") involves various stages to ensure provision of clean and safe water:

- **sourcing and treatment:** the process begins with the sourcing of water from various natural sources, such as groundwater, seawater, or surface water. Once sourced, the water undergoes treatment to remove impurities and make it safe for consumption. The current daily water treatment capacity of ground, surface water and direct wells in the Kingdom is 3.1 million cubic metres;
- **storage and transmission:** after treatment, the water is stored in reservoirs or tanks before being transmitted through an intricate network of pipelines to urban and rural areas. This ensures a continuous supply to various regions within the Kingdom. Saudi Arabia currently has reservoir capacity of 23.3 million cubic metres;
- **distribution:** the distribution network includes a series of pipes, pumps, and distribution points to deliver water to homes, businesses, and industries across the country, ensuring a reliable water supply to the population. The total water pipes network currently comprises 127,525 km;
- **wastewater collection and treatment:** the wastewater/ sewage generated from municipal and industrial activities is collected and treated to meet environmental standards, preventing pollution and promoting public health. The Kingdom currently has sewage network of 46,681 km and sewage treatment capacities of 6.4 million cubic metres per day;
- **treated water recycling and reuse:** to address water scarcity and promote sustainability, Saudi Arabia also emphasizes the recycling and reuse of treated water, which can be used for agricultural irrigation, industrial processes and other non-potable purposes. The Kingdom had reached wastewater reuse rate of 22.5% in 2022G.

Figure (2): Water Sector Value Chain



Source: Company

3.5.2 Key Water Ecosystem Stakeholders

The water value chain in Saudi Arabia involves significant participation from both government and private entities, with each entity playing a distinct role:

Government owned companies/ offtakers:

- **National Water Company (NWC):** NWC is mandated to oversee the entire water value chain, managing sourcing, treatment, storage, transmission, distribution, and wastewater treatment for the municipal sector across Saudi Arabia;
- **Saudi Water Partnership Company (SWPC):** SWPC facilitates private sector involvement in the water sector throughout the entire value chain; currently has 50 projects, including 19 in sewage treatment, under tendering for private companies like Miahona;
- **Saudi Irrigation Organization (SIO):** SIO is responsible for the development and management of agricultural irrigation. It also oversees and ensures transport of treated wastewater for reuse purposes across all sectors;
- **Saline Water Conversion Corporation (SWCC):** SWCC is primarily responsible for operation of desalination plants to produce freshwater for domestic, industrial, and agricultural use;
- **Water Transmission and Technologies Company (WTTCO):** WTTCO manages, operates, and maintains transmission, storage, and dispatch systems.

Private companies:

- **BOOT/ BOT (as well as ROT) contractors** specialize in the development and rehabilitation of water supply facilities (e.g independent water plants (IWPs) and independent sewage treatment plants (ISTPs)) government entities and industrial customers;
- **O&M contractors** provide operation and maintenance services of water supply facilities;
- **EPC services providers** specialize in the construction of water supply facilities and mainly supply their services to the BOOT/ BOT or ROT contractors.

3.5.3 Regulatory Environment

Two key bodies are responsible for governing and regulating the water sector in Saudi Arabia. These are:

The Ministry of Environment, Water, and Agriculture (MEWA), which holds a pivotal role in strategizing for the overall sector and defining water-related policies in Saudi Arabia. As part of its mandate, the ministry executes the following roles and responsibilities:

- developing and approving strategic plans for water resources, supplies, uses, and treatment;
- coordinating with the Authority and other agencies for strategic water management, storage, and emergencies;
- encouraging private sector participation through deployment of water projects and policies;
- monitoring water resources, identification and declaration of states of emergency vis-à-vis water supply matters in coordination with national emergency units, and apex responsibility in addressing any emergencies.

The Water Regulator is executively acting as the Authority guiding the regulation of the water sector in Saudi Arabia. As part of its core duties, the water regulator:

- approves executive plans set by service providers, aligning with the Ministry's long-term plan;
- ensures water supplies during shortages and dictates public interest actions;
- regulates contracts for treated wastewater in line with the National Water Strategy;
- addresses matters and complaints related to service provision and oversees licensing in the sector.

The Water Law is a key regulatory document on the Kingdom's approach to water management. Designed primarily as a legislative instrument, it emphasizes sustainable management, engagement of the private sector, and meticulous oversight to ensure the protection of water resources. The Law's provisions can be grouped into three main focus areas:

- Water Resources and Utilization, where the Law provides guidelines concerning water ownership, usage parameters, tariffs, and the transfer of water rights. There is a clear emphasis on strategic water storage and rational utilization;
- Infrastructure, Quality, and Protection segment, which covers the management of water services, infrastructure upkeep, leak detection processes, and measures to guarantee water quality. Protective strategies are detailed, addressing both natural phenomena and human-induced threats;
- Violations and Oversight segment, where the Water Law established stringent penalties in case of breaches and directs the establishment of A Violation Review Committee to oversee compliance and conduct evaluations of any infringements.

3.6 Market Drivers

The current dimensions of the water supply market in the Saudi Arabia region are principally shaped by two pivotal factors:

1- **Dynamics of Water Demand:** The dynamics of water demand play a defining role in outlining infrastructure needs. This encompasses both the rehabilitation of existing facilities and the Development of new ones. As water requirements evolve due to population growth, economic development, and changing consumption patterns, the private sector becomes instrumental in responding to these dynamic demands. The market size is intricately linked to the adaptability of private entities to address the evolving needs for efficient water supply and wastewater treatment/ recycling management and the development of modernized infrastructure;

2- **Privatization and PPP Trends:** The trends in privatization and Public-Private Partnership (PPP) initiatives exert a considerable influence on determining the portion of the water and wastewater infrastructure designated for operation and development by private players. As governments increasingly explore privatization strategies, private entities are afforded opportunities to contribute to the creation and management of essential water facilities. This trend not only defines the scope of involvement for private enterprises but also shapes the competitive landscape of the water supply market. The extent to which privatization and PPP initiatives are embraced will significantly impact the market share and growth potential for private entities in the Saudi Arabia water supply sector.

These interlinked factors underscore the complexity of the market dynamics, emphasizing the need for strategic alignment between the private sector and the evolving requirements of water supply infrastructure in the Saudi Arabia region.

3.6.1 Water Demand in the Kingdom

3.6.1.1 Current and Historical Water Demand

The majority of the water demand (excluding the agricultural sector), equivalent to 3.5 billion cubic metres or 68%, is associated with the municipal segment, the industrial demand contributed 1.6 billion cubic metres or 32% to the water demand (Table 3.6 “**KSA Water Demand by segment from 2020G to 2022G**”).

The Table below shows the water demand across municipal and industrial segments from 2020G to 2022G.

Table (3.6): KSA Water Demand by segment from 2020G to 2022G (billion cubic metres)

	2018G actual	2019G actual	2020G actual	2021G actual	2022G actual
Municipal	3.4	3.5	3.6	3.6	3.5
Industrial	1.4	1.4	1.7	0.6	1.6
Total	**4.8**	**4.9**	**5.3**	**4.2**	**5.2**

Source: MEWA Statistical data books (respective years)

In contrast, the global landscape of water demand exhibits distinctive characteristics compared to the previously discussed regional trends. Notably:

1- Industrial Dominance in Water Consumption: The industrial sector emerges as the primary consumer of water, representing the largest share of water consumption (excluding the agricultural sector). In 2020, industrial usage accounted for a substantial 608 billion cubic meters, constituting 54% of the total global water usage. This underscores the significant water requirements inherent in industrial processes, reflecting the sector's pivotal role in global water consumption dynamics;

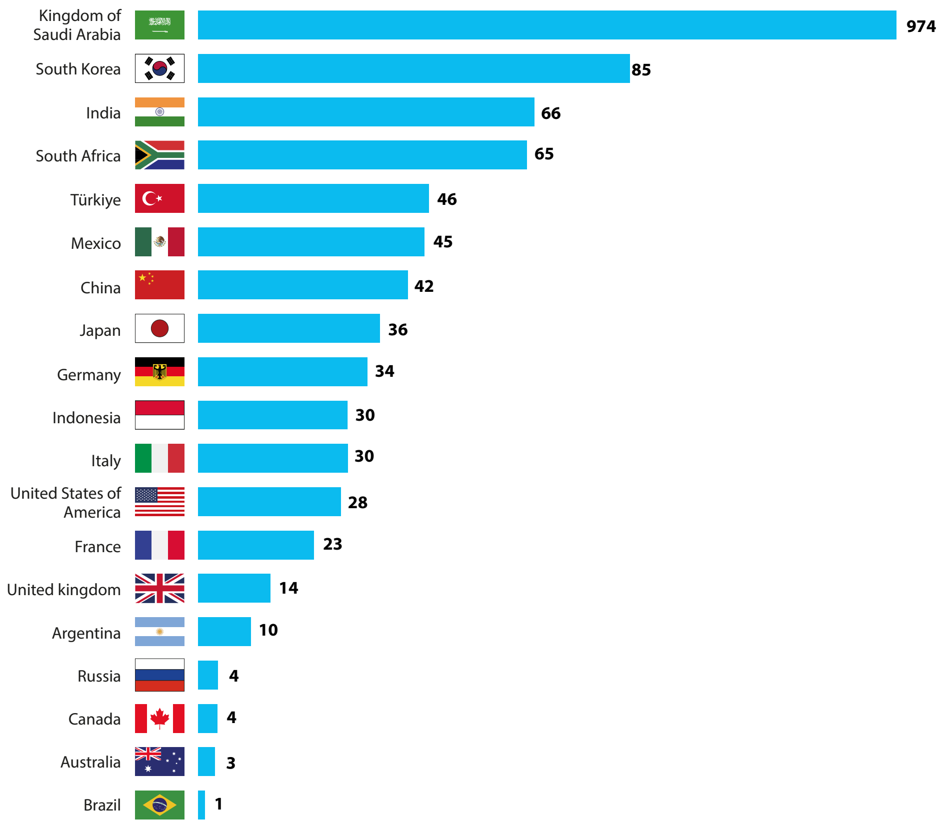
2- Municipal Sector Contribution: The municipal sector, encompassing residential and public water usage, contributed 536 billion cubic meters, equivalent to 46% of the total global water demand. This indicates a considerable reliance on water resources for urban and residential purposes, highlighting the essential nature of municipal water services in meeting societal needs;

3- Implications for Saudi Arabia Water Consumption Dynamics: These global patterns of water demand not only delineate a contrasting scenario to the Saudi Arabia region but also offer insights into potential optimization opportunities:

- Potential for Rationalization in Municipal Segment: The disproportionate share of global municipal water demand suggests a high potential for rationalization in the Saudi Arabia municipal segment. Optimization measures and enhanced efficiency in municipal water consumption could be pivotal in addressing water scarcity concerns and promoting sustainable water management practices;
- Anticipated Industrial Water Consumption Increase: The prevalence of industrial dominance in global water consumption sets expectations for an increase in industrial water usage in the Saudi Arabia region. This is particularly relevant considering the Kingdom's future economic growth trajectory, emphasizing the need for strategic planning to ensure sustainable water resource management in the industrial sector.

At the same time, Saudi Arabia is one of the most water stressed countries in the world. The Figure below provides data on the water stress level among G20 countries.

Figure (3): Water Stress Level, %, 2020G



Source: Food and Agricultural Organization Aquastat 2020 Gender

In navigating global water demand dynamics, the Saudi Arabia region stands poised to strategically address its unique challenges and opportunities, drawing from insights derived from the global context.

3.6.1.2 Water Demand Growth Drivers

Efforts to diversify the Kingdom's economy coupled with multiple national programs, strategies and projects, and rapid population growth, will affect the industrial and municipal water demand respectively.

National Initiatives

Water and wastewater services demand is expected to be driven by a number of national initiatives, including the Kingdom's Vision 2030 and its realization programs, mega projects, relevant national strategies (i.e. the National Water Strategy). These programs and strategies, as well as included initiatives and projects will influence the water and respective infrastructure demand both directly, targeting for better water and sanitary infrastructure coverage, higher water supply reliability and treated wastewater reuse rate, and indirectly, fostering the economic growth, real estate and tourism sectors development, and diversification.

A- Vision 2030 Realization Programs

Unveiled in 2016G, Vision 2030 is a strategic synthesis of the nation's long-term objectives, leveraging its inherent strengths and potentialities. Striving for growth, a diversified economy, and enhanced public services, Vision 2030, along with its underlying eleven Vision Realization Programs and national strategies and initiatives, provide a clear pathway to manage public services and natural resources that serve as national directives for effective water management.

Out of the eleven Vision Realization Programs, five programs have been identified as potential catalysts the water demand:

1- Pilgrim Experience Program;
2- Housing Program;
3- National Industrial Development and Logistics Program (NIDLP);
4- National Transformation Program (NTP);
5- Quality of Life Program (QOLP).

Pilgrim Experience Program

Doyof Al Rahman Program (DARP), also known as the Pilgrim Experience Program, is designed to streamline the attendance of Umrah visitors at the Two Holy Mosques, enhance the quality of services for all attendees, and enrich their overall spiritual and cultural experiences. As a result of the program, Hajj pilgrim traffic is targeted to increase by 80%, from 2.4 million in 2019G to 4.5 million by 2030G. Umrah attendees are also targeted to increase from 19.1 million visitors in 2019G to 41.5 million by 2030G. This surge will impact various sectors, including Water and Utilities demand, which is expected to be driven by the significantly increased pilgrim traffic.

Peak demand during the Hajj season occurs over approximately 20 days in Makkah and 40 days in Madinah at the beginning of Dhu al-Hijjah, resulting in a surge in water demand during this period. The Ministry of Environment, Water, and Agriculture (MEWA) has presently adopted a policy to meet the water demand during Hajj by utilizing strategic water storage tanks and desalination plants. The total water demand for Hajj during the 20 days in Makkah and 40 days in Madinah is projected to reach 1.60 million cubic metres per day in 2030, as shown in Table 3.7 "Hajj Demand in Makkah and Madinah, 2022G to 2030G".

The table below provides an overview of the Hajj water demand in Makkah and Madinah from 2022G to 2030G.

Table (3.7): Hajj Water Demand in Makkah and Madinah, 2022G to 2030G

Hajj Water Demand	2022G actual	2023G forecast	2024G Forecast	2025G forecast	2026G forecast	2027G forecast	2028G forecast	2029G forecast	2030G forecast
Makkah Demand (Million m^3/d)	1.00	1.05	1.10	1.14	1.17	1.21	1.24	1.28	1.32
Madinah Demand (Million m^3/d)	0.21	0.22	0.23	0.24	0.25	0.25	0.26	0.27	0.28
Total Demand (Million m^3/d)	1.21	1.27	1.33	1.38	1.42	1.46	1.50	1.55	1.60

Source: MEWA, Extracted from Saudi Water Partnership Company (SWPC) 7-Year Statement 2022-2028

Housing Program

The Housing Program is committed to promoting homeownership through a series of measures that simplify regulations, offer diverse housing solutions, and improve financial accessibility. The program sets a goal of achieving a 70% homeownership rate by 2030G and has outlined several key targets to reach this objective. These targets include the development of 75,000 housing units from 2021G to 2030G, along with assistance for 40,000 Saudi families with housing needs between 2021G and 2025G. Additionally, the program aims to facilitate 355,000 new real estate financing contracts by 2025. To support the construction of 75,000 housing units, it is estimated that water distribution and sewage treatment infrastructure with a daily capacity of approximately 0.1 million cubic metres will be required. This estimation is based on the anticipated population of households that will occupy the newly developed housing units, along with the expected per capita water consumption.

Recognizing the rising demand for water and wastewater infrastructure, the program is focused on improving infrastructure. This is achieved through innovative partnerships with service providers, including those in the water and wastewater sector. The collaborative efforts aim to ensure that as more homes are built and occupied, services such as water resources are managed sustainably and distributed efficiently.

National Industrial Development & Logistics Program (NIDLP)

The NIDLP program aims to transform the Kingdom into a global leader in energy, mining, logistics, and industry sectors. The overarching ambition is to diversify the economy and ensure sustainable growth for future generations, emphasizing a localized approach to development.

Key goals of the NIDLP include achieving over 70% localization of the oil and gas sector and 30% of the pharmaceutical industry by 2025G and establishing 8 Special Economic Zones to support these sectors. Moreover, plans are to reach a 70% operational utilization rate of port capacity and 300,000 tonnes of annual aquacultural production by 2025G. The drive to localize industries and expand the logistics sector signals a heightened demand for water resources. This growing need highlights the necessity for effective water resources management, drawing attention to the intertwined relationship between industrial growth and water resource sustainability in Saudi Arabia.

National Transformation Program (NTP)

Launched in 2016G as a vital component of Saudi Arabia's Vision 2030, the National Transformation Program (NTP) stands as a clear testament to the country's unwavering commitment to promoting the growth of the private sector, enhancing government efficiency, and leading the way in digital transformation. Additionally, the program firmly upholds values of inclusivity and encourages volunteerism as fundamental principles on Saudi Arabia's transformative journey.

At the core of the NTP are its strategic objectives related to water. These objectives encompass the promotion of sustainable water resource utilization, a strong commitment to a comprehensive reduction in pollution, and the enhancement of urban service quality. Furthermore, the NTP places a significant focus on addressing environmental threats, underscoring the importance of preserving natural landscapes and reinforcing their rehabilitation. As the program places a strong emphasis on improving urban services, environmental conservation, and ensuring food security, it draws attention to the increasing demand for water resources and associated services. This demand is pivotal for the growth of urban areas, the preservation of natural landscapes, and the sustainability of the agricultural sector.

Water related target (by 2025G) include:

- increase a share of renewable water in the agricultural consumption to 22.34% (baseline (initial value of the KPI when it was assigned to NTP) is 9.49% in 2018G);
- increase a reuse rate of treated wastewater to 25% (baseline is 13.55% in 2015G);
- increase sanitation services coverage for the population to 67% (baseline is 56.65% in 2019G);
- increase duration of water strategic storage for urban utilization to 4.32 days (baseline is 1.35 days in 2018G).

These objectives highlight the central role of water management and sustainability in the country's development narrative.

Quality of Life Program (QOLP)

As one of the Vision 2030 vision realization programs, the Quality of Life Program (QOLP) aims to position the Kingdom as a global hub in sports, entertainment, and tourism. This program underscores the importance of arts and culture, urban livability, and economic diversification. Furthermore, QOLP seeks to enhance local employment opportunities and strengthen societal engagement.

As part of QOLP's strategic objectives, some objectives can directly or indirectly impact the water sector. These include improving the urban landscape in Saudi cities, enhancing the quality of services provided, facilitating the development of the tourism sector, and diversifying entertainment opportunities to cater to the population's needs. As a direct result of the program's emphasis on urban and tourism development, growth in landscaping, there is a recognized need to augment water supply and bolster wastewater management practices, ensuring the sustainability of these sectors and a high quality of life for residents.

B- Vision 2030 Mega Projects

With a special focus on tourism and urban development, Saudi Arabia is forging ahead to create iconic touristic destinations such as Al Ula and The Red Sea, while also revitalizing urban landscapes through cutting-edge projects like Roshn, Qiddiya, NEOM, and King Salman Park. Central to the vision of these mega-projects is the fundamental principle of effective water management. Recognizing the region's climate challenges, the Kingdom acknowledges that the success and sustainability of these projects hinge on prudent water resource use and management. As a result, water management stands as a critical pillar underpinning the success of these ambitious endeavors.

In alignment with the broader goals of Vision 2030, Saudi Arabia has acknowledged the need to address its water challenges. This recognition has propelled the country to launch mega-projects in the water sector, with a primary emphasis on desalination.

Saudi Green Initiative: The Saudi Green Initiative (SGI) as one of mega projects encompasses various facets aimed at mitigating climate change impacts and ensuring a more eco-friendly future. SGI provides a comprehensive approach for addressing environmental challenges, reducing carbon emissions, and promoting sustainable practices across various sectors, with a strong focus on water sustainability and circularity.

SGI's primary objectives are to reduce carbon emissions by 278 million metric tonnes by 2030, plant 10 billion trees across Saudi Arabia, and safeguard 30% of the country's land and sea. Furthermore, SGI has introduced several water sustainability initiatives, including planting 45 million agricultural trees with mountain terrace farming and rainwater harvesting by 2025. It also aims to plant 4 million lemon trees using treated wastewater, to plant 6 million trees as part of "Let's Make It Green" campaign using treated greywater by 2030, and initiate the SWCC afforestation project to plant 5 million trees across SWCC plants by 2030. SGI introduces the establishment of a Zero Liquid Discharge (ZLD) desalination plant in Jubail with a capacity of 2 million tonnes per year by 2026. Additionally, the Saudi Green Initiative is working on the Riyadh Sustainability Strategy to achieve 100% recycling and reuse of greywater by 2030, increase the use of dam water for agricultural purposes by 2025, and maximize the utilization of renewable water sources in the agricultural sector by 2025.

In summary, water mega-projects operating under Vision 2030 underscore the Kingdom's commitment to sustainable water solutions. These projects leverage the latest technological advancements and scientific research to effectively address water challenges.

C- Relevant National Strategies

National Water Strategy

In 2017, the Ministry of Environment, Water and Agriculture introduced the National Water Strategy, a comprehensive plan with the primary goal of improving water and wastewater management while fostering private sector participation. This strategy envisions a future where the Kingdom's water sector operates sustainably, ensuring the preservation of natural resources and the environment. It aims to provide a cost-effective water supply and deliver high-quality services to its citizens.

The strategy outlines ten distinct strategic programs that focus on managing water demand, supply, and wastewater treatment. One of these programs, the Water Resource Management Program, overseen by MEWA, concentrates on enhancing water efficiency in infrastructure, optimizing wastewater treatment and reuse, meeting the water needs of Pilgrims and Umrah performers, and adhering to environmental standards.

The National Water Strategy has set ambitious targets for 2030G, including increasing the reuse rate of treated wastewater from 17% in 2017G to an impressive 70% by 2030G. Additionally, the Strategy aims to expand water service coverage from 87% to 95%, which would necessitate the construction of approximately 8,100 kilometres of additional pipelines between 2017G and 2030G. Similarly, sanitation service coverage is projected to increase from 60% to 77%, requiring an additional 10,700 kilometres of pipelines in the same period.

In summary, based on the National Water Strategy programs and initiatives:

- it is anticipated that the average water consumption per urban user will decrease, while the total number of users is expected to significantly increase in specific regions;
- there is a need to expand and rehabilitate the water supply assets network;
- there is a notable emphasis on promoting the reuse of treated water as a crucial aspect of the strategy's objectives.

D- Population and Demographics

Population and Urban Growth

Population growth, coupled with the urbanization, is widely recognized as a primary catalyst for the development of water supply systems. Such trends lead to an increase in water consumption within urban areas and population centres, influencing the demand for both water and wastewater infrastructure.

Saudi Arabia has experienced a consistent population growth from 2018G to 2022G, with an average annual increase of 1.6%. By 2022G, the Kingdom's total population had reached 32.2 million people, equivalent to a 6.6% increase since 2018G. The majority of this population, approximately 84.7%, resides in urban areas.

It's notable, that 32.2 million people of population is the latest estimation published by GASTAT, the previous estimation was around 35-36 million.

Table below presents the Kingdom's Population Distribution across Urban and Rural Areas from 2020G to 2022G.

Table (3.8): Population Distribution across Urban and Rural Areas, 2020G-2022G

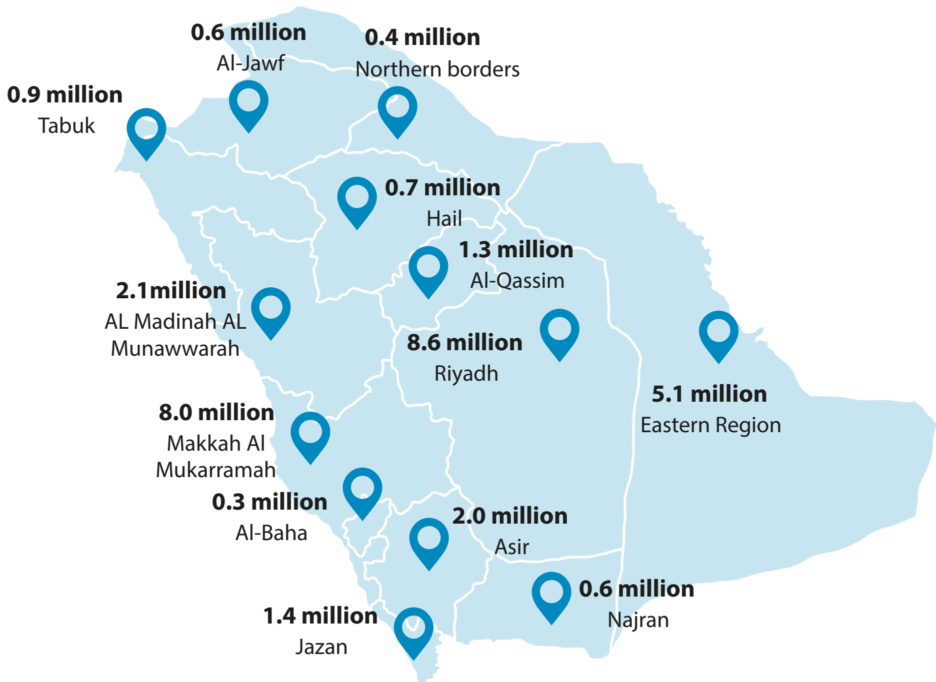
Population Areas	2020G	2021G	2022G
Total Population	31,552,510	30,784,383	32,175,224
Urban Population (%) [1]	84.3%	84.5%	84.7%
Rural Population (%) [1]	15.7%	15.5%	15.3%
Estimated Urban Population[1]	26,595,611	26,015,882	27,262,067
Estimated Rural Population [1]	4,956,899	4,768,501	4,913,157

Source: World Bank data indicator website, Rural and Urban population as percentage of total population; General Authority for Statistics (GASTAT), Saudi Consensus 2022G, Population 2010G-2022G by region

(1) Percentages of rural and urban population from total population was taken from World bank databank on world development indicators; total populations was taken from GASTAT Saudi Consensus 2022G

Based on the latest figures of the General Authority for Statistics, Riyadh is the most populous region with 8.6 million residents, closely followed by Makkah Al Mukarramah with 8.0 million inhabitants. The figure below shows the population distribution across the Kingdom's 13 regions as of 2022G.

Figure (4): Population Distribution across the Regions, 2022G



Source: General Authority for Statistics (GASTAT), Saudi Consensus 2022G, Dashboard on Population by Region, Nationality and Gender

3.6.1.3 Water Demand Forecast

Municipal segment

The National Water Strategy, which was developed in 2017, forecasted the national water consumption in Saudi Arabia in three scenarios:

1- Within the "No demand management" scenario, the total annual water consumption of the municipal sector is expected to reach 4.9 billion cubic metres by 2030G, which is equal to 271 litres per capita per day;

2- In line with the "Base (with demand management)" scenario, the same indicators are targeted to be 3.9 billion cubic metres and 254 litres respectively;

3- In the "Best case (with demand management)" scenario, the municipal water consumption is forecasted to be 3.6 billion cubic metres in 2030G and the daily per capita water consumption is 233 litres.

The most recent 7-year plan of SWPC was developed in 2022G and based on the estimation of the urban water requirement being 307.5 litres per capita per day in 2022G and its expected decrease to 257.5 litres by 2030G owing to the improvement in leakages and network losses, as well as 35.9 and 50.0 million population of Saudi Arabia in 2022G and 2030G respectively.

In order to reflect that GASTAT re-estimated population of Saudi Arabia and MEWA published the actual data on per capita water consumption for 2022G, the Market Consultant re-estimated the municipal water consumption and its drivers based on the mentioned inputs as well as the growth rates from the most recent SWPC 7 years plan. The approach is described in the next two paragraphs.

Based on the analysis described in the previous section of the current document, water consumption within the municipal sector is expected to be influenced by two primary factors, as illustrated in Table 3.9 "**Municipal Water Demand Growth Drivers from 2022G to 2027G**". The first factor is population growth, with the population projected to increase from 32.2 million people in 2022G to 38.4 million by 2027G. The second factor is a reduction in the per capita water consumption, which is anticipated to decrease from 299 litres per capita per day in 2022G to 272 litres per capita per day in 2027G in line with the National Water Strategy targets and SWPC 7 years plan (due to, for example, promoting of water-efficient consumption).

Furthermore, according to the National Water Strategy and in line with the Saudi Green Initiative, the municipal sector will consume an additional 73 million cubic metres of water for the environmental use by 2027G.

The Table below presents a dynamic of the key municipal water demand growth drivers from 2020G to 2022G.

Table (3.9): Municipal Water Demand Growth Drivers from 2022G to 2027G

	2022G actual	2023G forecast	2024G forecast	2025G forecast	2026G forecast	2027G forecast	CAGR forecast
Population(1) (Million)	32.2	32.6	33.1	34.7	36.2	38.4	4.2%
Water Consumption per Capita(2) (Litres per Capita per Day)	299	297	294	287	280	272	-2.2%

(1) Source: 2022G data based on GASTAT data. Future projections growth rate based on SWPC 7-years plan

(2) Source: 2022G data based on MEWA data. Future projections growth rate based on SWPC 7-years plan

Consequently, the Market Consultant expects the municipal water demand to increase to 4.0 billion cubic metres by 2027G as demonstrated in the Table below.

Table (3.10): Municipal Water Demand Forecast from 2023G to 2027G

	2023G forecast	2024G forecast	2025G forecast	2026G forecast	2027G forecast
Municipal Water Demand(1) (billion cubic metres)	3.5	3.6	3.7	3.8	4.0

(1) Note: based on the growth drivers

Industrial segment

Industrial water consumption was forecasted in the National Water Strategy as per below:

1- The "No demand management" scenario – 2.2 billion cubic metres by 2030G;
2- The "Base (with demand management)" scenario – 2.1 billion cubic metres;
3- The "Best case (with demand management)" scenario – 2.0 billion cubic metres.

Based on the most recent data on the actual water consumption in the industrial segment (section "Water Demand in the Kingdom", Table 3.6 "**KSA Water Demand by segment from 2020G to 2022G**"), as well as the expected economic growth, the Market Consultant forecasted the industrial water demand to reach 1.9 billion cubic metres by 2027G as demonstrated in the Table below.

Table (3.11): Industrial Water Demand Forecast from 2023G to 2027G

	2023G forecast	2024G forecast	2025G forecast	2026G forecast	2027G forecast
Real GDP Growth(1) (%)	0.8	4.0	4.2	3.3	3.3
Industrial Water Demand(2) (billion cubic metres)	1.7	1.7	1.8	1.8	1.9

(1) Source: International Monetary Fund

(2) Note: based on the growth rates for the industrial water consumption from the National Water Strategy adjusted by expected GDP growth

Capacities

The expansion of the water sector infrastructure is imperative to meet the growing water consumption and to uphold stringent environmental and quality of life standards. According to data sourced from the SWPC 7 years plan and MEWA, the increasing water demand is expected to have a significant impact on the following areas (but not limited to them):

- **urban water supply mix:** in 2022G, the urban water supply comprised 85% desalinated water and 15% ground and surface water. Projections indicate that by 2030G, desalinated water's contribution is anticipated to grow to 92%, while ground and surface water will decrease to just 8%. This shift aligns with the overarching strategy to fulfill all future water demand growth and address current supply deficiencies by relying on desalination capacities while gradually diminishing the dependence on non-renewable sources;
- **sewage treatment capacities:** in 2022G, sewage treatment capacities stood at 6.4 million cubic metres per day. By 2030G, these capacities are expected to increase to a minimum of 9.8 million cubic metres per day, and when accounting for additional buffers, this figure needs to reach 10.7 million cubic metres per day. This growth underscores a strong commitment to expanding sewage treatment capacities, with the objective of improving sanitary services coverage and ensuring readiness for future demand;
- **strategic storage capacities:** in 2022G, the total strategic storage capacity was reported as 23.3 million cubic metres. By 2030G, this capacity is projected to be increased significantly reaching 134.9 million cubic metres. This expansion includes dedicated allocations for Urban, Umrah, Mawasim at 97.3 million cubic metres, and Hajj at 37.6 million cubic metres. The is a response to the anticipated increase in Hajj water demand and emergency urban demand requirements, which are targeted to extend from 2.3 days in 2022G to 7 days by 2030G. This expansion in strategic storage capacity is aimed at ensuring the availability of water during peak periods and emergencies.

3.6.2 Privatization and PPP

3.6.2.1 Vision 2030 Realization Programs

The Kingdom's Vision 2030 addresses the importance of the incentivization of the private sector participation in different sectors of the national economy. Three out of eleven Vision Realization Programs have been identified as potential catalysts of the water sector privatization:

1- Privatization Program;
2- Fiscal Sustainability Program;
3- Public Investment Fund Program.

Privatization Program

The Privatization program is geared toward revitalizing the national economy through the privatization of select government assets. These assets encompass key sectors, including transport, health, education, and municipal affairs. A central goal of the program is to generate more than USD 16.5 billion in total investments through public-private partnerships across various sectors. This objective aligns with the broader strategy of privatizing government services and unlocking state-owned assets for the private sector, including the water sector.

In terms of privatization efforts particularly relevant to water services, the National Water Company (NWC) has taken proactive steps in this transformation by launching the Private Sector Partnership initiative. This initiative aims to increase private sector involvement in new wastewater plants, secure management contracts for six clusters, and establish long-term O&M contracts for existing plants. As part of this initiative, six Management, Operation, and Maintenance (MOM) contracts, totaling more than 1.8 Billion SAR, were awarded by NWC to private operators. These contracts aimed to improve the efficiency and reliability of water services, offering a positive step toward better water management.

In line with the National Privatization Program, MEWA has outlined key privatization principles for the water sector. These guiding principles include financial sustainability, improved spending efficiency, a shift of the public sector's focus to legislative and regulatory roles, ensuring the availability and quality of services, and enhancing efficiency and effectiveness. Furthermore, as a testament to the nation's commitment to this privatization trajectory, in 2020G, MEWA introduced the Water Transmission and Technologies Company (WTTCO), a significant move aimed at reinforcing Saudi Arabia's efforts in privatizing the water sector.

The Privatization Program encourages broader sector privatization, potentially directing substantial private investments into water and wastewater services while fostering private ownership and operational efficiency in these crucial amenities.

Fiscal Sustainability Program

The Fiscal Sustainability Program is a key driver in strengthening Saudi Arabia's public finances, with the aim of achieving a balanced budget and establishing robust financial institutions.

The program defines targets and initiatives that also have a positive impact on the development of the water sector. One of its primary objectives is to enhance the efficiency of financial planning and improve government expenditure effectiveness. Additionally, the program underscores the importance of diversifying government revenues. This diversification strategy includes maximizing returns from state-owned assets and collecting revenues from service charges, which encompass water services and related infrastructure.

A significant milestone was reached in June 2022G when SWCC (Saline Water Conversion Corporation) and SWPC (Saudi Water Partnership Company) entered into eight agreements for the sale of desalinated water. These agreements were framed as part of the Fiscal Balance Program, which has since evolved into the Fiscal Sustainability Program. This joint effort is led by the Ministry of Environment, Water, and Agriculture of Saudi Arabia and the Ministry of Finance (MoF). Furthermore, there is an initiative to introduce energy and water price reforms, integrated as a component of the fiscal balance program, subsequently succeeded by the fiscal sustainability program.

In summary, the Fiscal Sustainability Program promotes efficient government expenditure and revenue diversification, which indirectly benefits the water and wastewater sectors by providing increased government funds and encouraging private sector engagement.

Public Investment Fund Program

With a portfolio managing USD 700 billion in assets, the Public Investment Fund (PIF) Program plays a key role in reinforcing local initiatives and businesses. In the domain of infrastructure development, PIF has established clear objectives. By 2025G, it plans to invest over USD 39 billion annually in new local projects spanning various sectors. Notable endeavors like the Red Sea, NEOM, and Qiddiya are partnering with multiple service providers to strengthen water infrastructure and sewage treatment, which are essential components of these projects. Another overarching goal is to achieve a 60% contribution to local content by 2025G, with a particular focus on localizing cutting-edge technology and knowledge through PIF's initiatives. This objective is exemplified by PIF's full ownership of SALIC, a venture geared towards investments in agricultural technology to optimize water usage. Additionally, through the acquisition of stakes in ACWA Power, a leading player in desalinated water plants, PIF embodies Saudi Arabia's strategy to ensure the sustainability of water resources, catering to the needs of growing urban and industrial developments.

The Public Investment Fund Program's dual focus on local iconic projects and investments in the water services sector is anticipated to enhance water infrastructure and drive advancements in local technology for water services provision.

3.6.2.2 Relevant National Strategies

National Water Strategy

The National Water Strategy places a strong emphasis on the private sector involvement, introducing concessions and regulatory frameworks tailored to promote sustainable water management practices.

Four out of ten National Water Strategy programs have a significant direct impact on the private sector. Table 3.12 below comprises these four programs, detailing their associated initiatives and considerations on a potential private sector's role in water management.

Table (3.12): National Water Strategy Programs: Initiatives, Impact, and Private Sector Implications

Program	Initiative	Potential service
Water Resource Management	Qualify and develop wastewater treatment plants; and promote the reuse of treated water	Development
	Compliance with environmental regulations and requirements	Operation
Supply Chain Efficiency and Service Quality	Expand and rehabilitate the water distribution network	Development
	Expand and rehabilitate the sewage network	Development
	Reduce the loss and treat the irregular supply	Operation
	Develop the usage of smart metres, billing, and collection	Operation
	Enhance customer service	Management
	Distribution automation	Operation
	Monitor contamination and improve the water quality	Operation
Private Sector Participation in Production and Wastewater Treatment	Implement the private sector participation in water production	Development and Operation
	Implement the private sector participation in sewage treatment plants	Development and Operation
Distribution Restructuring and Private Sector Participation	Prepare and introduce management contracts	Management
	Prepare and introduce concession agreements	Development and Operation

Based on the National Water Strategy programs and initiatives outlined in Table 3.12, it is expected that the management of water operations will be delegated to the private sector, and the private sector participation in the Development, operation and management of water supply facilities will increase.

National Investment Strategy

The Kingdom seeks to increase investments across sectors through the National Investment Strategy (NIS), aiming to reach a cumulative SAR 12 trillion by 2030G. Besides the overall investment growth, the strategy emphasizes more than doubling the domestic investment component of the gross fixed capital formation, targeting a figure of SAR 1.65 trillion. NIS also aims to increase the foreign direct investment by twenty-fold by 2030G, projected to be about 5.7% of the GDP.

While the exact targets and confidential, the National Investment Strategy identifies the water and renewable energy sector as pivotal in ensuring sustainable growth and socio-economic development for the Kingdom.

3.7 Market Sizing

Based on Miahona's current business operations and privatization trends in the water value chain, there are four sub-markets that are relevant for the current study:

1- Municipal & Industrial water sourcing & treatment (ground and surface purification plants and direct wells);
2- [Municipal] water distribution and wastewater (sewage) collection & treatment;
3- Industrial wastewater treatment;
4- [Municipal & Industrial] Sewage & wastewater recycling.

3.7.1 Municipal & Industrial Water Sourcing & Treatment (ground and surface purification plants and direct wells)

The Saudi Arabia region is undergoing a significant transformation in its water treatment sector, pivoting away from traditional dependence on groundwater and water wells towards a robust emphasis on desalination. This strategic shift is primarily motivated by the urgent need to fulfill the escalating water demands of a rapidly expanding population, all while safeguarding the increasingly scarce groundwater resources. Seawater desalination has emerged as the preferred solution in this transformative journey.

The strategic roadmap outlined in the SWPC 7-year plan underscores the commitment to this transformation. Substantial desalination capacities are slated to be operationalized by 2026G, signaling a proactive approach to curtail, and in some regions, restrict the usage of non-renewable water sources. This comprehensive plan aligns with the overarching goal of addressing water scarcity concerns and meeting the burgeoning water needs of the region's growing populace.

As a consequence of this strategic shift, the availability of ground and surface water for end-users is anticipated to decline in tandem with the increased focus on desalination. This anticipated reduction is reflected in the projected decrease in the market size of the non-desalination water treatment segment. From SAR 894 million in 2022G, the market size is expected to decrease to SAR 541 million by 2027G (refer to Table 14). This projection highlights the transformative impact of the shift towards desalination on the broader water treatment landscape in the Saudi Arabia region.

The following table illustrates the change in ground and surface water supply as well as change in the overall market size of the respective segment of water treatment between 2020G and 2027G.

Table (3.13): Municipal & Industrial water sourcing & treatment (ground and surface purification plants and direct wells) market forecast from 2020G to 2027G

	2020G estimation	2021G estimation	2022G actual	2023G forecast	2024G forecast	2025G forecast	2026G forecast	2027G forecast
Ground & Surface Water Daily Supply(1) (million cubic metres)	4.4	4.4	4.5	4.5	4.5	3.5	2.5	2.5
Market Size(2) (SAR million)	831	863	894	910	934	740	536	541

(1) Note: based on water consumption forecast, MEWA Statistical data books, SWPC 7 years plan

(2) Source: Based on O&M contracts value (expert inputs)

Market size has been calculated based on the average O&M contract value for the respective segment. Development component of BOOT/ BOT and EPC contracts hasn't been considered because the construction of new non-desalination water treatment facilities is not expected.

3.7.2 Municipal Water Distribution and Wastewater (Sewage) Collection & Treatment

The market for municipal sector water distribution and sewage treatment depends on the expansion of water distribution and sewage networks in addition to growth in capacity of sewage treatment plants (Table 3.14 "**Capacity growth in the municipal sector from 2020G to 2027G**").

The following table illustrates the capacity change in the water distribution network, sewage network and sewage treatment capacity plans for the municipal sector between 2020G and 2027G.

Table (3.14): Capacity growth in the municipal sector from 2020G to 2027G

	2020G actual	2021G actual	2022G actual	2023G forecast	2024G forecast	2025G forecast	2026G forecast	2027G forecast
Water distribution network(1) (km)	124,535	126,440	127,525	128,187	128,853	129,523	130,196	130,872
Sewage network(1) (km)	45,229	46,106	46,681	47,523	48,380	49,253	50,141	51,046
Sewage treatment plants capacity(2) (million cubic metres)	6.2	6.2	6.4	6.8	7.3	7.8	8.3	8.8

(2) Source: 2020-2022G – MEWA, 2023-2027G – calculated based on respective CAGR from National Water Strategy

(2) Source: 2022G – SWPC data; 2020-2021G – calculated based on treatment volumes (MEWA figures) & 2022G capacities; 2023-2027G – based on SWPC 7 years plan

The growth of the market will be steered by a dual force, incorporating Operations and Maintenance (O&M) contracts along with the Development component of Build Own Operate Transfer/Build Operate Transfer (BOOT/BOT), as well as Engineering, Procurement, and Construction (EPC) contracts. This integrated strategy provides a well-rounded approach to sustained market expansion. O&M services are instrumental in generating consistent, recurring revenue streams, ensuring the continuous upkeep and efficient operation of critical municipal infrastructure. Simultaneously, the Development component drives growth through large-scale development projects, breathing new life into aging municipal assets, and expanding infrastructure to meet the demands of growing populations. This combined approach not only establishes a foundation of stability through ongoing maintenance but also propels comprehensive and sustained market expansion. It adeptly addresses immediate needs while strategically contributing to the long-term resilience and development of municipal infrastructure.

While the O&M market size is expected to reach SAR 3.1 billion by 2027G (Table 3-15 "**Municipal water distribution and sewage treatment O&M market size from 2020G to 2027G**"), the market size of the Development component is expected to reach SAR 2.8 billion (Table 3.16 "**Municipal water distribution and sewage treatment Development market size from 2020G to 2027G**"). The total market size is thus expected to reach SAR 5.9 billion by 2027G.

The following table illustrates the growth of the O&M component of the municipal water distribution and sewage treatment market between 2020G and 2027G.

Table (3.15): Municipal water distribution and sewage treatment O&M market size from 2020G to 2027G

	2020G estimation	2021G estimation	2022G estimation	2023G forecast	2024G forecast	2025G forecast	2026G forecast	2027G forecast
Water distribution network (SAR billion)	1.1	1.2	1.2	1.2	1.3	1.3	1.3	1.4
Sewage network (SAR billion)	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6
Sewage treatment plants (SAR billion)	0.4	0.5	0.6	0.7	0.9	1.0	1.1	1.2
Total (SAR billion)	**2.0**	**2.1**	**2.3**	**2.4**	**2.7**	**2.9**	**3.0**	**3.1**

Source: Based on average levelized tariff for O&M contracts of NWC for STPs in 2022-2023G; average NMC's O&M contracts price (per one km) for water distribution; and 1% ratio between O&M and Construction for sewage network

The following table illustrates the growth of the Development component of the municipal water distribution and sewage treatment market between 2020G and 2027G.

Table (3.16): Municipal water distribution and sewage treatment Development market size from 2020G to 2027G

	2020G estimation	2021G estimation	2022G estimation	2023G forecast	2024G forecast	2025G forecast	2026G forecast	2027G forecast
Water distribution network (SAR billion)	2.4	1.4	0.8	0.5	0.5	0.5	0.6	0.6
Sewage network (SAR billion)	1.5	0.9	0.6	0.9	1.0	1.0	1.0	1.1
Sewage treatment plants (SAR billion)	1.0	0.8	0.8	0.8	0.9	1.0	1.1	1.2
Total (SAR billion)	**4.9**	**3.1**	**2.2**	**2.3**	**2.4**	**2.5**	**2.7**	**2.8**

Source: Average construction costs of water distribution and sewage network (per one km) based on NWC projects for 2-3 previous years (2021-2023G); average construction costs of SWT (per one cubic metre of daily capacity) based on National Water Strategy

In addition to existing BOOT/ BOT, O&M and EPC, to enhance the drive towards privatization, the National Water Company has implemented a strategy in which the entire Kingdom of Saudi Arabia is divided into six clusters. Under this approach, private consortium companies have been engaged to oversee the municipal water distribution and treatment value chain for the upcoming 7 years (Table 3.17 "**NWC MOM contracts**"). These agreements are referred to as Management, Operations and Maintenance (MOM) contracts, focusing exclusively on management responsibilities without necessitating any capital or operational expenditures from the respective consortiums. There is an anticipation that, if the consortiums successfully meet predefined Key Performance Indicators (KPIs) before the conclusion of the MOM contract period, these contracts may transition into concession agreements (at the same time, the concession holder can be changed). The precise details of the concession mechanism are presently under development by the NWC.

The following table illustrates the details of the MOM contracts awarded by the National Water Company.

Table (3.17): NWC MOM contracts

Cluster	Regions covered	Consortium companies		Value of contract
		Local	Foreign	
North-West	Medina and Tabuk regions	Miahona	Saur and Manila Water	SAR 198 million
Central	Riyadh region	Alkhorayef Water and Power Technologies	Veolia	SAR 358 million
Eastern	Dammam, Al Hofuf, Al Jubail, Al Khobar, Al Qatif and Hafar Al Batin	Miahona	Saur and Manila Water	SAR 221 million
Southern	Assir, Jazan, Najran, and Al Baha	Tawzea and Alhaj Abdullah Ali Riza Co. (HAACO)	Aqualia and Acciona	SAR 399 million
Western	Makkah region and the related governorates	Al Awael Modern Contracting Co.	SUEZ	SAR 365 million
Northern	Qassim, Hail, Al Jouf and Northern Borders	Tawzea and Alhaj Abdullah Ali Riza Co. (HAACO)	Aqualia	SAR 349 million

Source: Primary Research with Sector Experts

Once the MOM contracts are converted into concessions the market size will be further increased as the private sector is expected to become responsible for the customer management then. The current estimation of the market size doesn't take this component into consideration as terms and conditions of the future concessions haven't been announced yet.

3.7.3 Industrial Wastewater Treatment

The industrial wastewater treatment market is directly dependent on the amount of water consumption. Based on the industrial water consumption demand calculated in Table 3.11 "**Industrial Water Demand Forecast from 2023G to 2027G**", Section 3.6.1.3 "**Water Demand Forecast**", the amount of wastewater capacities has been calculated in the table below.

Table (3.18): Industrial wastewater treatment capacities from 2020G to 2027G

	2020G estimation	2021G Estimation	2022G estimation	2023G forecast	2024G forecast	2025G forecast	2026G forecast	2027G forecast
Daily Industrial Wastewater Treatment Capacities (million cubic metres per day)	1.7	1.8	1.9	1.9	2.0	2.1	2.1	2.2

Source: Wastewater production to water consumption ratio assumed as 0.42 according to MODON, Marafiq, Aramco

It is expected that the industrial wastewater treatment capacity will be increased to 2.2 million cubic metres per day by 2027G. Based on this, the market growth in O&M and Development components of contracts has been estimated In the table below.

Table (3.19): Industrial wastewater treatment market size from 2020G to 2027G

	2020G estimation	2021G estimation	2022G estimation	2023G forecast	2024G forecast	2025G forecast	2026G forecast	2027G forecast
O&M (SAR million)	210	227	245	251	265	280	293	307
Development (SAR million)	178	192	208	170	132	148	118	124
Total (SAR million)	**388**	**419**	**453**	**421**	**397**	**428**	**411**	**431**

Source: Average construction costs (per one cubic metre of daily capacity) based on the National Water Strategy; required capacity calculated based on water consumption dynamic of industrial segment (MEWA data was adjusted to eliminate incompleteness of 2021G data)

It is expected that the overall market size will reach SAR 431 million in 2027G. While O&M component is expected to continue growing YoY, the market size of the Development component is dependent on the volume of new capacities required every year. Based on the forecasted water consumption, significant investments in Development of new capacities are not expected, what results in the forecasted decline in the respective market.

The current estimation doesn't address the water transmission and distribution for the industrial segment due to the lack of transparency on the respective projects.

3.7.4 Municipal and Industrial Sector Recycling

The wastewater recycling market in Saudi Arabia has started to expand in recent years, driven by a growing awareness of water scarcity and the need for sustainable water management. The wastewater reuse rate increased from 17% in 2017G to the current level of 22.5% in 2022G. Based on the Vision 2030 and the National Water Strategy, the Government is expected to continue promoting the reuse of treated wastewater for agricultural and industrial purposes during the next seven years in order to achieve the 70% wastewater reuse rate by 2030G targeted by the National Water Strategy.

In line with the growth expected in sewage and industrial wastewater treatment capacities (Table 3.14 "**Capacity growth in the municipal sector from 2020G to 2027G**" and Table 3.18 "**Industrial wastewater treatment capacities from 2020G to 2027G**") and the National Water Strategy targets, the volume of reused treated wastewater is expected to grow from 455 million cubic metres in 2020G to 1,580 million cubic metres in 2027G (Table 3.20 "**Reused treated wastewater volume and market size from 2020G to 2027G**").

Revenues from reselling of recycled wastewater are collected by owners of the respective assets. At the same time, the wastewater treatment plant operators also get a share of the revenues generated. This share is dependent on the contract terms as agreed between the operator and the asset owner. Based on expert input and for the purposes of the current study, it is assumed as being equal to 30%.

As a result, the wastewater reuse market for private operators is expected to grow from SAR 386 million in 2020G to SAR 1,539 million in 2027G (Table 3.20 "**Reused treated wastewater volume and market size from 2020G to 2027G**"). The following table illustrates the growth in reused treated wastewater volume and market size from 2020G to 2027G.

Table (3.20): Reused treated wastewater volume and market size from 2020G to 2027G

	2020G estimation	2021G estimation	2022G estimation	2023G forecast	2024G forecast	2025G forecast	2026G forecast	2027G forecast
Amount of Reused Treated Sewage in Municipal segment(1) (million cubic metres)	341	419	434	534	656	806	990	1,216
Amount of Reused Treated Wastewater in Industrial Segment(2) (million cubic metres)	114	148	158	183	218	260	308	364
Reused Treated Wastewater Market Size(3) (SAR million)	386	490	522	645	802	998	1,239	1,539

(1) Source: MEWA data for 2020G-2022G; the Market Consultant's forecast for 2023-2027 based on the National Water Strategy target of 70% recycling rate in 2030G

(2) Source: the Market Consultant's estimation based on the growth in amount of industrial wastewater production and targeted recycling rate (the same as for the urban segment)

(3) Source: Based on potential revenue from reselling of treated water on the market and expert input that operators get ~30% of respective revenue

In summary, the total market size across the four relevant segments is expected to increase at a CAGR of 5.4% from SAR 6.7 billion in 2022G to SAR 8.7 billion in 2027G (Table 3.21 "**Target segments market size from 2020G to 2027G**").

The following table illustrates the growth in overall market size across the four key market segments between 2020G and 2027G.

Table (3.21): Target segments market size from 2020G to 2027G

	2020G estimation	2021G estimation	2022G estimation	2023G forecast	2024G forecast	2025G forecast	2026G forecast	2027G forecast
[Municipal & Industrial] Water Sourcing & Treatment (ground and surface purification plants and direct wells) (SAR million)	831	863	894	910	934	740	536	541
[Municipal] Water Distribution and Wastewater (Sewage) Collection & Treatment (SAR million)	6,961	5,262	4,830	4,982	5,406	5,640	5,957	6,212
Industrial Wastewater Treatment (SAR million)	388	419	453	421	397	428	411	431
[Municipal & Industrial] Recycling (SAR million)	386	490	522	645	802	998	1,239	1,539
Total (SAR million)	**8,556**	**7,033**	**6,700**	**6,797**	**7,539**	**7,805**	**8,143**	**8,724**

Source: Market Consultant

3.8 Competitive Landscape

3.8.1 Macro-environment

In order to provide insights into the industry's current and future challenges and opportunities, it is imperative to analyze the macro-environment surrounding the industry:

- **political:** the Government's commitment to privatization and opening state assets to private sector investment may create opportunities for private companies to invest in the water supply sector. This can lead to increased competition among local and global consortium companies in Public-Private Partnerships (PPPs) for water-related projects;
- **economic:** the Kingdom's expected GDP growth of 3% annually till 2027G presents a positive economic outlook. The development programs may lead to an increase in demand for water and necessary infrastructure as economic activities and urbanization expand;
- **social:** the population growth and urbanization trends can put significant pressure on water supply and infrastructure. The increasing urban population will likely drive up the demand for water and the expansion of water supply;
- **technological:** the demand for increased efficiency and service quality in the water sector through the adoption of new water and sewage treatment technologies, as well as digitalization, will drive the need for technological innovation and investment. This can lead to better management of water resources and a reduction in water losses;
- **environmental:** the government's efforts to promote rational water consumption and restrict the usage of non-renewable water sources will have a positive impact on the environment. This may result in a higher reliance on desalinated and recycled water sources, which can be more sustainable in the long term;
- **legal:** the strict regulatory environment, including licensing requirements for water operators and ground water sourcing by the Water Regulator, creates entry barriers for new players. Compliance with these regulations will be essential for companies operating in the water supply sector.

Analyzing the macro drivers for the industry, it is clear that the environment for the water supply sector in the Kingdom is favorable for long-term growth. The water supply sector in the Kingdom is influenced by various factors, including the government's push for privatization and localization, economic growth, population growth, technological advancements, environmental sustainability, and a complex regulatory framework.

3.8.2 Competition environment and Miahona's Market Share Insights

The water sector in the Kingdom is marked by a high degree of competition, with participation from various companies, both domestic and foreign, many of which engage in Public-Private Partnership (PPP) or concession agreements. Companies leading the market are characterized by deep technical expertise and sufficient financial capabilities, as well as commitment to sustainability. Most of them recognize the significance of forging partnerships and are actively taking measures to initiate them.

Key market players include foreign companies (e.g. Aqualia, Acciona, Metito, Veolia) and local companies (Alkhorayef, CWC, Tawzea). In line with the trend on creation of partnerships and consortiums, some companies can act as both a competitor and a partner (e.g. Manila Water and Saur) or even a client (e.g. Marafiq) of Miahona.

Miahona holds a substantial market presence, catering to both municipal and industrial clients (as indicated in Table 3.22 "**Miahona project market share as of 2022G**"). Within the non-desalination segment of water treatment, Miahona commands approximately 10% of the market size. Notably, the company has secured two out of the six MOM contracts awarded by the National Water Company, and these contracts are anticipated to transition into concessions within the coming 3-5 years.

In the sub-market of industrial wastewater treatment, Miahona is a major player, holding a market share of approximately 26%. Furthermore, Miahona is actively emphasizing its commitment to wastewater recycling, especially within the industrial sector. This commitment is evident in the company's substantial market share of approximately 6% in this specific sub-market.

The following table illustrates Miahona's market share in 2020-2022G across relevant sub-market segments. Due to the recently awarded projects, it's expected to increase further.

Table (3.22): Miahona project market share as of 2022G

Sub-market	Total Value of sub-market(1) (SAR million)			Miahona's revenue/ contract value(2) (SAR million)			Miahona's market share (%)		
	2020 estimation	2021 estimation	2022 estimation	2020 actual	2021 actual	2022 actual	2020 estimation	2021 estimation	2022 estimation
[Municipal & Industrial] Water Sourcing & Treatment (ground and surface purification plants and direct wells)	831	863	894	84	89	93	~10%	~10%	~10%
[Municipal] Water Distribution and Wastewater (Sewage) Collection & Treatment	6,961	5,262	4,830	25	28	35	<1%	~1%	~1%
NWC MOM Contracts(3)	-	-	270	-	-	604	-	-	~22%
Industrial Wastewater Treatment	388	419	453	94	114	118	~25%	~27%	~26%
[Municipal & Industrial] Recycling	386	490	522	24	25	29	~6%	~5%	~6%

(1) Source: Based on the market size estimates in Section 3-7-4 Municipal and Industrial Sector Recycling

(2) Source: Company data

(3) Note: Total MOM contract divided by the contract duration (7 years)

(4) Note: not included in the financial statement of the respective year, calculated based on the contract size and duration

4. COMPANY OVERVIEW

4.1 Overview

Miahona Company (the "**Company**") is a Saudi closed joint-stock company pursuant to the Partner's resolution attested by the Ministry of Commerce under number 100052515, dated 01/05/1445H (corresponding to 15/11/2023G), registered in Riyadh under commercial registration number 1010253603, dated 16/07/1429H (corresponding to 19/07/2008G). Its registered address is 3769 Thumama Road, Al Rabie District, Unit 30, Riyadh 13316 - 8580, Kingdom of Saudi Arabia (the "**Kingdom**").

The Company was initially established on 23/06/1429H (corresponding to 27/06/2008G) as a limited liability company with a paid up share capital of five-hundred thousand Saudi Riyals (SAR 500,000), divided into five thousand (5,000) shares with a paid up nominal value of one-hundred Saudi Riyals (SAR 100) per share, and registered in Riyadh under commercial registration number 1010253603, dated 16/07/1429H (corresponding to 19/07/2008G). On 20/06/1438H (corresponding to 19/03/2017G), Mohammed bin Abdullah bin Rashid Abunayyan transferred his ownership of two hundred and fifty (250) shares of the Company's share capital to the Sustainable Projects Development Company, without any cash consideration. On 05/03/1445H (corresponding to 20/09/2023G), the partners decided to capitalize the amount contained in the additional capital contribution account of one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,425,543), which resulted from the following transactions: (1) On 10/03/1436H (corresponding to 01/01/2015G), the Company acquired 90% of the shares of ICDOC from Vision Invest under a sale and purchase agreement, provided that the purchase price would be settled by issuing shares in the Company with a value of one hundred and thirty-eight million, three hundred and five thousand, eight hundred and eighty-nine Saudi Riyals (SAR 138,305,889) to the two Partners in the Company who were, at the time of the settlement, Vision Invest and Sustainable Projects Development Company. (2) On 14/04/1439H (corresponding to 01/01/2018G), the Company acquired 10% of the shares of ICDOC from Vision Invest under a sale and purchase agreement, provided that the purchase price would be settled by issuing shares in the Company with a value of eighteen million, four hundred and sixty-eight thousand, six hundred and seven Saudi Riyals (SAR 18,468,607) to the two Partners in the Company who were, at the time of the settlement, Vision Invest and Sustainable Projects Development Company. It is worth noting that the articles of association of ICDOC were amended to reflect the Company's ownership of 100% of the shares of ICDOC and the share purchase transactions dated 10/03/1436H (corresponding to 01/01/2015G) and 14/04/1439H (corresponding to 01/01/2018G) as mentioned above. (3) On 10/03/1436H (corresponding to 01/01/2015G), the Company acquired 99% of the shares of JECO from Vision Invest under a sale and purchase agreement, provided that the purchase price would be settled by a cash consideration of one million, eighty-three thousand, six hundred and thirteen Saudi Riyals (SAR 1,083,613) and by issuing shares in the Company with a value of three million, four hundred and sixteen thousand, three hundred and eighty-seven Saudi Riyals (SAR 3,416,387) to the two Partners in the Company who were, at the time of the settlement, Vision Invest and Sustainable Projects Development Co. Ltd. (4) On 14/04/1439H (corresponding to 01/01/2018G), the Company acquired 1% of the shares of JECO from Vision Invest under a sale and purchase agreement, provided that the purchase price would be settled by issuing shares in the Company with a value of one hundred and twenty-six thousand, seven hundred and eighty-two Saudi Riyals (SAR 126,782) to the two partners in the Company who were, at the time of the settlement, Vision Invest and Sustainable Projects Development Co. Ltd. It is worth noting that the articles of association of JECO were amended to reflect the Company's ownership of 100% of the shares of JECO and the share purchase transactions dated 10/03/1436H (corresponding to 01/01/2015G) as mentioned above. (5) On 20/04/1436H (corresponding to 09/02/2015G), the Company established RWPC by injecting a cash amount of four hundred and ninety-five thousand Saudi Riyals (SAR 495,000). The Company owned 99% of the shares of RWPC, while Vision Invest owned 1% of the shares thereof. On 14/04/1439H (corresponding to 01/01/2018G), the Company acquired the remaining 1% of RWPC from Vision Invest under a sale and purchase agreement, provided that the purchase price would be settled by issuing shares in the Company with a value of one hundred and seven thousand, eight hundred and seventy-eight Saudi Riyals (SAR 107,878) to the two partners in the Company who were, at the time of the settlement, Vision Invest and Sustainable Projects Development Co. Ltd. It is worth noting that the Articles of Association of RWPC were amended to reflect the Company's ownership of 100% of the shares of RWPC and the share purchase transaction dated 14/04/1439H (corresponding to 01/01/2018G) as mentioned above.

Based on the above, on 01/05/1445H (corresponding to 15/11/2023G), the Shareholders' resolution to transform the Company into a closed joint-stock company was approved, which also included the approval to increase the Company's capital from five hundred thousand Saudi Riyals (SAR 500,000) to one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543), divided into one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) shares with an equal nominal value of one Saudi Riyal (SAR 1) per share. This was completed by transferring one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,425,543) from the additional capital contribution account as described above, and reducing the nominal value of the Company's shares from one hundred Saudi Riyals (SAR 100) to one Saudi Riyal (SAR 1) by subdividing one million, six hundred and four thousand, two hundred and fifty-five (1,604,255) shares into one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three (160,425,543) shares, without any change in the ownership percentage of each of the Shareholders at the time.

On 12/06/1445H (corresponding to 26/11/2023G), Sustainable Projects Development Company transferred its shares amounting to eight million, forty-six thousand, two hundred and seventy-seven (8,046,277) shares to Vision Invest without any financial consideration. Accordingly, the Company was converted from a Saudi closed joint-stock company to a single-person Saudi closed joint-stock company (for further information on the Company's history, please refer to Section 4.1.2 "**Company History, Ownership Structure Development and Capital**" of this Prospectus).

As of the date of this Prospectus, the Company's share capital is one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543), divided into one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) ordinary shares with an equal nominal value of one Saudi Riyal (SAR 1) per share.

The Company's activities, according to its bylaws and commercial register, are as follows:

1- Water transmission and distribution.
2- Operation of sewage treatment networks and facilities.
3- General construction of non-residential buildings such as schools, hospitals and hotels.
4- Construction of water distribution stations and main lines.
5- Construction of sewage treatment plants and projects, sewer networks and pumps.

The Group is the first developer of wastewater and water infrastructure under the public-private partnership ("**PPP**") model in the Kingdom, and is one of the leaders in water cycle management serving municipalities and industrial customers. The business of water sector cycle management generally centers on providing an integrated water value chain, starting from the water source and ending with the consumption of water by the end user. The main activities of water sector cycle management include: (i) production and distribution of potable water and industrial process water; (ii) collection, treatment, recycling and disposal of wastewater; (iii) customer relationship management, including: (a) aligning customer demand with their future requirements to ensure proactive anticipation of customer needs; (b) prioritizing customer satisfaction by focusing on quality and reliability; (c) implementing technical compliance management to adhere to and comply with industry standards and relevant laws and regulations; and (d) creating a dedicated customer portal to streamline communication and provide an effective platform for customer engagement. The Group's services include:

- **Water:** The Group has well recognized expertise in the development and/or management and operation of water treatment systems, which includes water treatment plants and distribution systems for potable water; and
- **Wastewater:** The Company has significant experience in water treatment processing including (i) developing, engineering and designing treatment plants; (ii) decontaminating wastewater; (iii) recycling wastewater and effluents; and (iv) operating, maintaining and optimizing wastewater treatment plants.

The Group primarily operates in the following sectors:

- **Municipal sector:** The Company provides services to certain entities such as NWC, SWPC, and the Saline Water Conversion Corporation.
- **Industrial sector:** The Group's customers in this sector include a number of government entities such as the Royal Commission for Jubail and Yanbu, semi-government entities such as Saudi Aramco, and private industrial companies.

The Group offers its services through the following arrangements:

- **Greenfield Concession Agreements:** the Group develops new facilities under BOOT or BOT concessions whereby the offtaker assigns the overall task of designing, building and operating facilities with an end-of-operations asset transfer clause. These contracts are performed by the Group acting alone or through partnerships with other sector experts. The Group establishes independent special purpose vehicles (hereinafter referred to as "**SPV**") for each contract to execute such contracts. The SPVs obtain project finance debt on a non-recourse basis.
- **Brownfield Concession Agreements:** the Group rehabilitates and/or reconstructs existing facilities under ROT or ROOT concessions on a long-term basis, under the requirement to transfer assets at the end of operations. The Group enters into these contracts whereby it is assigned to design, rehabilitate and/or upgrade and operate existing facilities. The ROT projects are provided under off-take arrangements or distribution rights. These contracts may be executed by the Group acting alone or through partnerships with other sector experts. The Group establishes independent SPVs for each contract to execute such contracts. The capital cost required to execute these contracts is mainly funded through non-recourse project finance or through conventional borrowing with recourse to the Group.
- **Management, Operations and Maintenance (MOM):** The Group is contracted to provide supplies, personnel and management services for water and wastewater treatment plants. These contracts are generally for short to medium-term terms.

As of the date of this Prospectus, the Company has invested approximately SAR 1 billion in water and wastewater assets in the Kingdom and serves more than 8 million individuals across the Kingdom (approximately 30% of the Kingdom's population), including two-thousand and eleven (2,011) major industrial clients. The Group's portfolio of projects has the following operational capacity.

Table (4.1): Operational Capacity of the Group's Projects

	2020G	2021G	2022G	30 September 2023G
Water	95,300	95,300	102,800	102,800
Wastewater	566,500	806,500	806,500	806,500
Total	661,800	901,800	909,300	909,300

Source: The Company

The Directors declare that no material change in the nature of the Company's business is contemplated as at the date of this Prospectus.

4.1.1 The Company's Ownership Structure Pre- and Post-Offering

As of the date of this Prospectus, the Company's share capital is one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543), fully paid, divided into one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) ordinary shares with a fully paid up nominal value of one Saudi Riyal (SAR 1) per share. The following table shows the Company's ownership structure before and after the Offering:

Table (4.2): The Company's Ownership Structure Pre- and Post-Offering

#	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Total Nominal Value (SAR)	Percentage of Ownership*	No. of Shares*	Total Nominal Value (SAR)*	Percentage of Ownership*
1.	Vision Invest	160,925,543	160,925,543	100%	112,647,880	112,647,880	70%
2.	Public	-	-	-	48,277,663	48,277,663	30%
Total		**160,925,543**	**160,925,543**	**100%**	**160,925,543**	**160,925,543**	**100%**

* The figures mentioned are approximate.

Source: The Company

4.1.2 Corporate History and Evolution of the Company's Ownership Structure and Share Capital

A- Establishment (2008G)

The Company was established in 2008G as a limited liability company under the name "Miahona" under commercial registration number 1010253603, dated 16/07/1429H (corresponding to 20/07/2008G), with a capital of five hundred thousand Saudi Riyals (SAR 500,000) fully paid, divided into five thousand (5,000) cash shares of equal value, with a fully paid up nominal value of one hundred Saudi Riyals (SAR 100) per share.

The following table shows the Company's ownership structure at the time of establishment:

Table (4.3): The Company's Ownership Structure as of 16/07/1429H (corresponding to 20/07/2008G)

#	Partner	No. of Shares	Nominal Value Per Share (SAR)	Total Nominal Value (SAR)	Percentage of Ownership
1.	Vision Invest	4,750	100	475,000	95%
2.	Mohammad Abdullah Rashid Abunayyan	250	100	25,000	5%
Total		**5,000**	**-**	**500,000**	**100%**

Source: The Company

B- Change of Ownership (2017G)

On 20/06/1438H (corresponding to 19/03/2017G), Mohammad Abdullah Rashid Abunayyan, who owns two hundred and fifty (250) shares of the Company's capital, transferred all of his ownership shares to Sustainable Projects Development Company.

The following table shows the Company's ownership structure after the change of ownership:

Table (4.4): The Company's Ownership Structure as of 20/06/1438H (corresponding to 19/03/2017G)

#	Partner	No. of Shares	Nominal Value Per Share (SAR)	Total Nominal Value (SAR)	Percentage of Ownership
1.	Vision Invest	4,750	100	475,000	95%
2.	Sustainable Projects Development Company	250	100	25,000	5%
Total		**5,000**	**-**	**500,000**	**100%**

Source: The Company

C- Capital Increase and Conversion to a Closed Joint-Stock Company (2023G)

On 05/03/1445H (corresponding to 20/09/2023G), the partners decided to capitalize the amount in the additional capital contribution account, amounting to one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,425,543), which arose from the following operations:

- On 10/03/1436H (corresponding to 01/01/2015G), the Company acquired 90% of the shares of ICDOC from Vision Invest under a sale and purchase agreement provided that the purchase price would be settled by issuing shares in the Company with a value of one hundred and thirty-eight million, three hundred and five thousand, eight hundred and eighty-nine Saudi Riyals (SAR 138,305,889) to the two Partners in the Company, who, at the time of settlement, were Vision Invest and Sustainable Projects Development Company.
- On 14/04/1439H (corresponding to 01/01/2018G), the Company acquired 10% of the shares of ICDOC from Vision Invest under a sale and purchase agreement provided that the purchase price would be settled by issuing shares in the company with a value of eighteen million, four hundred and sixty-eight thousand, six hundred and seven Saudi Riyals (SAR 18,468,607) to the two Partners in the Company, who, at the time of settlement, were Vision Invest and Sustainable Projects Development Company. It is worth noting that the articles of association of ICDOC were amended to reflect the Company's ownership of 100% of the shares of ICDOC and the share purchase transactions dated 10/03/1436H (corresponding to 01/01/2015G) and 14/04/1439H (corresponding to 01/01/2018G) as mentioned above.
- On 10/03/1436H (corresponding to 01/01/2015G), the Company acquired 99% of the shares JECO from Vision Invest under a sale and purchase agreement provided that the purchase price would be settled by a cash payment of one million, eighty-three thousand, six hundred and thirteen Saudi Riyals (SAR 1,083,613) and by issuing shares in the Company with a value of three million, four hundred and sixteen thousand, three hundred and eighty-seven Saudi Riyals (SAR 3,416,387) to the two Partners in the Company, who, at the time of settlement, were Vision Invest and Sustainable Projects Development Company.
- On 14/04/1439H (corresponding to 01/01/2018G), the Company acquired 1% of the shares of JECO from Vision Invest under a sale and purchase agreement provided that the purchase price would be settled by issuing shares in the company with a value of one hundred and twenty-six thousand, seven hundred and eighty-two Saudi Riyals (SAR 126,782) to the two Partners in the Company, who, at the time of settlement, were Vision Invest and Sustainable Projects Development Company. It is worth noting that the articles of association of JECO were amended to reflect the Company's ownership of 100% of the shares of JECO and the share purchase transactions dated 10/03/1436H (corresponding to 01/01/2015G) as mentioned above.
- On 20/04/1436H (corresponding to 09/02/2015G), the Company established RWPC by injecting a cash amount of four hundred and ninety-five thousand Saudi Riyals (SAR 495,000). It owned 99% of the shares of RWPC while Vision Invest owned 1% of the shares thereof. On 14/04/1439H (corresponding to 01/01/2018G), the Company acquired the remaining 1% of the shares of RWPC from Vision Invest under a sale and purchase agreement provided that the purchase price would be settled by issuing shares in the company worth one hundred and seven thousand, eight hundred and seventy-eight Saudi Riyals (SAR 107,878) to the two Partners in the Company, who, at the time of settlement, were Vision Invest and Sustainable Projects Development Company. It is worth noting that the articles of association of RWPC were amended to reflect the Company's ownership of 100% of the shares of RWPC and the share purchase transaction dated 14/04/1439H (corresponding to 01/01/2018G) as mentioned above.

Based on the foregoing, on 01/05/1445H (corresponding to 15/11/2023G), the Shareholders' resolution to convert the Company into a closed joint-stock company was approved. This also included the approval to increase the Company's share capital from five hundred thousand Saudi Riyals (SAR 500,000) to one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543), divided into one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) shares with an equal nominal value of one Saudi Riyal (SAR 1) per share. This was completed by transferring one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,425,543) from the additional capital contribution account as described above, and reducing the nominal value of the Company's shares from one hundred Saudi Riyals (SAR 100) to one Saudi Riyal (SAR 1) by subdividing one million, six hundred and four thousand, two hundred and fifty-five (1,604,255) shares into one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three (160,425,543) shares, without any change in the ownership percentage of each Shareholder at the time.

The following table shows the Company's ownership structure after such capital increase, reduction in the nominal value of the Company's shares, and conversion to a closed joint-stock company:

Table (4.5): The Company's Ownership Structure as of 10/01/1444H (corresponding to 08/08/2022G)

#	Shareholder	No. of Shares	Nominal Value Per Share (SAR)	Total Nominal Value (SAR)	Shareholding Percentage
1.	Vision Invest	152,879,266	1	152,879,266	95%
2.	Sustainable Projects Development Company	8,046,277	1	8,046,277	5%
Total		**160,925,543**	**-**	**160,925,543**	**100%**

Source: The Company

D- Change of Ownership and Conversion to a Closed Single-Person Shareholding Company (2023G)

On 12/06/1445H (corresponding to 26/11/2023G), Sustainable Projects Development Company transferred its share of eight million, forty-six thousand, two hundred and seventy-seven (8,046,277) shares to Vision Invest. As a result, the Company was converted from a Saudi closed joint-stock company to a single-person Saudi closed joint-stock company.

The following table shows the Company's ownership structure after the change of ownership and as of the date of this Prospectus:

Table (4.6): The Company's Ownership Structure as of 12/06/1445H (corresponding to 26/11/2023G)

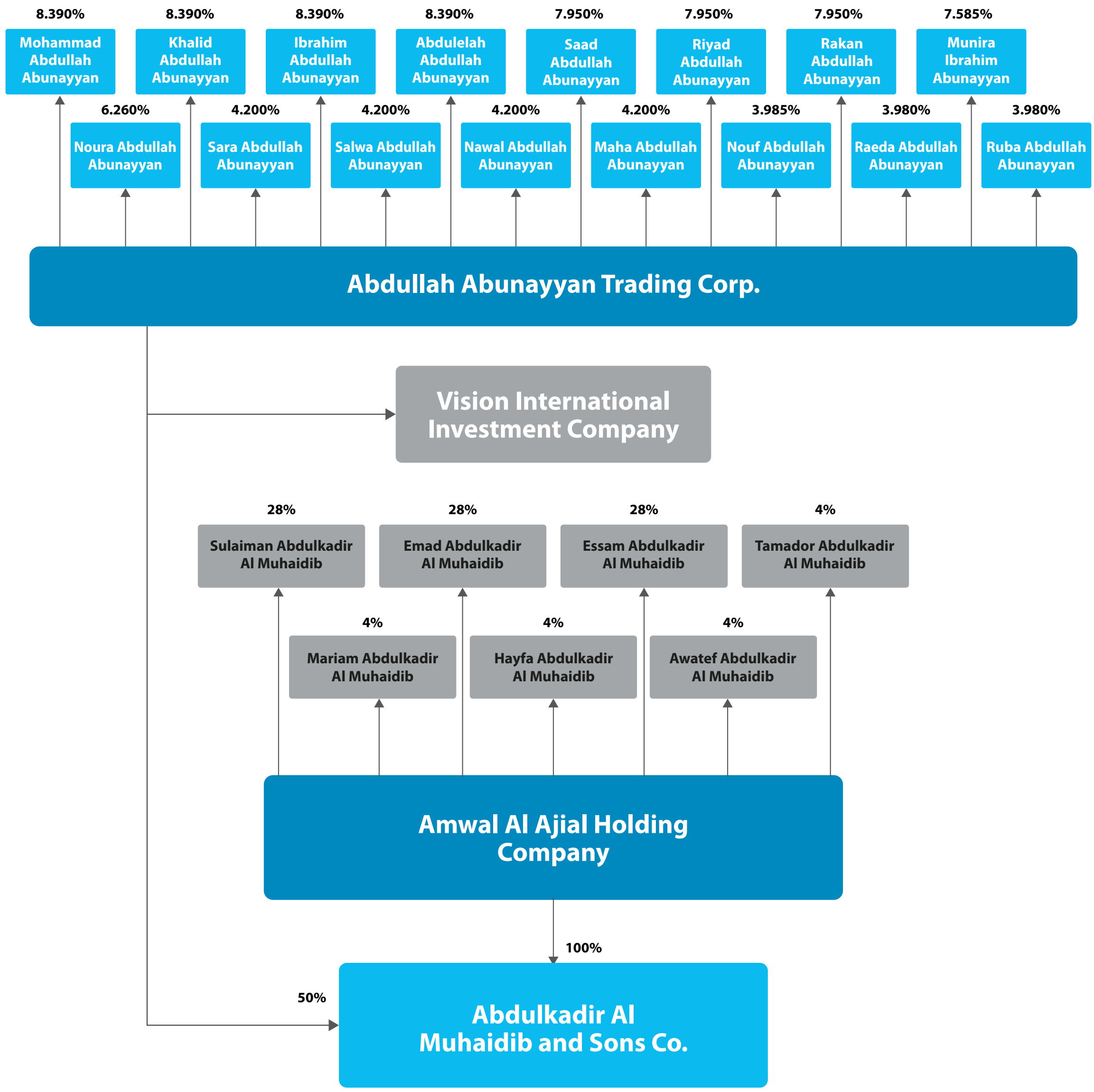
#	Shareholder	No. of Shares	Nominal value Per Share (SAR)	Total Nominal Value (SAR)	Shareholding Percentage
1.	Vision Invest	160,925,543	1	160,925,543	100%
Total		**160,925,543**	**-**	**160,925,543**	**100%**

Source: The Company

4.1.3 Overview of the Company's Substantial Shareholder

The following figure shows the ownership structure of the Substantial Shareholder as of the date of this Prospectus:

Figure (5): Ownership Structure of the Substantial Shareholder as of the Date of this Prospectus



As of the date of this Prospectus, the Company has one Substantial Shareholder who owns 100% of the Company's capital directly, namely Vision Invest.

Vision Invest is a Saudi closed joint-stock company registered in Riyadh under commercial registration number 1010178941, dated 05/04/1423H (corresponding to 16/06/2002G). As of the date of this Prospectus, the share capital of Vision Invest is four hundred million Saudi Riyals (SAR 400,000,000), divided into forty million (40,000,000) shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share.

Vision Invest is a leading Saudi holding company in the field of infrastructure sector development and investment through public-private partnership projects and other investments in vital sectors in the Kingdom, the Gulf Cooperation Council countries, and beyond. Since 2002G, Vision Invest has strengthened partnerships with prominent partners at the local, regional and international levels through a specialized investment model to provide sustainable value through investments with a positive impact on the development of vital sectors. Vision Invest owns investments that it has developed with its customers and partners in a wide range of vital sectors, including power generation, water desalination, industrial gases, logistics, transportation, district cooling, wastewater treatment, and social infrastructure.

According to the commercial register of Vision Invest, its principal activity is the establishment of stations and main water distribution lines, repair and maintenance of sewage stations and projects, sewage networks and pumps, repair and maintenance of power stations and transformers, and the establishment and construction of power stations and transformers.

The following table shows the ownership structure of Vision Invest:

Table (4.7): Ownership Structure of Vision Invest

#	Shareholder	No. of Shares	Nominal Value Per Share (SAR)	Total Nominal Value (SAR)	Shareholding Percentage
1.	Abdulkadir Al Muhaidib and Sons Co.	20,000,000	10	200,000,000	50%
2.	Abdullah Abunayyan Trading Corp.	20,000,000	10	200,000,000	50%
Total		**40,000,000**	**-**	**400,000,000**	**100%**

Source: The Company

Since Vision Invest is wholly owned by Abdulkadir Al Muhaidib and Sons Co. and Abdullah Abunayyan Trading Corp, the following are the details of these companies:

A- Abdulkadir Al Muhaidib and Sons Co.

Abdulkadir Al Muhaidib and Sons Co. is a closed joint-stock company registered in Riyadh under commercial registration number 205009333, dated 17/09/1400H (corresponding to 30/07/1980G). As of the date of the Prospectus, the share capital of Abdulkadir Al Muhaidib and Sons Co. is one billion Saudi Riyals (SAR 1,000,000,000), divided into one hundred million (100,000,000) shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share. The following is the ownership structure of Abdulkadir Al Muhaidib and Sons Co.

Table (4.8): Ownership Structure of Abdulkadir Al Muhaidib and Sons Co.

#	Shareholder	No. of Shares	Nominal Value Per Share (SAR)	Total Nominal Value (SAR)	Shareholding Percentage
1.	Amwal Al Ajial Holding Company	100,000,000	10	1,000,000,000	100%
Total		**100,000,000**	**-**	**1,000,000,000**	**100%**

Source: The Company

Amwal Al Ajial Holding Company is a limited liability company registered in Dammam under commercial registration number 2050063825, dated 20/02/1430H (corresponding to 15/02/2009G). As of the date of the Prospectus, the share capital of Amwal Al Ajial Holding Company is five million Saudi Riyals (SAR 5,000,000), divided into five hundred thousand (500,000) shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share. The following is the ownership structure of Amwal Al Ajial Holding Company:

Table (4.9): Ownership Structure of Amwal Al Ajial Holding Company

#	Shareholder	No. of Shares	Nominal Value Per Share (SAR)	Total Nominal Value (SAR)	Shareholding Percentage
1.	Sulaiman Abdulkadir Al Muhaidib	140,000	10	1,400,000	28%
2.	Emad Abdulkadir Al Muhaidib	140,000	10	1,400,000	28%
3.	Essam Abdulkadir Al Muhaidib	140,000	10	1,400,000	28%
4.	Mariam Abdulkadir Al Muhaidib	20,000	10	200,000	4%
5.	Hayfa Abdulkadir Al Muhaidib	20,000	10	200,000	4%
6.	Awatef Abdulkadir Al Muhaidib	20,000	10	200,000	4%
7.	Tamador Abdulkadir Al Muhaidib	20,000	10	200,000	4%
Total		**500,000**	**-**	**5,000,000**	**100%**

Source: The Company

B- Abdullah Abunayyan Trading Corp.

Abdullah Abunayyan Trading Corp. is a closed joint-stock company registered in Riyadh under commercial registration number 1010077408, dated 17/12/1410H (corresponding to 11/06/1990G). As of the date of the Prospectus, the share capital of Abdullah Abunayyan Trading Corp. is twenty million Saudi Riyals (SAR 20,000,000), divided into twenty million (20,000,000) shares with an equal nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The following is the ownership structure of Abdullah Abunayyan Trading Corp.:

Table (4.10): Ownership Structure of Abdullah Abunayyan Trading Corp.

#	Shareholder	No. of Shares	Nominal Value Per Share (SAR)	Total Nominal Value (SAR)	Shareholding Percentage
1.	Mohammad Abdullah Abunayyan	1,678	1,000	1,678,000	8.390%
2.	Khalid Abdullah Abunayyan	1,678	1,000	1,678,000	8.390%
3.	Ibrahim Abdullah Abunayyan	1,678	1,000	1,678,000	8.390%
4.	Abdulelah Abdullah Abunayyan	1,678	1,000	1,678,000	8.390%
5.	Saad Abdullah Abunayyan	1,590	1,000	1,590,000	7.950%
6.	Riyad Abdullah Abunayyan	1,590	1,000	1,590,000	7.950%
7.	Rakan Abdullah Abunayyan	1,590	1,000	1,590,000	7.950%
8.	Munira Ibrahim Abunayyan	1,517	1,000	1,517,000	7.585%
9.	Noura Mohamed Al Madi	1,252	1,000	1,252,000	6.260%
10.	Sara Abdullah Abunayyan	840	1,000	840,000	4.200%
11.	Salwa Abdullah Abunayyan	840	1,000	840,000	4.200%
12.	Nawal Abdullah Abunayyan	840	1,000	840,000	4.200%
13.	Maha Abunayyan	840	1,000	840,000	4.200%
14.	Nouf Abdullah Abunayyan	797	1,000	797,000	3.985%
15.	Raeda Abdullah Abunayyan	796	1,000	796,000	3.980%
16.	Ruba Abdullah Abunayyan	796	1,000	796,000	3.980%
Total		**20,000**	**-**	**20,000,000**	**100%**

Source: The Company

4.1.4 Overview of the Company's Indirect Substantial Shareholders

The following table shows details of the Substantial Shareholders based on their indirect ownership in the Company:

Table (4.11): Substantial Shareholders in the Company by Indirect Ownership as of the Date of this Prospectus

#	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Total Nominal Value of Shares (SAR)	Percentage of Ownership(1)	No. of Shares	Total Nominal Value of Shares (SAR)	Percentage of Ownership(1)
1.	Sulaiman Abdulkadir Al Muhaidib(2)	22,529,576	22,529,576	14%	15,770,703	15,770,703	9.8%
2.	Emad Abdulkadir Al Muhaidib(3)	22,529,576	22,529,576	14%	15,770,703	15,770,703	9.8%
3.	Essam Abdulkadir Al Muhaidib(4)	22,529,576	22,529,576	14%	15,770,703	15,770,703	9.8%

(1) The percentages mentioned are approximate.

(2) Sulaiman Abdulkadir Al Muhaidib owns 28% of the shares of Amwal Al Ajial Holding Company, which in turn owns 100% of Abdulkader Al Muhaidib & Sons General Trading Company L.L.C, which in turn owns 50% of Vision Invest, which in turn owns 100% of the Company's capital before the Offering.

(3) Emad Abdulkadir Al Muhaidib owns 28% of the shares of Amwal Al Ajial Holding Company, which in turn owns 100% of Abdulkader Al Muhaidib & Sons General Trading Company L.L.C, which in turn owns 50% of Vision Invest, which in turn owns 100% of the Company's capital before the Offering.

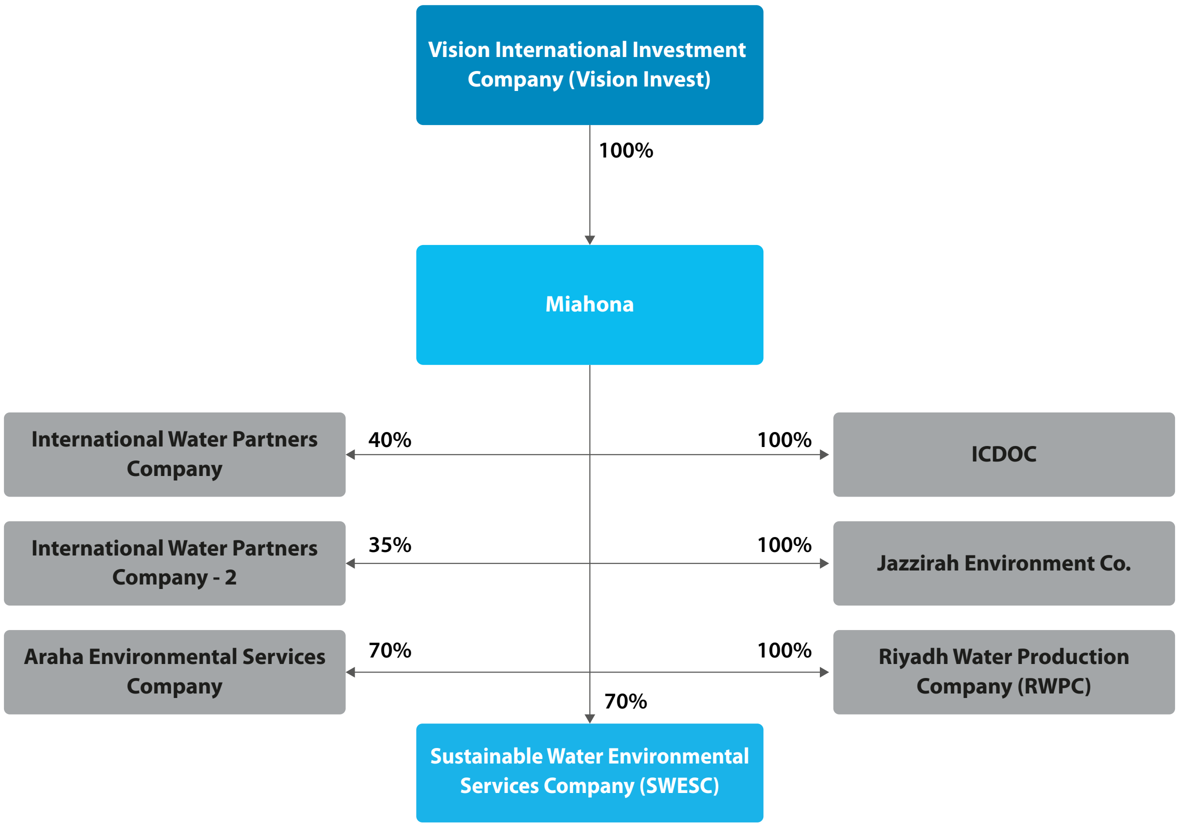
(4) Essam Abdulkadir Al Muhaidib owns 28% of the shares of Amwal Al Ajial Holding Company, which in turn owns 100% of Abdulkader Al Muhaidib & Sons General Trading Company L.L.C, which in turn owns 50% of Vision Invest, which in turn owns 100% of the Company's capital before the Offering.

Source: The Company

4.1.5 Group Structure

The following figure shows the Group structure as of the date of this Prospectus:

Figure (6): Group Structure as of the Date of this Prospectus



Source: The Company

4.1.6 Overview of the Company's Subsidiaries

The Company has seven (7) Subsidiaries within the Kingdom. The following table shows the details of the Company's Subsidiaries as of the date of this Prospectus:

Table (4.12): Overview of the Company's Subsidiaries

#	Name of Subsidiary	Nationality	Commercial Registration Number	Date of Establishment	Capital	Direct and Indirect Ownership of the Company	Other Partners (if any)
1.	ICDOC	Saudi	4030141363	10/11/1423H (corresponding to 13/01/2003G)	SAR 66,600,000	100%	N/A
2.	JECO	Saudi	1010248850	20/04/1429H (corresponding to 26/04/2008G)	SAR 2,000,000	100%	N/A
3.	RWPC	Saudi	1010430327	20/04/1436H (corresponding to 09/02/2015G)	SAR 500,000	100%	N/A
4.	International Water Partners Company	Mixed company	4650229272	12/08/1442H (corresponding to 25/03/2021G)	SAR 500,000	40%	60% held by SAUR and Manila Water Asia Pacific Pte. Ltd. (MWAP)
5.	International Water Partners Company - 2	Mixed company	2050153893	24/06/1443H (corresponding to 27/01/2022G)	SAR 500,000	35%	65% held by SAUR and Manila Water Asia Pacific Pte. Ltd. (MWAP)
6.	Araha Environmental Services Company	Saudi	4031274456	06/05/1444H (corresponding to 30/11/2022G)	SAR 500,000	70%	30% held by Thabat Construction Company
7.	Sustainable Water Environmental Services Company (SWESC)	Saudi	2050168511	07/08/1444H (corresponding to 27/02/2023G)	SAR 500,000	70%	30% held by Thabat Construction Company

Source: The Company

For the purpose of assessing the materiality of the Company's Subsidiaries, the Company and its financial advisors considered their impact on the decision to invest in the Company's securities and their price, including, but not limited to, whether they constitute 5% or more of the Company's total assets, liabilities, revenues, profits or contingent liabilities.

Based on the foregoing, four (4) of the Company's subsidiaries are considered material. The following are details of the Group's material subsidiaries:

A- ICDOC

ICDOC is a limited liability company established in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 4030141363, dated 10/11/1423H (corresponding to 13/01/2003G), with a share capital of sixty-six million, six hundred thousand Saudi Riyals (SAR 66,600,000), divided into six hundred and sixty-six thousand (666,000) equal shares with a nominal value of one hundred Saudi Riyals (SAR 100). The principal activity of ICDOC is to participate in the construction, O&M of water desalination plants for industrial cities, water networks, wastewater and rainwater networks, development and operation of industrial cities, construction and operation of power plants for industrial cities, purchase of land for construction, development of buildings and investment in them through sale and lease.

According to its commercial register, the activities of ICDOC include the following:

1- Operation of wastewater treatment networks.
2- General construction of non-residential buildings such as schools, hospitals and hotels, etc.
3- Construction of water distribution plants and main lines.
4- Construction of sewage stations and projects, sewer networks and pumps.
5- Network extensions.

In accordance with its memorandum of association, the activities of ICDOC are as follows:

1- Generation, transmission and distribution of electric power.
2- Generation of electric power.
3- Transmission of electric power.
4- Distribution of electric power.
5- Other activities related to the generation, transmission and distribution of electric power.
6- Collection, treatment and delivery of water.
7- Water collection.
8- Water technology.
9- Desalination of water.
10- Water distribution.
11- Other activities related to water collection, treatment and distribution.
12- Sanitation.
13- Disposal of wastewater.
14- Wastewater treatment.
15- Other activities related to the sewer network.
16- Construction of buildings.
17- General construction of residential buildings.
18- General construction of non-residential buildings, including schools, hospitals, hotels, etc.
19- General construction of other non-residential buildings not mentioned above.
20- Construction of prefabricated buildings on site.
21- Renovation of residential and non-residential buildings.
22- Civil engineering.
23- Construction of utility projects.
24- Construction and repair of water distribution stations and main lines.
25- Construction and repair of irrigation canals, main water towers and water well drilling, and maintenance of water wells.
26- Construction and repair of sewage stations and projects, sewer networks and pumps.
27- Construction, installation and repair of power stations and transformers.
28- Land and pipeline transportation.
29- Other activities related to the land transportation of goods.
30- Transportation of water through pipelines.
31- O&M of pumping stations and pipelines.
32- Other activities related to pipeline transportation.
33- Storage and support and transportation activities.
34- Other activities related to storage in warehouses.

The following table shows the details of the current shareholding structure of ICDOC as of the date of this Prospectus:

Table (4.13): Current Shareholding Structure of ICDOC

#	Shareholder	No. of Shares	Nominal Value Per Share (SAR)	Total Nominal Value of Shares (SAR)	Shareholding Percentage
1.	The Company	666,000	100	66,600,000	100%
Total		**666,000**	**-**	**66,600,000**	**100%**

Source: The Company

B- JECO

JECO is a limited liability company established in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 1010248850, dated 20/04/1429H (corresponding to 26/04/2008G), with a share capital of two million Saudi Riyals (SAR 2,000,000), divided into two thousand (2,000) equal shares with a nominal value of one thousand Saudi Riyals (SAR 1,000). The principal activity of JECO is the O&M of water desalination plants, including brackish water and seawater, wastewater treatment plants, water networks, wastewater networks, and water network recycling and treatment.

According to its commercial register, the activities of JECO include the following:

1- Operation of wastewater treatment networks.
2- General construction of residential buildings.
3- Extension of various types of pipes for electricity, communications and other uses.
4- Construction of water distribution stations and main lines.
5- Construction of sewage stations and projects, sewer networks and pumps.
6- Network extensions.

According to its memorandum of association, the activities of JECO include the following:

1- O&M of wastewater treatment plants.
2- Purification and desalination plants for well water and seawater.
3- Water and wastewater networks.

The following table shows the details of the current shareholding structure of JECO as of the date of this Prospectus:

Table (4.14): Current Shareholding Structure of JECO

#	Shareholder	No. of Shares	Nominal Value Per Share (SAR)	Total Nominal Value of Shares (SAR)	Shareholding Percentage
1.	The Company	2,000	1,000	2,000,000	100%
Total		**2,000**	**-**	**2,000,000**	**100%**

Source: The Company

C- RWPC

RWPC is a limited liability company established in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 1010430327, dated 20/04/1436H (corresponding to 09/02/2015G), with a share capital of five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) equal shares with a nominal value of ten Saudi Riyals (SAR 10). The principal activity of RWPC is the drilling of all types of water wells, work in water technology, production, distribution, transportation, sale, sanitation, drainage, water treatment and reuse, sale and contracting for general construction, pipes, electrical works, mechanical works, maintenance, operation and road works.

According to its commercial register, the activities of RWPC include the following:

1- Extraction of non-potable water.
2- Water technology.
3- Desalination of water.
4- Transportation and distribution of water.

According to its memorandum of association, the activities of RWPC include the following:

1- Electricity, gas, water and utilities.
2- Construction and building.

The following table shows the details of the current shareholding structure of RWPC as of the date of this Prospectus:

Table (4.15): Current Shareholding Structure of RWPC

#	Shareholder	No. of Shares	Nominal Value Per Share (SAR)	Total Nominal Value of Shares (SAR)	Shareholding Percentage
1.	The Company	50,000	10	500,000	100%
Total		**50,000**	**-**	**500,000**	**100%**

Source: The Company

D- Araha Environmental Services Company

Araha Environmental Services Company is a limited liability company established in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 4031274456, dated 06/05/1444H (corresponding to 30/11/2022G), with a share capital of five hundred thousand Saudi Riyals (SAR 500,000), divided into five hundred (500) equal shares with a nominal value of one thousand Saudi Riyals (SAR 1,000). The principal activity of Araha Environmental Services Company is the operation of wastewater networks or wastewater treatment plants, repair and maintenance of wastewater networks, wastewater disposal stations, wastewater pumping stations, and construction of wastewater networks.

According to its commercial register, the activities of Araha Environmental Services Company include the following:

1- Operation of wastewater treatment networks.
2- Repair and maintenance of sewage stations and projects, sewer networks and pumps.
3- Construction of sewage stations and projects, sewer networks and pumps.

According to its memorandum of association, the activities of Araha Environmental Services Company include the following:

1- Operation of wastewater treatment networks.
2- Repair and maintenance of sewage stations and projects, sewer networks and pumps.
3- Construction of sewage stations and projects, sewer networks and pumps.

The following table shows the details of the current shareholding structure of Araha Environmental Services Company as of the date of this Prospectus:

Table (4.16): Current Shareholding Structure of Araha Environmental Services Company

#	Shareholder	No. of Shares	Nominal Value Per Share (SAR)	Total Nominal Value of Shares (SAR)	Shareholding Percentage
1.	The Company	350	1,000	350,000	70%
2.	Thabat Construction Company	150	1,000	150,000	30%
Total		**500**	**-**	**500,000**	**100%**

Source: The Company

4.2 The Group's Vision, Mission, Competitive Advantages and Strategy

4.2.1 The Group's Vision

To pioneer a sustainable water future for our future generations.

4.2.2 The Group's Purpose

To provide integrated, reliable and sustainable water solutions with our absolute commitment to our environment and society.

4.2.3 The Group's Competitive Advantages

The Group is a leading water and wastewater treatment entity in the Kingdom, with a proven track record of performance and commitment to innovation. The Group's competitive strengths lie in its project development and operations and maintenance capability, high quality contracted portfolio with diversified cash flows, business model configured to extract returns across the project lifecycle, seasoned management with strong in-house multi-disciplinary team of experts, visible growth pipeline and long-term buy-in from shareholders. The Group is also well positioned to capitalize on the growing demand for water and wastewater services in the Kingdom, driven by factors such as population growth, urbanization and the Kingdom's sector strategies under Vision 2030, including privatization projects, public-private partnership (PPP) and regulatory changes.

A- Leading Player in a Fast Growing and Ultra-Defensive Market

The Company is a leading player in the water and wastewater sector in the Kingdom. It developed the first wastewater and water infrastructure projects under the PPP model (the Jeddah Industrial City Project). This gave the Company an early mover advantage in the PPP segment. Since then, it was also awarded four (4) other public sector plants under long-term concessions with government and semi-government agencies. Overall, since its establishment in 2008G, the Company has established a wastewater infrastructure of 806,500 m^3/day, a network of 221 km and potable water infrastructure with a capacity of 102,800 m^3/day with a total network of 248 km. This has allowed the Group to gain invaluable experience and credentials, equipping it with an advantage when bidding for new projects. This includes an in-depth database of treatment processes, key performance indicators, designs, client needs, suppliers and contractors as well as deep knowledge of local content requirements in the Kingdom which support adequate technical solutions for bids. This expertise and know-how provides the Group with a significant advantage with respect to new bids and places it in a leading position when it comes to renewal of existing contracts. The Company's capabilities and credentials are evident in its recent bidding record where it was awarded or selected as preferred bidder in eight (8) out of ten (10) bids submitted in the last three (3) years.

The Group intends to play a leading role by investing in the development of new water and wastewater projects based on the principle of continuous development in terms of technology and efficiency by benefiting from its experience in building, managing and operating these facilities in line with the ongoing economic transformation in the Kingdom aimed at developing the non-oil sector to 50% of its GDP, and the ability of the water and wastewater sector to contribute to achieving these goals, in addition to contributing to the environmental aspect and quality of life.

Overall, the Group's target markets are expected to grow at an annual average rate of 5.4%, from SAR 6.7 billion in 2022G to SAR 8.7 billion by 2027G. Under Vision 2030 targets, the private sector is expected to be deeply involved in the ongoing economic transformation. Under this environment, the wastewater and water sector is expected to witness the following developments:

- **Privatization:** private sector participation in the water and wastewater sector is a key tenet of the Kingdom's economic transformation. As such:
  - SWPC has also outlined fifty (50) projects for ongoing and future bidding under BOOT/BOT arrangements, including Independent Sewage Treatment Plants (hereinafter referred to as "**ISTP**"), Independent Sea Water Reverse Osmosis (hereinafter referred to as "**ISWR**"), Independent Water Plants (hereinafter referred to as "**IWP**"), and Independent Wastewater Treatment Plants (hereinafter referred to as "**IWWTP**") that are being tendered to private companies. Of these projects, nineteen (19) are wastewater treatment projects, which constitute the Group's target market.
  - NWC has initiated private sector participation to boost private sector involvement in brownfield wastewater and water plants. NWC has offered nine (9) programs under long-term O&M contracts for existing plants and projects. Additionally, NWC plans to convert the MOM for six (6) clusters (regional distribution entities) into long term concession contracts or similar long-term models in each cluster (for further information, please refer to section 3-7-2 "**Water Distribution [in the Municipal Sector] and Wastewater Collection and Treatment**" of this Prospectus).
  - MEWA launched the Water Transmission and Technologies Company to bolster the Kingdom's water sector privatization efforts.

- **National Directions and Economic Activity:**
  - Vision realization programs that directly impact the water and wastewater sector such as pilgrim experience, national transformation, public investment, national industrial development and logistics, quality of life, fiscal sustainability and housing. All these programs have initiatives that impact water and wastewater demand.
  - Mega projects envision the development of more than thirty (30) large-scale multi-dimensional projects including tourism, industry and sustainability that will create demand for water and wastewater infrastructure.
- **Population Growth:** the Kingdom's population was at approximately 32.2 million at the end of 2022G and is expected to grow by an average 3.6% until 2027G, reaching approximately 38.4 million. Urban population increased from 26.5 million in 2020G to 27.3 million in 2022G and is expected to continue to grow. Accordingly, water consumption is expected to increase from 5.2 billion m^3 per year in 2022G to 5.9 billion m^3 per year in 2027G, growing at an average of 2.8% per annum. Moreover, sewage capacity is expected to increase from 6.4 million m^3 per day at the end of 2022G to 8.8 million m^3 per day in 2027G.
- **Regulatory Environment:** MEWA introduced the National Water Strategy in 2017G, which aims to improve water and wastewater management and increase private sector participation in the sector. The National Water Strategy aims to (i) increase the water reuse ratio from 17% in 2017G to 70% in 2030G; (ii) increase the coverage of water services from 87% to 95%; (iii) increase the coverage of sanitation services from 60% to 77%; (iv) reduce overall water consumption from 24.8 billion m^3 to 12.5 billion m^3 through lower consumption in agriculture; and (v) preserve non-renewable groundwater. These targets have a direct impact on the water and wastewater sector, which benefits the Group.

The combined effect of privatization, government initiatives related to public-private partnerships (PPP), and macroeconomic factors lead to the creation of a large market that will remain available to the Group. The Group intends to leverage its leading position derived from its extensive experience and expertise.

B- Complete Coverage of the Water Sector Cycle in Light of a Proven Track Record of Operational Excellence

The Group's operations cover the entire water sector cycle, from extraction and supply to collection and recycling.

The Group is committed to operational excellence, and its integrated model allows it to optimize its processes, reduce wastage, and ensure a consistent supply. The Group has achieved impressive efficiency and productivity metrics, with non-revenue water (leakage) of less than 10% against the Kingdom's Vision 2030 target of less than 25% (current average of 40% for the Kingdom), and advanced treatment of TSE reuse of 60% against the Vision 2030 target of 70%.

The Group also continues to be at the forefront of new technologies and innovative solutions. The Group, with its dedicated in-house experts, including development, technical, financial, legal and project management teams, formulates leading technical and financial solutions and procures technology and construction services in a cost competitive way to address the off-taker requirements at the lowest costs, and offering an optimal tailored and innovative solution, unlike a conventional "**off-the-shelf**" solution, resulting in a win/win proposition without compromising the required returns on investment.

C- De-Risked Business Model Underpinned by Long-Term Contracts

The Group's business model is highly de-risked. Where the Group invests its own capital, it aims for a de-risked proposition by:

- Focusing on fully contracted long-term opportunities, noting that other than the Jeddah and Dammam Industrial Cities concession, the Group is not exposed to off-take risk or supply and demand risk (for further details, please refer to Section 4.4 "**Description of the Group's Concession Projects**" of this Prospectus). Generally, the long-term concessions have a term of between twenty (20) and thirty (30) years and give the Group clear visibility of its long-term cash flows under a tariff structure that guarantees a return on capital invested to build capacity (for further details, please refer to section 4.3.2 "**Tariffs**" of this Prospectus);
- Incorporating additional de-risking features in long-term contracts, including, for example, inflation, change in law protection and pass-through mechanisms for operating costs;
- Having low credit risk since off-takers are typically government or government-backed entities;
- Funding the development of new assets by utilizing long term, limited or no-recourse project financing for a significant portion of the capital needs for each facility. Such project financing is available to the Group due to its track record and successful business model. It significantly reduces the risks in addition to the hedging mechanisms associated with these loans, which provides high protection against rising interest rates;

- Minimizing the development risks by implementing: (i) favorable contracting mechanisms; (ii) detailed project planning at the outset; (iii) studies to understand historical operating data; and (iv) close oversight during implementation, as well as by leveraging strong relationships with original equipment manufacturers (hereinafter referred to as "**OEMs**"), engineering, procurement, and construction (hereinafter referred to as "**EPC**") contractors and the supply chain actors. The Group typically enters into lump-sum, turn-key EPC contracts including timely delivery and plant performance (back-to-back arrangement of performance guarantees up to the relevant defect liability period) with a view of mitigating cost overruns and performance risks; and
- Entering into long-term O&M contracts with similar length to the off-take agreements through JECO, its wholly owned O&M subsidiary, with a view of minimizing operational risk.

The Group's de-risked business model with long-term, secured and predictable cash flows provides it with a solid foundation for growth.

D- The Group's Wholly-Owned O&M Subsidiary, JECO, Utilizes Centralized Expertise to Optimize Portfolio Operations and Project Returns

JECO, the Group's wholly-owned subsidiary, is responsible for the O&M of the Group's assets, managing approximately 102,800 m^3 of water and 806,500 m^3 of wastewater operational capacity as of 30 September 2023G. Promoting consistent high standards, operational excellence and a culture of safety across all projects, JECO is dedicated to providing best-in-class reliability of the infrastructure under its O&M services. JECO's value creation capability also contributes, other than in operations, to the Group's elements of its business cycle model: bid, develop and construct. With its early involvement in the bidding stage, it provides engineering, operability review and plant design services that contribute to the high bid winning ratio.

As part of its construction activities, JECO assists in construction review from an operations aspect as well as during commissioning activities. JECO then further optimizes operations and maintenance by using economies of scale, in order to systematically reduce costs across the supply chain while focusing on quality, best practices, know-how and transferrable learnings. By involvement in all cycles of the assets, JECO's standardized operating model grants it superior control and understanding of the operation of the Group's assets through the various stages of their life cycle. JECO continues to deploy digitalized platforms for monitoring and prediction of critical equipment.

With the low capital commitment requirement in O&M, the senior nature of the O&M cash payments from the relevant project company to it and debt-free balance sheet, JECO is able to provide another stream of visible and secured cash flows and dividends to the Company. In addition, JECO's expertise is used to service third parties, offering an additional low-risk stream of cash flows.

E- Secured, Highly Attractive Returns Enabling Growth-Focused Total Shareholder Returns

The Group believes that its "**develop, invest and operate**" business model allows it to generate total returns substantially in excess of its cost of capital or hurdle rate (i.e., the minimum acceptable rate of return) across its services and portfolio. In addition, such business model supports the Group's ability to maximize tariff competitiveness by allocating the required total return across these different value streams of develop, invest and operate.

The Group also aims to adopt an optimal financing model for each project, tapping into non-recourse project finance loans, with the aim of reducing the funding cost of each project and to optimize its shareholders' risk/return profile. The Group has established a wide network of lenders to provide it with the most competitive borrowing terms (for further details on the Group's borrowings, please refer to Section 12.4.5 "**Financing Agreements**" of this Prospectus). The Group also utilizes equity bridge loans to defer capital injections until later stages of a project's construction phase (or where possible, even later), in order to further optimize the funding cost of the project, to further reduce the tariff being provided and to increase the utilization efficiency of the Group's own balance sheet.

In addition, the Group seeks to continuously implement financial and operational initiatives to further optimize the returns from the portfolio such as contract extensions beyond the original term, and expansion of scope and re-financing of equity bridge loans by extending terms for individual equity bridge loans. Overall, the Group targets an internal rate of return in the mid-teens on its invested equity in a project.

F- Significant In-House Capabilities Led by a Seasoned Management Team

The Group has invested significantly in its internal capabilities. The Group's multi-disciplinary and multi-cultured team of professionals have technical expertise in:

- arranging project finance and corporate finance from local and international banks, development finance institutions, funds and private investors;
- managing and supervising construction, commissioning and providing technical support to bid, construction and operation activities;

- arranging construction insurances and procuring other forms of insurance for risk protection;
- areas of corporate legal, project finance legal and project documentation legal support;
- procurement of strategic spares, critical equipment, other spares and consumables;
- human resource recruitment as well as talent development and management; and
- other areas including internal and external communications, risk management, compliance, safety, information technology, investment in digitalization and cyber resilience.

The Group is led by a seasoned management team which has decades of industry experience. Set out below is a summary of the key members of the Company's management team.

- **Awadh Al Otaibi:** With more than 20 years of experience in managing various roles in the government and private sector, Mr. Al Otaibi was Vice President of NWC for Commercial Affairs and Privatization, and Director-General for Commercial Affairs in MEWA. He participated in strategic initiatives to develop the privatization strategy for the distribution sector at MEWA, including the selected models and execution plans. Mr. Al Otaibi participated as part of the initiative for the development of the National Water Strategy for Vision 2030. Prior to joining MEWA, Mr. Al Otaibi was the President of ADDAR Chemicals Company (ACC) and Specialty Chemicals Solvent Factory in Jubail, which is the first Sulfolane plant in the Middle East and North Africa (MENA) region. He also served as a Vice President at Global Company for Downstream Industries (GDI). Mr. Al Otaibi was Business Development Manager at several utilities and water companies, including Vision Invest and the Group's companies. He led successful financial closure of multiple projects on PPP models with different stakeholders. He also worked at the Saudi Industrial Development Fund as a technical consultant. Mr. Al Otaibi holds a Master's Degree in Engineering and Project Management from Cranfield University in the United Kingdom, and a Bachelor's Degree in Chemical Engineering from King Fahd University of Petroleum and Minerals in the Kingdom. Additionally, he is a Certified Associate Value Specialist (AVS) in Value Engineering from SAVE International (for further details, please refer to Section 5.4.3(c) "**Summary Biographies of the Executive Committee Members**" of this Prospectus).
- **Roberto Bianchi:** Mr. Bianchi is a professional engineer with over thirty (30) years of experience. He joined the Company in 2023G as Chief Operating Officer. With over thirty (30) years of professional experience in the water and waste sectors, Mr. Bianchi's international career has developed across eight (8) countries throughout Europe, Latin America, the Middle East and Australia. He has successfully held senior positions in various operations and subsidiaries with performance responsibilities across multiple entities and areas. Mr. Bianchi showcases his international experience that has supported his cross-cultural management skills. In his executive roles, he has been exposed to challenges in operations, service turnaround, capex delivery, project planning, financing, development, contract management and negotiations. He has developed a specific interest and experience in PPP in environmental and infrastructure projects, from upstream development to tendering, delivery and operations. He masters operations, service turnaround, capex delivery, project planning and development, contract management and negotiation. His professional experience provides a deep understanding of the water business and the transformative challenges facing water utilities. Mr. Bianchi holds a Master's Degree in Industrial Engineering from the Polytechnic of Milan, Italy, and a Master's of Business Administration Degree (MBA) from IAE Business School, Buenos Aires, Argentina (for further details, please refer to Section 5.5.4 "**Summary Biographies of the Members of the Executive Management**" of this Prospectus).
- **Rehan Masood:** Mr. Masood is a cost and management accountant by profession, with more than twenty (20) years of experience. He joined the Company in 2015G. He was previously at Ernst & Young. He is experienced in the areas of corporate strategy, raising capital, project financing, project development, operational finance and leadership in complex negotiations. In his role with the Company, he has been involved with the Group's strategic plans, including its long-term funding plan in line with the Group's expansion strategy. He has responsibility for the operational finance activities of the Group and leads the development and implementation of best practices around areas covering long-term planning, short and medium-term budgeting, audits, accounting, internal controls, reporting, insurance, investor relations, treasury, tax and zakat structuring, and financial performance management, as well as digitalization of operational finance activities (for further details, please refer to Section 5.5.4 "**Summary Biographies of the Members of the Executive Management**" of this Prospectus).
- **Amit Bhardwaj:** Mr. Bhardwaj is a management accountant with over twenty (20) years of experience. He joined the Company in 2023G as Head of Business Development. Mr. Bhardwaj is a highly accomplished senior executive in infrastructure, PPP, power and energy, transport and social infrastructure projects. Mr. Bhardwaj began his career in 2001G, in the field of development at Inter Brands Corporation. Mr. Bhardwaj was previously senior director at PricewaterhouseCoopers (PwC) and has also worked in deals advisory at KPMG and infrastructure and project advisory at BDO. He holds a Bachelor's Degree in Commerce and a Master's Degree in Business Administration (MBA) (for further details, please refer to Section 5.5.4 "**Summary Biographies of the Members of the Executive Management**" of this Prospectus).

G- Strong Commitment to Sustainability, Social Responsibility and Governance

The Group is committed to playing a key role in environmental sustainability through reducing water wastage, increasing water recycling and treatment of effluents and pollutants.

The Group places significant emphasis on social and economic development by maximizing value retention in the local economy, generating local employment and local content opportunities, including through training and developing human resources, seeking to maximize local procurement, and ensuring the health and safety of the Group's workforce in the communities where it operates. In relation to the social aspect, further actions include increasing and facilitating local communities' access to education, promoting better local infrastructure and the empowerment of women.

The Group is committed to a sound corporate governance framework which ensures a high level of accountability, transparency, responsibility and fairness in all aspects of the Group's operations. The Group aims to align its governance policies with local and international standards, and the best practices of corporate governance are incentivized by the historically strong presence of institutional shareholders at the holding and project company levels in an effort to create high levels of sustainable value to shareholders.

4.2.4 The Group's Strategy

The Group's overall strategy is to be at the forefront of providing water availability and to maximize the benefit from treated water. The Group aims to partner with the public and private sector to provide high-quality, cost-efficient water services and utilize the latest water treatment technologies under long-term contracts. The Group intends to play an active role in the circular water economy. It relies on its leading position and history of operational excellence, supported by new projects in a supportive regulatory environment in the Kingdom, to achieve this goal. Set out below are the key tenets of the Group's strategy.

A- Reinforce Leadership Position in the Kingdom

The Group was the first developer of water and wastewater infrastructure in the Kingdom under the PPP model in 2003G, through its wholly owned subsidiary, ICDOC. Since then, the Group has invested over SAR 1 billion in water and wastewater assets and currently provides services in multiple cities to a population of more than 8 million. The Group also serves industrial clients.

The Group currently operates six (6) projects under BOOT and ROT structures and also provides O&M-only services to five (5) third-party projects. According to the market study prepared by the market study consultant, the Group is one of the leading privately-owned water and wastewater developer, investor and operator in the Kingdom (for further details, please refer to Section 3-5 "**Overview of the Water Sector in the Kingdom**" of this Prospectus).

The Group intends to maintain and further enhance its position as the leading private sector developer, owner and operator of water and wastewater infrastructure by:

- **Enhancing existing projects:** The Group's existing projects provide it with various enhancement opportunities such as:
  - **Expansion of capacity:** The Group has an opportunity to expand capacity at the Dammam Industrial Cities Project and the KKIA Project;
  - **Surplus capacity utilization:** The Group continuously seeks opportunities to utilize any surplus capacity that it may have at its existing facilities to generate additional revenues;
  - **Extension of term:** The process of re-tendering a contract is a long and cumbersome process for the off-taker, and therefore short-term extensions (i.e. two (2) to five (5) years) are expected to facilitate the smooth and continuous operation of critical infrastructure;
  - **Renewals:** The Group believes that its track record and experience of operating existing projects places it in an ideal position to submit a winning bid when the existing contracts expire and are re-tendered. The Group has acquired sufficient know-how and understanding of the existing plants to optimize its bid and submit a winning proposal while benefitting from its experience to secure attractive returns.
- **New projects:** The Group continues to build on the strong foundations it has lain since its establishment to grow its portfolio of projects. The Group has recently been awarded or announced as the preferred bidder in this regard for the following projects, to be completed in line with the table below, which contribute to revenue and profit growth:

Table (4.17): The Group's Recently Awarded Projects

#	Project Name	Plant Type	Category	Status	Contract Type	Term (Years)	Size (m^3)	Expected Commercial Operations Date ("COD")
1.	Ras Tanura Refinery	IWWTP	Wastewater	achieved financial close - under construction	BOOT	25	20,000	June 2026G
2.	Al Haer	ISTP	Wastewater	Under financial close	BOOT	25	200,000	December 2026G

Source: The Company

- **Management Contracts and Transition to Concession Contracts:** NWC has offered six (6) clusters under an MOM contract out of which the Group has received two (2), namely the North West Cluster and Eastern Cluster. It is expected that in the next phase, the six (6) clusters will be awarded under long-term concession contracts. Set out below are details of the pipeline of clusters expected to be offered for bidding under long-term concession contracts.

Table (4.18): Expected Pipeline of Clusters to Be Offered For Bidding Under Long-Term Concession Contracts

#	Project	Expected Financial Close	Expected COD	Contract Term	Expected EPC Cost (SAR Mn)
1.	North-West	2027G	2029G	25 years	2,000
2.	Riyadh	2027G	2029G	25 years	4,000
3.	South	2029G	2031G	25 years	2,000
4.	Eastern	2028G	2030G	25 years	3,000
5.	Makkah	2028G	2030G	25 years	4,000
6.	North	2030G	2032G	25 years	3,000

Source: The Company

The Group has a significant advantage in relation to the North-West and Eastern Clusters (for further details, please refer to section 4.5 "**Description of the Group's Third-Party O&M Projects**" of this Prospectus).

In addition, the Group is actively participating in a number of other projects which have been announced by its customers, as set out below.

Table (4.19): The Group's Participation in Customer Projects

#	Project Name	Plant Type	Status	Contract Type	Term (Years)	Expected Financial Close	Expected COD	Capacity (m^3/day)	Estimated EPC Cost (SAR Mn)
1.	NW Cluster	Small Sewage Treatment Plant ("SSTP")	Expected	BOOT	25	2025G	2028G	49,000	2,050
2.	Eastern Cluster	SSTP	Expected	BOOT	25	2025G	2028G	81,000	1,450
3.	Central Cluster	SSTP	Expected	BOOT	25	2027G	2029G	91,000	3,450
4.	Northern Cluster	SSTP	Expected	BOOT	25	2025G	2028G	81,000	3,000
5.	Riyadh East	ISTP	Under procurement	BOOT	25	2024G	2026G	500,000	2,285
6.	Arana	ISTP	Under procurement	BOOT	25	2024G	2026G	250,000	1,565
7.	Hada	ISTP	Under procurement	BOOT	25	2024G	2026G	250,000	1,565
8.	Sakaka	ISTP	Expected	BOOT	25	2026G	2030G	86,000	1,080
9.	South Najran	ISTP	Expected	BOOT	25	2025G	2029G	50,000	850

#	Project Name	Plant Type	Status	Contract Type	Term (Years)	Expected Financial Close	Expected COD	Capacity (m^3/day)	Estimated EPC Cost (SAR Mn)
10.	Western Cluster	ISTP	Expected	BOOT	25	2025G	2028G	91,000	2,000
11.	North Riyadh	ISTP	Under procurement	BOOT	25	2024G	2026G	120,000	1,190
12.	Abu Arish	ISTP	Expected	BOOT	25	2024G	2026G	50,000	850
13.	North Jeddah 1	ISTP	Expected	BOOT	25	2025G	2027G	50,000	850
14.	Hafar Al Batin	ISTP	Expected	BOOT	25	2026G	2028G	50,000	850
15.	Al Kharj 3	ISTP	Expected	BOOT	25	2026G	2028G	25,000	725.0
16.	Arar	ISTP	Expected	BOOT	25	2026G	2028G	41,000	800
17.	South Cluster	SSTP	Expected	BOOT	25	2027G	2030G	50,000	1,800
18.	Rabigh 5	ISTP	Expected	BOOT	25	2026G	2028G	100,000	1,145
19.	SA Qurrayah	IWWTP	Expected	BOOT	25	2025G	2028G	50,000	500
20.	Jazan Cluster	SSTP	Under procurement	BOOT	25	2024G	2026G	74,700	2,000

Source: The Company, SWPC

In addition, the Group is also bidding for the following ROT projects.

Table (4.20): ROT Projects the Group is Bidding for

#	Project Name	Plant Type	Status	Contract Type	Term (Years)	Expected COD	Capacity (m^3/day)	Estimated EPC Cost (SAR Mn)
1.	LTOM 4	ISTP	Under procurement	ROT	15	2025G	147,000	400
2.	LTOM 9	ISTP	Under procurement	ROT	15	2028G	323,300	500
3.	LTOM 7	ISTP	Under procurement	ROT	15	2026G	457,500	400

Source: The Company

In addition, the Group has more than ten (10) expected operations and maintenance (O&M) projects that are expected to reach maturity over the next four years.

- **New Initiatives:** Moreover, the Group is exploring new opportunities such as pre-treatment facilities in factories in industrial cities within the wet waste segment, such as beneficial sludge reuse and TSE water reuse. These new verticals offer significant growth potential and align with the Group's commitment to sustainability.

B- Penetrate Select Regional and International Markets

The Group aims to transform itself from a local leader into a global champion. Over the longer term, the Group intends to selectively expand into other markets in the region by utilizing the expertise and experience it has acquired in the Kingdom. For example, the African and Middle Eastern markets are potential geographic areas for the Group's business expansion through the development of new (greenfield) and/or existing (brownfield) projects. With regard to new (greenfield) project opportunities, the Group has identified a number of BOOT projects for independent sewage treatment plants (ISTPs), with a total value of over SAR 10 billion in countries such as the United Arab Emirates and Uzbekistan, which the Group intends to bid for.

4.3 Overview of the Group's Business

The Group is the first developer of water and wastewater infrastructure under a PPP model in the Kingdom, and is one of the leaders in providing management and concession services for water collection, water, and wastewater treatment utilities. As of the date of this Prospectus, the Company has invested over SAR 1 billion in investment in water and wastewater assets in the Kingdom, and serves more than 8 million individuals across the Kingdom, including eleven (11) major industrial clients.

The Group operates across the water value chain, as set out below.

Table (4.21): The Group's Operations Across the Water Value Chain

	Value Chain					
	Sources and Treatment / Production	Storage and Transportation	Water Distribution	Wastewater Collection	Wastewater Treatment	Reuse
Services	Water treatment plants groundwater, surface water, and direct well water	Supply pipelines / storage tanks / reservoirs	Network management Meter-to-cash services	Sewerage network management meter-to-cash services	Independent Sewage Treatment Plants (ISTP) / Sewage Treatment Plants (STP) / long-term O&M / O&M	Industrial reverse osmosis polishing plants advanced usage and network management meter-to-cash services
Company presence	✓	✓	✓	✓	✓	✓

Source: The Company

The Group provides its services under two (2) main categories:

- **Water:** The Group has well recognized expertise in the development and/or management and operation of water treatment systems, which includes water treatment plants and distribution systems for potable water.
- **Wastewater:** The Group has significant experience in water treatment processing, including (i) developing, engineering and designing treatment plants; (ii) decontaminating wastewater; (iii) recycling wastewater and effluents; and (iv) operating, maintaining and optimizing wastewater treatment plants.

4.3.1 The Group's Contractual Arrangements

The Group provides its services under three (3) types of contractual arrangements:

- **BOT and BOOT Arrangements:** Under these arrangements, the Group adopts the role of a lead developer of new (greenfield) water and/or wastewater treatment plants. These contracts are generally for a fixed term whereby the off-taker assigns the overall task of designing, building and operating facilities with an end-of-operations asset transfer clause. These contracts are performed by the Group acting alone or through partnerships with other sector experts. The Group establishes independent SPV's for each contract to execute such contracts. The SPV's obtain project finance debt on a non-recourse basis. For example, the Company concluded an agreement to operate the Independent Wastewater Treatment Plant (IWWTP) for the Ras Tanura Refinery under a BOT arrangement by Saudi Aramco, whereby the parties are obligated to establish a special purpose vehicle to implement the Ras Tanura Refinery project. The Group receives compensation for its invested capital through an agreed tariff as well as reimbursement for costs incurred to operate and manage the plant (for further details on the Group's tariff structures, please refer to Section 4.3.2 "**Tariffs**" of this Prospectus).
- **ROT Arrangements:** Under these arrangements, the Group is contracted to rehabilitate and/or reconstruct existing (brownfield) facilities under ROT or ROOT concessions on a long-term basis. The Group enters into these contracts whereby it is assigned to design, rehabilitate and/or upgrade and operate existing facilities with an end-of-operations asset transfer clause. The ROT projects may be under offtake arrangements or distribution rights. These contracts may be performed by the Group acting alone or through partnerships with other sector experts. The Group establishes independent SPVs for each contract in order to execute such contracts. The capital cost required to execute these contracts is mainly funded through non-recourse project finance or through conventional borrowing with recourse to the Group. The Group receives compensation through the tariff mechanism for its invested capital and reimbursement for operating and managing the plant (for further details on the Group's tariff structures, please refer to Section 4.3.2 "**Tariffs**" of this Prospectus).
- **O&M Arrangements:** Under these arrangements, the Group provides operation and management services to its own projects whether under BOT, build-own-operate ("**BOO**"), BOOT or ROT arrangements, as well as projects owned by third parties. As an O&M provider, the Group does not invest its own capital but rather receives compensation through the tariff for providing management, manpower, consumables, spare parts, utilities and insurance (for further details on the Group's tariff structures, please refer to Section 4.3.2 "**Tariffs**" of this Prospectus);
- **MOM Arrangements:** The MOM contracts involve the allocation of highly experienced management and technical staff to provide management services to NWC, in order to improve water and wastewater services within the assigned cluster.

4.3.2 Tariffs

A- BOT and BOOT Contracts

Generally, the Group's BOT and BOOT project tariffs are structured as follows:

- **Capacity Payment:** A fixed monthly payment that covers the cost of capital, which includes debt service, distribution to shareholders, duties and taxes, fixed operating costs, and operator fees.
- **Output Payment:** Payment related to actual productivity, covering variable operating and maintenance (O&M) costs, which include business chemicals and electricity (electricity consumption expenses up to predetermined consumption levels).

For further details, please refer to Section 4.4 "**Description of the Group's Concession Projects**" and Section 12.4 "**Material Agreements**" of this Prospectus.

B- ROT Contracts

The ROT project tariff (excluding the Jeddah Industrial City Project and Dammam Industrial Cities Project) is structured as follows:

- **Capacity Payment:** A fixed monthly payment that covers the cost of capital, which includes debt service, distribution to shareholders, fees and taxes, fixed operating costs, and operator fees.
- **Output Payment:** Payment related to actual productivity, covering variable operating and maintenance (O&M) costs, which include business chemicals and electricity (electricity consumption expenses up to predetermined consumption levels).

Under the Jeddah Industrial City Project and Dammam Industrial Cities Project, a service-based tariff defined in the contract is charged to the industrial cities customers (for further details, please refer to Section 4.4 "**Description of the Group's Concession Projects**" and Section 12.4 "**Material Agreements**" of this Prospectus).

C- O&M Contracts

The Group's O&M contracts are subject to a fixed O&M fee for projects where the Group acts as an O&M contractor. The fee covers fixed and variable operating costs associated with managing and operating the plants. Additionally, a performance-based payment is also incentivized in certain O&M contracts (for further details, please refer to Section 4.5 "**Description of the Group's Third Party O&M Projects**" and Section 12.4 "**Material Agreements**" of this Prospectus).

D- MOM contracts

NWC, under the Saudi National Water Strategy, has categorized/re-structured the Kingdom into six (6) regional distribution clusters to prepare them for conversion into long-term ROT agreements. The Group has been awarded two MOM contracts where it receives a fixed fee for deputing highly skilled and experienced personnel to provide management services and enhancing the cluster performance through delivery and completion of the enabling projects. In addition, a performance-based incentive is paid linked to the achievement of agreed key performance indicators ("**KPIs**") (for further details, please refer to Section 4.5 "**Description of the Group's Third Party O&M Projects**" and Section 12.4 "**Material Agreements**" of this Prospectus).

4.3.3 Summary of Key Milestones

The below table shows a summary of the Group's key milestones.

Table (4.22): Summary of the Group's Key Milestones

Date	Milestones
2002G	• The Group was awarded the contract for the Jeddah-I Industrial City Concession (ROT) project.
2007G	• The Group was awarded the contract for the Dammam-I and II and Al Ahsa-I Industrial Cities Concession (ROT/BOOT) project.
2008G	• The Group was awarded the Jeddah City Wide Water Management project contract.
2009G	• The Group was awarded the Leakage Detection and Water Management of Riyadh Water Network project contract.
2013G	• The Group was awarded the Hada and Arana STPs O&M project contract.
2015G	• The Group was awarded the contract for the KKIA Potable Water Plant-BOOT project.
2018G	• The Group was awarded the contract for the Dammam Industrial City-3 BWRO, O&M project.

Date	Milestones
2018G	• The Group obtained ISO 14001, ISO 9001, ISO 18001 and Occupational Health and Safety Management System certificates.
2020G	• The Group was awarded the contract for the Management, Operations and Maintenance (MOM) North-West Cluster project.
2021G	• The Group was awarded the contract for the Manfouha-4 STP project.
2022G	• The Group was awarded the contract for the Management, Operations and Maintenance (MOM) East Cluster project. • The Group was awarded the contract for the Jazan Economic City OTP O&M project. • The Group was awarded the contract for the Long-Term O&M (LTOM) Brownfield BOOT Concession, Makkah project. • The Company was awarded the contract for the O&M and Facility Management Services for Wet Utilities at SPARK.
2023G	• The Group was recently awarded the contract for the Ras Tanura Refinery IWWTP (BOOT) project.
2024G	• The Group was awarded the contract for the Independent Sewage Treatment Plant (ISTP) Project in Al-Ha'ir with a capacity of two hundred thousand (200,000) cubic meters per day.

Source: The Company

4.3.4 Overview of the Group's Projects

The Group has twelve (12) existing and completed projects throughout the Kingdom as of 30 September 2023G. Such projects include: (i) wastewater treatment projects; (ii) water treatment projects; and (iii) water and wastewater treatment projects. The Group's wastewater treatment projects include, for example, the O&M of wastewater treatment plants, wastewater networks and sewage treatment plants. On the other hand, the Group's water treatment projects include, for example, the O&M of potable water plants, boreholes and brackish water plants. The Group also provides water and wastewater treatment projects where it operates across the value chain. Projects are categorized under the BOOT, ROT or MOM/O&M contractual frameworks (for further details, please refer to Section 4.3.1 "**The Group's Contractual Arrangements**" of this Prospectus).

The following table sets out the details of the Group's existing and completed BOOT and ROT projects as of 30 September 2023G:

Table (4.23): The Group's BOOT and ROT Projects as of 30 September 2023G

#	Project	Owner	Customer	Category	Plant Type	Contract*	Estimated Contract Value (Million SAR)	Term (Years)	Status	COD	Capacity	
											Water (m^3/day)	Wastewater (m^3/day)
1.	Jeddah Industrial City	ICDOC	MODON	Water and wastewater treatment	STP	ROT	918	20	Operating	March 2005G	9,000 (Recycled)	25,000
2.	Dammam I and II Industrial Cities	ICDOC	MODON	Water and wastewater treatment	STP	ROT	4,822	30 for Dammam I and II	Operating	January 2008G for Dammam I and II	Dammam I: 3,400 (potable) Dammam II: 42,000 (potable), 15,000 (recycled water)	40,000
	Al Ahsa Industrial City	ICDOC	MODON	Water and wastewater treatment	STP	ROT		30	Operating	January 2008G	2,400 (potable)	1,500
3.	KKIA	RWPC	KKIA	Water treatment	Brackish Water Reverse Osmosis ("**BWRO**")	BOOT	2,170	28	Operating	June 2019G	25,000 (potable)	N/A
4.	Makkah (Hada and Arana)	Araha Environmental Services Company (Araha)	NWC	Wastewater treatment	STP	ROT	313	10	Operating	May 2023G		250,000 each for Hada and Arana

#	Project	Owner	Customer	Category	Plant Type	Contract*	Estimated Contract Value (Million SAR)	Term (Years)	Status	COD	Capacity	
											Water (m^3/day)	Wastewater (m^3/day)
5.	Ras Tanura	Sustainable Water Environmental Services Company (SWESC)	Saudi Aramco	Wastewater	IWWTP	BOOT	1,701	25	Agreement concluded	Expected to be during June 2026G		20,000
6.	Al Haer	N/A	SWPC	Wastewater	ISTP	BOOT	3,667	25	Agreement concluded	Scheduled to be during December 2026G		200,000
Total							**13,591**				**96,800**	**786,500**

* Includes O&M services provided under the BOOT or ROT arrangements.

Source: The Company

The following table sets out the details of the Group's existing and completed O&M-only projects as of 30 September 2023G:

Table (4.24): The Group's O&M-Only Projects as of 30 September 2023G

#	Project	Customer	Type	Contract	Estimated Contract Value (in SAR Million)	Term (Years)	Status	Contract Start Date	Capacity	
									Water (m^3/day)	Wastewater (m^3/day)
1.	Wet Utilities at King Salman Energy Park ("**SPARK**")	Energy City Operating Company	Wastewater	O&M	25.10	3 years, extended for 2 additional years (November 2026G)	Operating	June 2023G	-	N/A
2.	Manfouha-4 Sewage Treatment Plant	Thabat Construction Company	Wastewater	O&M	22.66	2.5	Operating	September 2021G	-	200,000
3.	Jazan Economic City	Marafiq	Wastewater	O&M	59.66	3 years, renewable for 2 additional years upon expiry of the initial term	Operating	November 2021G	-	40,000
4.	Northwest Cluster (Madinah and Tabuk)	NWC	Water and wastewater	MOM	198	7	Operating	April 2021G	-	-
5.	Eastern Cluster (Dammam, Al Ahsa, Hafar-Al-Batin)	NWC	Water and wastewater	MOM	221	7	Operating	April 2022G	-	-
6.	Dammam III Industrial City	MODON	Water and wastewater	(O&M)	20.96	Two years for Dammam III Industrial City (renewable annually)	Operating	February 2019G for Dammam III Industrial City	6,000 (potable water)	-
Total					**547.38**				**6,000**	**240,000**

Source: The Company

4.4 Description of the Group's Concession Projects

The Group designs, constructs, operates, maintains and manages different types of wastewater and water treatment projects throughout the Kingdom across the value chain, including potable water, recycled water and sewage treatment plants by way of concessions with various governmental entities or quasi-government entities.

4.4.1 Concession Project Lifecycle

The Group deploys a "develop-own-operate" business model that maximizes its oversight and influence over the lifecycle of its projects and allows premium economics and attractive total returns over the project life cycle. Set out below is a summary of the Group's "develop-own-operate" business model.

A- Develop

The Group focuses predominantly on greenfield or brownfield municipal and industrial wastewater treatment plants and distribution networks and water treatment and distribution systems. The Group seeks to employ innovative technical, commercial and financial bidding strategies providing turnkey solutions with leading OEM and EPC contractors at highly competitive prices. At the same time, O&M synergies from standardized operations as well as JECO's scope and know-how further reduces cost and improves bid competitiveness.

If the proposal is successful, the group will move to the development stage. The first step in the development stage is to complete the financing agreements, i.e. financial close, after which the group will receive development fees from the special purpose vehicle undertaking the project. These development fees are compensation for the group for the costs incurred in preparing the proposal. During the development phase of its projects, the Group aims to employ turnkey solutions with established and reputable OEM and/or EPC contractors, while focusing on cost leadership and financial performance. All of the projects developed by the Group are implemented under either a single EPC contract or a split EPC contract, with the relevant contractor or contractor consortium assuming responsibility for the delivery of the total project on a turnkey basis, including the design, engineering, procurement of the materials, construction and testing of the various elements. The Group actively oversees the construction by its contractors and aims to maintain broad supply chain partner relationships to maintain its cost-competitiveness. It seeks customized turnkey solutions with the most effective EPC and OEM providers.

B- Invest

The Group targets significant, long-term shareholding interests in all its projects and usually seeks to play the role of the lead investor. The Group often co-invests in projects with a view of bringing reputable equity partners and by targeting fundraising using equity bridge loans. The capacity tariff received by the Group under BOT or ROT agreements includes elements that compensate the Group as the owner of the property rights in the project.

C- Operate

The Group operates its projects on a sustainable basis through its fully owned operations and maintenance company, JECO. The Group aims to achieve operational excellence through effective risk-allocation, strong use of diverse treatment processes and automation. The Group's non-revenue water ranges from 6% to 9% and TSE reuse is c. 60%. Management believes that the Group is able to operate its projects with high standards in terms of operational efficiency, financial performance, health, safety, security and environmental standards.

In the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, the revenue from the Group's concession represented 90%, 89.8%, 87.6% and 91.7%, respectively, of the Group's total revenue.

Set out below are summaries of the Group's concession projects.

4.4.2 Jeddah Industrial City Project

A- Overview

The Water Utilities for Jeddah Industrial City (ROT) Project (the "**Jeddah Industrial City Project**") operates the sewage treatment plant in Jeddah Industrial City ("**JIC**"). Under the concession agreement dated 10/01/1423H (corresponding to 24/03/2002G) with MODON, ICDOC has exclusive rights to treat wastewater from industrial units and supply recycled water for a period of twenty (20) years effective from 04/02/1426H (corresponding to 14/03/2005G) until 15/09/1446H (corresponding to 15/03/2025G) (for further details on the agreement governing the Jeddah Industrial City Project, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus). Currently, the Jeddah Industrial City Project has a sewage treatment capacity of 25,000 m^3/day and recycled water supply of 9,000 m^3/day. The Company has beneficial ownership of 100% of the Jeddah Industrial City Project through ICDOC.

The scope of the Jeddah Industrial City Project consists of the production and distribution of: (i) an STP with a capacity of 25,000 m^3 per day (design capacity 30,000 to manage demand during peak times); (ii) industrial water capacity with a capacity of 9,000 m^3 per day; and (iii) total networks with an area of 136 km.

Customers in Jeddah Industrial City are billed under a tariff defined in the concession agreement. The tariff is subject to annual adjustments linked to consumer price index ("**CPI**") and other operating cost parameters.

While the concession for the Jeddah Industrial City Project was awarded by MODON, the Company bills and collects revenue based on actual volumes to industrial customers (factories) based in JIC.

B- Operational Information

Table (4.25): Operational Information of the Jeddah Industrial City Project

	31 December 2020G	31 December 2021G	31 December 2022G	30 September 2023G
Volume treated – m^3 (recycled water)*	2,868,066	3,012,867	3,083,624	2,424,823
Volume treated – m^3 (sewage water)*	7,550,090	7,592,353	8,043,715	6,264,866
Capacity utilization – recycled water	87%	92%	94%	99%
Capacity utilization – sewage water	83%	83%	88%	101%

* Volumes produced are based on capacity x no. of days x 8 hours per day.

Source: The Company

C- Financial Information

Table (4.26): Financial Information of the Jeddah Industrial City Project

SAR Million	31 December 2020G	31 December 2021G	31 December 2022G	30 September 2023G
Revenue	57	56	60	49
EBITDA	23	26	28	26
Net profit	10	12	15	16
Total assets*	186	200	211	227
Debt	-	-	-	-

* This item mainly represents the amounts due from other branches (which were eliminated at the consolidated level) and the costs related to the repair of the plant, as concession agreements were signed by the ICDOC with the CITC for both the Jeddah Industrial City Project and the Dammam Industrial Cities Project. Accordingly, there are inter-branch payables between the related branches. The total assets of the Jeddah Industrial City Project include the payables due from the Dammam branch.

Source: The Company

4.4.3 Dammam Industrial Cities Project

A- Overview

The Dammam Industrial Cities (ROT) Project (hereinafter referred to as the "**Dammam Industrial Cities Project**") took over the existing potable and wastewater sewage system in Dammam Industrial Cities I, II and III and Al-Ahsa Industrial City with the objective to:

- rehabilitate, own and operate the existing water and wastewater treatment plants and upgrade Dammam Industrial City II wastewater treatment plant to treat the flow of 20,000m^3/day;
- invest in a reverse osmosis ("**RO**") plant to produce effluent with total dissolved solids (TDS) of less than 200mg/l; and
- Install an effluent ultrafiltration plant to produce a good alternative for reduction of potable water demand.

The concession for Dammam Industrial City I, Dammam Industrial City II and Al Ahsa Industrial City was awarded to ICDOC with an effective date of 21/01/1429H (corresponding to 30/01/2008G) for a period of thirty (30) years on an exclusive basis and expires on 28/12/1459H (corresponding to 03/02/2038G). In addition, the agreement to operate the potable water plant in Dammam Industrial City III was signed on 10/07/1440H (corresponding to 17/03/2019G) for an initial period of two (2) years that expires on 19/08/1445H (corresponding to 28/02/2024G) and is extendable for one (1) additional year from the expiry of the agreement or extended period (for further details on the agreements governing the Dammam Industrial Cities Projects, please refer to Section 12.4 "**Material Agreements**" of this Prospectus). The contract has been extended thrice with the last such one year extension valid till 18/08/1445H (corresponding to 25/02/2024G).

The current capacity of the Dammam Industrial Cities Project Is as follows:

Table (4.27): Current Capacity of the Dammam Industrial Cities Project

M^3/day	Dammam I	Dammam II	Dammam III	Al Ahsa	Total
Potable water	3,400	34,500	6,000	2,300	46,200
Recycled water	-	13,750	-	200	13,950
Wastewater	-	40,000	-	1,500	41,500

Source: The Company

The network length for the Dammam Industrial Cities Project has reached more than 214 km for potable water and more than 121 km for recycled water.

While the concession for the Dammam Industrial Cities Project was awarded by MODON, the Company bills and collects revenue based on actual volumes to industrial city customers in the Dammam Industrial Cities and Al Ahsa Industrial City. Currently, more than 1,900 factories are connected to the Group's network in the Dammam Industrial Cities and Al Ahsa Industrial City. Furthermore, considering the Group has exclusivity within the industrial cities, the demand within industrial cities is high, which enables the Group to generate more value. Accordingly, the Group increased the capacity of the Dammam Industrial City II wastewater treatment plant from 20,000 m^3/day to 40,000 m^3/day (operable up to 50,000 m^3/day) and potable water capacity from 7,500m^3/day to 15,000 m^3/day. The Group expects further capacity enhancements due to ongoing growth in new factories in industrial cities as part of the Kingdom's economic transformation and increase in non-oil GDP.

Customers in the Dammam Industrial Cities and Al Ahsa Industrial City are billed under a tariff defined in the concession agreement. The tariff is subject to five (5) year adjustments based on the CPI and other operating cost parameters. The last increase in tariff was in December 2020G.

The Company has a beneficial ownership of 100% of the Dammam Industrial Cities Project through ICDOC. The O&M services for the Dammam Industrial Cities Project are provided by JECO.

B- Operational Information

The following table shows the operational information of the Dammam Industrial Cities Project.

Table (4.28): Operational Information of the Dammam Industrial Cities Project

	31 December 2020G	31 December 2021G	31 December 2022G	30 September 2023G
Volume treated – m^3 (potable water)	12,268,694	12,623,719	13,435,333	10,312,501
Volume treated – m^3 (recycled water)*	3,633,343	3,760,004	4,477,220	3,391,529
Volume treated – m^3 (sewage water)*	9,913,503	9,092,855	10,959,756	6,908,979
Capacity utilization – potable water	47%	49%	52%	48%
Capacity utilization – recycled water	72%	75%	92%	91%
Capacity utilization – sewage water	68%	62%	75%	63%

* Volumes produced are based on capacity x no. of days x 8 hours per day.

Source: The Company

C- Financial Information

The following table shows the financial information of the Dammam Industrial Cities Project.

Table (4.29): Financial Information of the Dammam Industrial Cities Project

SAR Million	31 December 2020G	31 December 2021G	31 December 2022G	30 September 2023G
Revenue	118	147	154	113
EBITDA	31	46	50	36
Net profit	(4)	12	15	5
Total assets*	367	368	378	363
Debt**	219	254	246	213

* This item mainly concerns the factory that has been rehabilitated by the Group.

** The debt is secured in Saudi Riyals by a local Saudi bank carrying interest at SAIBOR + margin on a non-recourse basis. The remaining term of the debt as of 30 September 2023G is approximately 2.3 years. As part of the optimization strategy of the Group, the Group intends to refinance this facility.

Source: The Company

4.4.4 The KKIA Project

A- Overview

The KKIA BOOT Project was awarded to the Group on 02/12/1436H (corresponding to 15/09/2015G) for a period of thirty years (30) from the scheduled COD and twenty-eight (28) years from the actual COD achieved in June 2019G. The project works will be completed on 20/08/1469H (corresponding to 14/06/2047G). The Group has exclusive rights for KKIA under the BOOT agreement (for further details on the agreement governing the KKIA Project, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus).

The Group supplies potable water to KKIA through a ground-well source which is processed through a BWRO plant with a capacity of 25,000 m^3/day. The infrastructure comprises of: (i) seven (7) deep wells; (ii) potable water reservoirs with an area of 75,000 m^3; (iii) raw water reservoirs with an area of 25,000m^3; and (iv) total networks with an area of 35,000m. The Group has a right to expand the capacity of the BWRO plant by 5,000 m^3/day based on demand. In addition, the Group has a right to sell surplus production to third-party customers after receiving the consent of the concessionaire.

The BOOT tariff for the KKIA Project is subject to annual review and is indexed to the CPI, changes in prices of chemicals consumed and utilities.

The Group has a 100% effective interest in the KKIA Project through RWPC. The O&M services for the KKIA Project are also provided by JECO.

B- Operational Information

The following table shows the operational information of the KKIA project.

Table (4.30): Operational Information of the KKIA Project

	31 December 2020G	31 December 2021G	31 December 2022G	30 September 2023G
Volume treated – m^3 (potable water)	5,105,105	5,596,760	4,329,158	3,918,961
Capacity utilization – potable water	56%	61%	47%	57%

Source: The Company

C- Financial Information

The following table shows the financial information of the KKIA project.

Table (4.31): Financial Information of the KKIA Project

SAR Million	31 December 2020G	31 December 2021G	31 December 2022G	30 September 2023G
Revenue	30	25	26	22
EBITDA	12	6*	18	16
Net profit	(4)	(9)	4	2
Total assets**	412	420	424	322
Debt***	283	220	216	213

* Includes impact of a one-time write off of SAR 11 million.

** This item mainly concerns the factory established by the Group.

*** The debt is secured in Saudi Riyals by local Saudi banks carrying interest at SAIBOR + margin on a non-recourse basis. The remaining term of the debt as of 30 September 2023G is approximately fifteen (15) years.

Source: The Company

4.4.5 Makkah Project (Hada and Arana)

A- Overview

On 18/02/1444H (corresponding to 14/09/2022G), the Company, together with Thabat Construction Company (collectively referred to as the "**Hada and Arana Project Contractors**"), concluded a long-term O&M agreement with NWC. Under this agreement, the Hada and Arana Project Contractors are obligated to provide contracting services for the O&M of all wastewater treatment plants and facilities in Hada and Arana, Makkah (hereinafter referred to as the "**Makkah Project (Hada and Arana)**"). This agreement falls under NWC Rehabilitation Program and includes increasing the capacity of existing wastewater treatment plants in the Kingdom. The term of the agreement is ten (10) years, ending on 03/02/1455H (corresponding to 02/05/2033G) (for further details on the agreement governing the Makkah Project (Hada and Arana), please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus). The Makkah Project (Hada and Arana) achieved commercial operations in May 2023G. Prior to the award of the ROT concession, the Makkah Project (Hada and Arana) was under an O&M contract with the Group from 2013G to 2015G and from 2019G to 2023G.

The scope of the Makkah Project (Hada and Arana) covers rehabilitation works, treatment capacity upgrade, financing, completion, testing, O&M, handover and transfer of two (2) existing sewage plants in Makkah with a guaranteed influent capacity of 660,000 m^3/day and peak influent capacity of 800,000 m^3/day.

The table below provides an overview of the two plants and the estimated rehabilitation cost under the Makkah Project (Hada and Arana):

Table (4.32): Overview of the Plants under the Makkah Project (Hada and Arana)

	Start-Up Year	Guaranteed Influent Treatment Capacity Pre-Upgrade (m^3/day)	Guaranteed Influent Treatment Capacity Post-Upgrade (m^3/day)	Project Cost (SAR Mn)*
Arana	2013G	330,000	330,000	61
Hada	2010G/2014G	250,000	330,000	46

* Representation + development (excluding financing) cost.

Source: The Company

The ROT tariff for the Makkah Project (Hada and Arana) comprises a capacity tariff, which is fixed for the term of the contract, whereas the output tariff is linked to CPI.

The Company has a 70% effective interest/shareholding in the Makkah Project (Hada and Arana). Thabat Construction Company owns the remaining 30%. The O&M services for the Makkah Project (Hada and Arana) are provided by JECO.

B- Operational Information

The following table shows the operational information of the Makkah Project (Hada and Arana).

Table (4.33): Operational Information of the Makkah Project (Hada and Arana)

	31 December 2020G	31 December 2021G	31 December 2022G	30 September 2023G
Volume treated – m^3 (wastewater water)	N/A	N/A	N/A	57,409,943 (Hada) 81,446,122 (Arana)
Capacity utilization – (wastewater water)	N/A	N/A	N/A	84% (Hada) 120% (Arana)

Source: The Company

C- Financial Information

The following table shows the financial information of the Makkah Project (Hada and Arana).

Table (4.34): Financial Information of the Makkah Project (Hada and Arana)

SAR Million	31 December 2020G	31 December 2021G	31 December 2022G	30 September 2023G
Revenue	N/A	N/A	N/A	22
EBITDA	N/A	N/A	N/A	0.7
Net profit	N/A	N/A	N/A	0.2
Total assets*	N/A	N/A	N/A	43
Debt**	N/A	N/A	N/A	18

* This item mainly concerns the factory rehabilitated by the Group and the balances due from customers.

** The debt represents full drawdown of the temporary bridge loans as of 30 September 2023, secured by a local Saudi Bank carrying interest at SAIBOR + margin basis. The temporary bridge loan has a bullet repayment maturing in approximately 3.6 years. The drawdown of the senior financing ("**SFF**") component of SAR 65 million will be done based on the construction milestones. The SFF is also secured by a local Saudi Bank carrying interest at SAIBOR + margin to be repaid in approximately in 6.5 years starting from August 2026.

Source: The Company

4.4.6 Ras Tanura Project

The Group was awarded the agreement to design, build, own and operate an IWWTP for the Ras Tanura refinery under an (optional) BOOT arrangement by Saudi Aramco (hereinafter referred to as "**Ras Tanura Project**"). The (optional) BOOT agreement is for twenty-five (25) years from commencement of commercial operations, which falls on 11/07/1447H (corresponding to 31/12/2025G), i.e., the agreement will expire on 17/04/1473H (corresponding to 31/12/2050G). The agreement may be further extended for a period of five (5) additional years (for further details on the agreement governing Ras Tanura Project, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus).

The scope of the Ras Tanura Project encompasses:

- an IWWTP with a connected capacity of 20,000 m^3 and wet air oxidation plant to treat spent caustic with a capacity of 1.2 m^3/hour; and
- a wastewater transmission pipeline and effluent transmission pipeline between the Ras Tanura refinery and the IWWTP plant which are 7 km apart.

The source water at the IWWTP shall be supplied through a pipeline from the Ras Tanura refinery. The source water will be pre-treated and the effluent water will separated into two (2) streams with two (2) delivery points. The effluent from the first stream will be used in replacing the refinery's ground water and/or to dilute the feed of the Multi-Effect Desalination (MED) plant, while the effluent from the second stream will be used in marine discharge.

The expected cost of the project is approximately five-hundred and thirty-six million Saudi Riyals (SAR 536,000,000) excluding financing cost. The consortium for the Ras Tanura project has secured project financing amounting to SAR 526 million and a temporary bridge loan of SAR 116 million from the local Saudi and regional banks. The plant is expected to achieve commercial operations in June 2026G.

The Company owns 70% of the Ras Tanura IWWTP through SWCES while the remaining 30% is owned by Thabat Construction Company. The O&M services for the Ras Tanura Project are provided by JECO.

4.4.7 Al Haer Project

The Al Haer ISTP (hereinafter referred to as "**Al Haer Project**") was awarded to a consortium comprising the Company and N.V. BESIX S.A. through a letter of award dated 10/04/1445H (corresponding to 25/10/2023G) and is subject to financial close of the Al Haer Project. The Group was selected as the winning bidder with a tariff of SAR 1.94 which was 13% lower compared to the closest competitor. A wastewater treatment agreement was concluded with SWPC and N.V. BESIX S.A. dated 29/08/1445H (corresponding to 10/03/2024G), pursuant to which the Company and N.V. BESIX S.A. will develop a new independent wastewater treatment plant with a capacity of up to two hundred thousand (200,000) cubic meters per day and the associated infrastructure and facilities for NWC. The term of this agreement expires on the twenty-fifth (25th) anniversary of the completion date of the construction of the wastewater treatment plant, i.e. on 06/04/1474H (corresponding to 10/12/2051G).

The Al Haer Project will be under a BOOT framework. SWPC will be the sole off-taker under the sewage treatment agreement. The term of the sewage treatment agreement will be for twenty-five (25) years from date of commencement of operations, and the ISTP is expected to achieve commercial operations in July 2026G.

The scope of the BOOT is for the development, design, finance, engineering, procurement, construction, commissioning, completion, testing, owning, insuring, operating, maintaining and transferring of the STA. The site is located 95 km south of KKIA in Riyadh. The Al Haer Project will treat wastewater delivered from various parts of the Manfouha and Al Heet catchment and is expected to serve mostly existing and future residential areas.

The capacity of the wastewater plant is 200,000 m^3/day along with TSE special facilities with 400,000m^3/day pumping capacity, an approximately 32 km pipeline and a 200,000m^3 reservoir. The Al Haer Project cost, excluding finance cost, is estimated to be one billion, five-hundred million Saudi Riyals (SAR 1,500,000,000), of which one billion, two-hundred and seventy-five million Saudi Riyals (SAR 1,275,000,000) will be funded through project finance debt.

The Company owns 80% of the Al Haer ISTP Project, while the remaining 20% is owned by N.V. BESIX S.A.

4.5 Description of the Group's Third Party O&M Projects

In addition to the O&M services which the Group provides to the Group's various concession projects, the Group also provides O&M services to other third parties.

In the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, the revenue from the Group's third party O&M projects represented 10.0%, 10.2%, 12.4% and 8.3%, respectively, of the Group's total revenue.

4.5.1 SPARK O&M Project

A- Overview

The O&M and Facility Management Services for Wet Utilities at SPARK Project (hereinafter referred to as "**SPARK O&M Project**") is a fixed price and performance-based O&M project located in Dammam in the Kingdom, the scope of which consists of O&M services for purified water, irrigation water and wastewater networks with a network length of 91.5 km for the purified water network, 46 km for the irrigation water network and 58 km for the wastewater network, together with the provision of facility management services. The SPARK O&M Project commenced on 12/11/1444H (corresponding to 01/06/2023G) with a term of three (3) years ending on 15/12/1447H (corresponding to 01/06/2026G), renewable for two (2) additional years (for further details on the agreement governing the SPARK O&M Project, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus).

B- Financial Information

The following table shows the financial information for the SPARK O&M Project.

Table (4.35): Financial Information of the SPARK O&M Project

SAR Million	31 December 2020G	31 December 2021G	31 December 2022G	30 September 2023G
Revenue	N/A	N/A	N/A	2.5

Source: The Company

4.5.2 Manfouha-4 STP O&M Project

A- Overview

The Mafouha-4 STP is an O&M project located in Riyadh in the Kingdom, the scope of which consists of the provision of O&M services for an STP with a capacity of 200,000m^3 per day. JECO signed an agreement with Thabat Construction Company to provide M&O services for the Mafouha-4 STP O&M Project on 05/11/1442H (corresponding to 15/06/2021G). The Mafouha-4 STP O&M Project commenced on 08/02/1443H (corresponding to 15/09/2021G), noting that the term of the agreement expires after thirty-six (36) months from the date of operation, minus the period between the date of delivery of the plant by NWC on 05/08/1442H (corresponding to 18/03/2021G) to Thabat Construction Company and the date of operation, i.e., on 09/12/1445H (corresponding to 15/06/2024G) (for further details on the agreement governing the Manfouha-4 STP O&M Project, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus).

B- Financial Information

The following table shows the financial information of the Manfouha-4 STP O&M Project.

Table (4.36): Financial Information of the Manfouha-4 STP O&M Project

SAR Million	31 December 2020G	31 December 2021G	31 December 2022G	30 September 2023G
Revenue	NA	2.5	9	7

Source: The Company

4.5.3 Jazan STP O&M Project

A- Overview

The Jazan Economic City STP (hereinafter referred to as "**Jazan STP O&M Project**") is an O&M project located in Jazan in the Kingdom, the scope of which consists of the provision of O&M services for an STP with a capacity of 40,000m^3 per day. The Jazan STP O&M Project commenced on 22/04/1443H (corresponding to 28/11/2021G), with a term of three (3) years, which has been extended to 19/06/1448H (corresponding 30/11/2026G) (for further details on the agreement governing the Jazan STP O&M Project, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus).

B- Financial Information

The following table shows the Financial Information of the Jazan STP O&M Project.

Table (4.37): Financial Information of the Jazan STP O&M Project

SAR Million	31 December 2020G	31 December 2021G	31 December 2022G	30 September 2023G
Revenue	NA	NA	1.3	1.1

Source: The Company

4.5.4 MOM North-West Cluster Project

A- Overview

The MOM North-West Cluster Project is for the management, operation, maintenance, provision and improvement of the water distribution services in the Madinah and Tabuk region.

The scope of project comprises management, O&M of: (i) 15,000 km networks; (ii) fifty (50) potable water plants; (iii) ten (10) treatment plants; and (iv) six-hundred and twenty-two (622) boreholes. The MOM North-West Cluster Project commenced on 19/08/1442H (corresponding to 01/04/2021G) with a term of seven (7) years. The total value of the contract is SAR 198 million excluding performance incentives for achieving agreed KPIs (for further details on the agreement governing the MOM North-West Cluster Project, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus).

B- Financial Information

The following table shows the financial information of the MOM North-West Cluster Project.

Table (4.38): Financial Information of the MOM North-West Cluster Project

SAR Million	31 December 2020G	31 December 2021G	31 December 2022G	30 September 2023G
Revenue	NA	25.90	43.96	21.75

Source: The Company

4.5.5 MOM Eastern Cluster Project

A- Overview

The MOM Eastern cluster project is for the management, operation, maintenance, provision and improvement of the water distribution services in the Dammam, Al Ahsa and Hafar Al-Batin regions.

The scope of project comprises management, O&M of (i) 27 km networks; (ii) 66 potable water plants; (iii) 27 treatment plants; and (iv) 1,192 boreholes. The MOM Eastern Cluster Project commenced in the month of Ramadan 1443H (corresponding to April 2022G) with a term of seven (7) years and expires on 04/07/1449H (corresponding to 03/12/2027G). The total value of the contract is SAR 221 million excluding performance incentives for achieving agreed KPIs (for further details on the agreement governing the MOM Eastern Cluster Project, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus).

B- Financial Information

The following table shows the financial information of the MOM Eastern Cluster Project.

Table (4.39): Financial Information of the MOM Eastern Cluster Project

SAR Million	31 December 2020G	31 December 2021G	31 December 2022G	30 September 2023G
Revenue	NA	NA	18.27	17.75

Source: The Company

4.6 Environmental and Social Resources and Governance

The Group plays a pivotal role in the lifecycle of one of the most important natural resources for the environment, having an unequivocal commitment to the development of sustainable water and wastewater solutions. As a result of our focus on delivering safe and quality products, the Group continuously innovates to raise society's quality of life while contributing to the development of the local economies where it operates, demonstrating the utmost respect for the environment.

The Group strives for sustainability and environmental protection while reducing pollution that has a negative impact on the environment, as well as promoting the use of renewable energies, where it is pioneer in the use of photovoltaic energy in its water plants.

Ensuring the safety and security of the workplace is of paramount importance to the Group. The Group is fully committed to creating and maintaining an environment that prioritizes the well-being of its employees, visitors, contractors, and other stakeholders. This commitment extends beyond mere compliance with regulations; it is a fundamental aspect of the Group's corporate culture. The Group continuously invests in comprehensive training programs, safety protocols and security measures to mitigate potential environmental risks.

As part of the aforementioned commitments, the Group has implemented processes leading to certifications issued by the International Organization for Standardization in the following areas:

- Quality Management Systems (ISO 9001).
- Environmental Management Systems (ISO 14001).
- Occupational Health and Safety Management Systems (ISO 45001).

Equally important to the Group is to uphold the highest ethical standards. Regardless of their role and level of responsibility, all employees are expected to uphold the Group's ethical principles in all situations and interactions. The Group has developed comprehensive frameworks that are available to all employees that promote an ethical culture while outlining the Group's ethical values as listed below:

- **Trust:** The Group expects that employees' behavior is irreproachable, always in line with the principles of ethics, righteousness and honesty.
- **Respect for the Law:** The Group and its employees comply with all laws and regulations where it operates.
- **Transparency:** The Group provides accurate, truthful, comprehensive, appropriate and clear information to its clients, stakeholders and the market.
- **Integrity:** The Group competes in a fair manner. The Group's clients and society benefit from a free and ethical market. The Group stands against conduct that could be perceived as corrupt or that might result in a conflict of interest.
- **Accountability:** Employees are encouraged to seek guidance and speak up in case there is any suspicion or breach of the law or the Group's ethical standards.

4.7 Research and Development

The Group has not historically engaged in formal research and development other than through partners and suppliers. The Group is now preparing a roadmap to extend its research and development and technology innovation activities in the fields of treating and reusing water in various applications, real time monitoring and control of water distribution networks, using big data and machine learning to predict water demand, quality and infrastructure maintenance needs, sensors and acoustic devices to identify and locate leaks in distribution systems. This roadmap and the associated budgets are yet to be approved by the Board as of the date of this Prospectus.

4.8 Awards and Achievements

The Group has received a number of awards from customers such as MODON and NWC and industry associations such as the Saudi Water Forum and the Water and Energy Exchange in recognition of its contribution to the development of the wastewater and water sector in the Kingdom.

4.9 The Group's Business and Assets Outside the Kingdom

The Group currently does not have any business or assets outside the Kingdom.

4.10 Business Continuity

The Directors acknowledge that there has been no suspension or interruption in the Company's business during the twelve (12) month period preceding the date of this Prospectus which would affect or have a significant impact on its financial position, and no material change in the nature of its business is contemplated.

4.11 Cybersecurity

The Group has extensive experience that ensures high electronic flexibility to protect the local and cloud IT infrastructure that hosts digital services. The following is an overview of some of the cybersecurity flexibility controls that have been implemented in the Company's infrastructure:

- **Network segmentation:** The IT infrastructure is divided into distinct zones (user LAN, internal server zone, DMZ, and public cloud). Users have different security access levels based on trust levels. This approach limits the spread of cyber threats between segments and reduces the impact of any breaches that occur within those zones.
- **Network security perimeter:** Standard security devices are deployed in all networks across remote branches to protect the Group's various networks. These devices include:
  - Next-generation firewalls.
  - Endpoint security system.
  - Reverse proxy virtual appliance.
  - Network monitoring system.
- **Data Backup Management System:** The Group has implemented a centralized backup system known as the Veeam Backup Management System to ensure the availability of the Group's data and protect the Company's data from loss/corruption. Veeam ensures business data resilience through regular secure backups of both user and system data.

- **Identity Management and Single Sign-On (SSO):** A unified identity is applied for all Group users so that they can use a single identity to access all public and local company systems. The authentication and authorization process is managed through a distributed single sign-on system, supported by multi-factor authentication control, an enforced user account policy that ensures multi-factor authentication is applied, and account password complexity is enforced for all our Miahona users.
- **Cloud security solutions:** The Company implements cloud security control to protect publicly accessible cloud services. These solutions include:
  - Microsoft Azure 365 Defender, to address threats and manage security for all identities, data, devices, applications and infrastructure.
  - Microsoft Purview, to monitor, protect and manage all Company user data.
  - Trellix email security to protect against advanced email attacks.
- **Security Operations Center (SOC):** The SOC is a security platform that collects, aggregates and analyzes security events from the Company's entire on-premises and cloud infrastructure. The Company's IT team is responsible for implementing and operating the platform. The Company's SOC primarily monitors security events in the Company's on-premises and cloud infrastructure. It analyzes all security events in business support systems (ERP, CRM, the document collaboration system, etc.), and provides location-based security event monitoring and detection.
- **Patching and Vulnerability Management:** Regular patching and updating of operating systems, software applications and embedded firmware are continuously performed across all equipment to address identified vulnerabilities and remediate known vulnerabilities before exploitation occurs. Additionally, threat intelligence feeds enable continuous monitoring of emerging trends, allowing for timely remediation actions.
- **Vulnerability Assessment and Penetration Testing:** The Company's IT team, in collaboration with an external cybersecurity firm, regularly conducts internal and external penetration testing of the Company's entire IT infrastructure, with knowledge of the Company's infrastructure team and selected high-profile users.
- **Cybersecurity Awareness Programs:** Employees are required to undergo mandatory cybersecurity awareness training that covers topics ranging from basic computer security hygiene to advanced social engineering detection.

4.12 Number of Employees of the Company and its Subsidiaries

4.12.1 The Company

The below table sets out the number of the Company's employees by main activity category and the Saudization rates in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G:

Table (4.40): The Company's Employees in the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Period Ended 30 September 2023G

#	Department	Financial Year Ended 31 December									30 September		
		2020G			2021G			2022G			2023G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1.	Operations	3	12	15	6	15	21	5	10	15	5	26	31
2.	Development	2	5	7	1	7	8	0	5	5	0	3	3
3.	Finance	2	1	3	1	3	4	1	3	4	0	4	4
4.	Management	1	2	3	3	2	5	2	0	2	2	2	4
5.	HCD	0	1	1	0	1	1	1	1	2	2	1	3
6.	Internal Audit	0	1	1	0	1	1	0	0	0	0	1	1
Total		**8**	**22**	**30**	**11**	**29**	**40**	**9**	**19**	**28**	**9**	**37**	**46**

Source: The Company

4.12.2 ICDOC

The below table sets out the number of ICDOC's employees by main activity category and the Saudization rates in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G:

Table (4.41): ICDOC's Employees in the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Period Ended 30 September 2023G

#	Division	Financial Year Ended 31 December									30 September		
		2020G			2021G			2022G			2023G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1.	Operations	14	34	48	15	34	49	17	40	57	13	48	61
2.	Finance	0	7	7	0	5	5	1	6	7	1	6	7
3.	Management	1	2	3	0	2	2	0	1	1	0	1	1
4.	HCD	0	2	2	0	2	2	0	2	2	3	2	5
5.	Development	0	0	0	1	1	2	0	4	4	0	2	2
Total		**15**	**45**	**60**	**16**	**44**	**60**	**18**	**53**	**71**	**17**	**59**	**76**

Source: The Company

4.12.3 JECO

The below table sets out the number of JECO's employees by main activity category and the Saudization rates in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G:

Table (4.42): JECO's Employees in the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Period Ended 30 September 2023G

#	Division	Financial Year Ended 31 December									30 September		
		2020G			2021G			2022G			2023G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1.	Operations	29	160	189	33	147	180	48	149	197	53	188	241
2.	Finance	0	6	6	3	3	6	1	2	3	2	2	4
3.	HCD	0	4	4	0	5	5		5	5	6	5	11
4.	Development	0	1	1	0	1	1	0	1	1	0	1	1
5.	Internal Audit	1	0	1	0	0	0	0	0	0	0	0	0
6.	Management	1	0	1	1	0	1	0	0	0	1	2	3
7.	Legal	0	0	0	0	0	0	0	1	1		1	1
Total		**31**	**171**	**202**	**37**	**156**	**193**	**49**	**158**	**207**	**62**	**199**	**261**

Source: The Company

4.12.4 RWPC

The below table sets out the number of RWPC's employees by main activity category and the Saudization rates in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G:

Table (4.43): RWPC's Employees in the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Period Ended 30 September 2023G

#	Division	Financial Year Ended 31 December									30 September		
		2020G			2021G			2022G			2023G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1.	Operations	1	0	0	1	3	4	1	3	4	1	4	5
Total		**1**	**0**	**0**	**1**	**3**	**4**	**1**	**3**	**4**	**1**	**4**	**5**

Source: The Company

4.12.5 Araha

The below table sets out the number of Araha's employees by main activity category and the Saudization rates in the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G:

Table (4.44): Araha's Employees in the Financial Years Ended 31 December 2020G, 2021G and 2022G and the Nine-Month Period Ended 30 September 2023G

#	Department	Financial Year Ended 31 December									30 September		
		2020G			2021G			2022G			2023G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1.	Operations	0	0	0	0	0	0	0	0	0	1	1	2
Total		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**1**	**2**

Source: The Company

4.13 Saudization and Nitaqat

The Saudization program was adopted by virtue of the Minister of Human Resources and Social Development's Resolution No. 4040, dated 12/10/1432H (corresponding to 10/09/2011G), as amended pursuant to Resolution No.182495, dated 11/10/1442H (corresponding to 23/05/2021G), pursuant to Council of Ministers' Resolution No. 50, dated 21/05/1415H (corresponding to 27/10/1994G). The "**Nitaqat**" program was implemented on 12/10/1432H (corresponding to 10/09/2011G), with the Ministry of Human Resources and Social Development beginning the implementation of the "**Nitaqat**" program to encourage institutions to employ Saudi citizens. Through the "**Nitaqat**" program, the performance of any company is evaluated based on specific categories (classifications), namely the platinum, green (subdivided into low, middle and high) and red categories. Companies in the platinum or green categories are deemed to have met Saudization requirements and are therefore entitled to a number of benefits, such as obtaining and renewing work visas or otherwise changing the occupations of their foreign workers (except for professions exclusively reserved for Saudi nationals). Companies in the red category (due to their non-compliance with specific requirements) are deemed to have violated Saudization requirements and may be subject to certain punitive measures, such as limiting their ability to renew foreign employees' work visas or completely prohibiting foreign employees from obtaining or renewing work visas.

The Company and its Material Subsidiaries, ICDOC, JECO, RWPC and Araha comply with the Saudization requirements, with a Saudization rate of 22.2%, 27.27%, 22.38%, 25% and 50%, respectively, in accordance with the "**Nitaqat**" program. The Company, ICDOC, JECO and RWPC were all classified in the "**Operation and Maintenance**" category of the "**Nitaqat**" program, and Araha was classified under the "**green**" category of the "**Nitaqat**" program. The Company, ICDOC, JECO, RWPC and Araha also obtained Saudization certificates from the Ministry of Human Resources and Social Development for their compliance with the Saudization requirements, issued on 06/05/1445H (corresponding to 20/11/2023G), 10/03/1445H (corresponding to 25/09/2023G), 06/05/1445H (corresponding to 20/11/2023G), 18/02/1445H (corresponding to 03/09/2023G) and 12/01/1445H (corresponding to 27/09/2023G), respectively.

4.14 Talent Acquisition and Retention

The Group has also developed a comprehensive staff retention program to retain valuable employees. Employees of the Group are provided with a handbook, which sets out the career progression and options of each position within the Group. Promotions are based on past performance and successfully meeting targets. The Group acknowledges that its employees are key to the success of its business and therefore offers several development programs to management and other key employees, which include specialized certification programs and ongoing training. Employees usually receive additional upgraded benefits according to their employment level, including medical coverage that is extended to the employee's family, life insurance, allowances (including for certain travel, transportation and mobile expenses). The Group conducts annual performance reviews of all employees, administrative staff and management based on employee performance metrics. The Group also works to motivate its employees through intra-company awards programs, including numerous individual awards.

4.15 Training and Development

The Group is committed to providing continuing professional development for its employees. The Group's commitment to utilizing in-house as well as external training has helped it maintain the quality and skill of its staff. The Group provides numerous training courses, covering, among other subjects, health, safety and environmental awareness, emergency management and medical courses.

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5. ORGANIZATIONAL STRUCTURE OF THE COMPANY

5.1 Ownership Structure of the Company

The following table sets out the Company's ownership structure pre- and post-Offering:

Table (5.1): The Company's Shareholding Structure Pre- and Post-Offering

#	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Overall Nominal Value (SAR)	Percentage*	No. of Shares*	Total Nominal Value (SAR)*	Percentage*
1.	Vision Invest	160,925,543	160,925,543	100%	112,647,880	112,647,880	70%
2.	Public	-	-	-	48,277,663	48,277,663	30%
Total		**160,925,543**	**160,925,543**	**100%**	**160,925,543**	**160,925,543**	**100%**

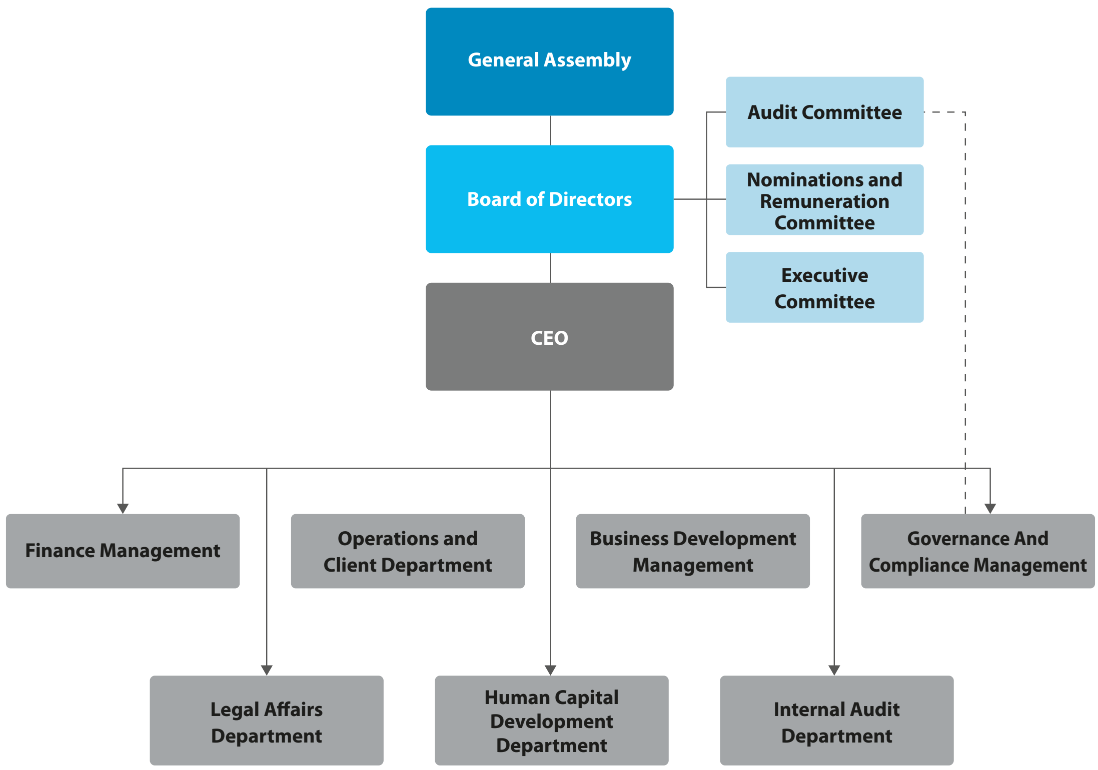
* The figures mentioned are approximate.

Source: The Company

5.2 Management Structure

The Shareholders of the Company delegate responsibility to the Board of Directors for the overall direction, supervision and control of the Company. The Board of Directors assigns the Executive Management of the Company, particularly the CEO, the responsibility of managing the general day-to-day business of the Company. The following figure illustrates the management structure of the Company, including the Board, the supervisory committees and the functions of the members of the Executive Management:

Figure (7): Management Structure of the Company



Source: The Company

5.3 Directors and Secretary

5.3.1 Formation of the Board of Directors

The Company shall be managed by a Board of Directors consisting of eight (8) members appointed by the Ordinary General Assembly of Shareholders, provided that the number of independent Directors shall not be less than three (3). The duties and responsibilities of the Board of Directors are determined under the Company's Bylaws and internal corporate governance manual. The membership term of the Directors - including the Chairman - is a maximum of four (4) years per term, and they may be re-elected for subsequent terms, unless the Company's bylaws stipulate otherwise. The current term of the Board of Directors, which is four (4) years, began on 01/05/1445H (corresponding to 15/11/2023G).

The following table sets out the Directors as of the date of this Prospectus:

Table (5.2): The Company's Directors

#	Name	Title	Nationality	Age	Status	Direct Ownership (%)		Indirect Ownership (%)**		Date of Appointment*
						Pre-Offering**	Post-Offering	Pre-Offering	Post-Offering	
1	Khaled Abdullah Rashid Abunayyan	Chairman	Saudi	63 years	Non-executive	N/A	N/A	4.195%	2.9365%	01/05/1445H (corresponding to 15/11/2023G)
2	Omar Mohamed Nabil Mohamed Al Midani	Vice Chairman	Saudi	44 years	Non-executive	N/A	N/A	N/A	N/A	01/05/1445H (corresponding to 15/11/2023G)
3	Thamer Saud Ismail Al Sharhan	Director	Saudi	61 years	Independent	N/A	N/A	N/A	N/A	01/05/1445H (corresponding to 15/11/2023G)
4	Sultan Samir Saeed Joudieh	Director	Lebanese	39 years	Non-executive	N/A	N/A	N/A	N/A	01/05/1445H (corresponding to 15/11/2023G)
5	Ali Ayoub	Director	American	47 years	Non-executive	N/A	N/A	N/A	N/A	01/05/1445H (corresponding to 15/11/2023G)
6	Scott James McGuigan	Director	British	55 years	Non-executive	N/A	N/A	N/A	N/A	01/05/1445H (corresponding to 15/11/2023G)
7	Khalid Ibrahim Al Rabiah	Director	Saudi	60 years	Independent	N/A	N/A	N/A	N/A	22/05/1445H (corresponding to 06/12/2023G)
8	David Raoul Alexander	Director	French	54 years	Independent	N/A	N/A	N/A	N/A	22/05/1445H (corresponding to 06/12/2023G)

* The dates listed in this table are the dates of appointment of Directors to the current session. The biographies of the Directors state the dates on which the Directors were appointed to the Board or any other position (for further details, see Section 5.3.6 "**Summary Biographies of Directors and Board Secretary**" of this Prospectus).

** The indirect ownership of the Directors is as a result of the following: Khaled Abdullah Rashid Abunayyan owns 8.390% of the share capital of Abdullah Abunayyan Trading Company, which owns 50% of the share capital of Vision Invest, which in turn owns 100% of the Company's share capital.

Source: The Company

As of the date of this Prospectus, the Secretary of the Board of Directors is Mr. Javier Bertola, who was appointed pursuant to the Board of Directors' resolution dated 01/06/1445H (corresponding to 14/12/2023G) (for a summary biography of the Board Secretary, please refer to Section 5.3.6 "**Summary Biographies of Directors and Board Secretary**" of this Prospectus). It should noted that the Secretary of the Board of Directors, Mr. Javier Bertola, does not own any shares in the Company as of the date of this Prospectus.

5.3.2 Responsibilities and Duties of the Board of Directors

The Board represents all Shareholders. It shall perform its duties of care and loyalty in managing the Company's affairs and undertake all actions in the general interest of the Company, as well as develop the Company and maximize its value. The Board of Directors shall be responsible for the business of the Company even if it delegates committees, bodies or individuals to exercise some of its powers. In all cases, the Board of Directors may not issue a general or indefinite delegation.

The responsibilities and competencies of the Board of Directors include:

- Developing the plans, policies, strategies and main goals of the Company and supervising the implementation and review thereof periodically, as well as ensuring the availability of human and financial resources necessary to achieve the same, including:
  - Setting a comprehensive strategy, key business plans and policies and risk management mechanisms for the Company, as well as reviewing and directing the same.
  - Determining the optimal capital structure of the Company, its strategies and financial objectives, and approving estimated budgets of all kinds.
  - Overseeing the Company's main capital expenditures, along with ownership and disposal of assets.
  - Setting performance indicators and monitoring the implementation thereof and of the overall performance of the Company.
  - Reviewing and approving the organizational and human resources structures of the Company on a periodic basis.
  - Verifying the availability of the human and financial resources necessary to achieve the objectives and main plans of the Company.
- Setting rules and procedures for internal control and generally oversight thereof, including:
  - Developing a written policy to address actual and potential conflicts of interest of each of the Directors and Executive Management Committee members, including misuse of the assets and facilities of the Company and misconduct resulting from transactions with Related Parties.
  - Ensuring the integrity of financial and accounting systems, including the relevant financial reporting systems.
  - Ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment in which it is aware of the culture of risk management at the Company level, as well as disclosing such risks transparently to stakeholders and the Company's Related Parties.
  - Reviewing the effectiveness of internal control procedures in the Company on an annual basis.
- Preparing clear and specific policies, standards and procedures for membership in the Board of Directors in a manner that does not conflict with the mandatory provisions of the Corporate Governance Regulations and implementing thereof following the approval of the General Assembly.
- Developing a written policy regulating the relationship with stakeholders in accordance with the provisions of the Corporate Governance Regulations.
- Developing the necessary policies and procedures to ensure the Company complies with the rules and regulations and abides by disclosing material information to Shareholders and stakeholders, as well as verifying compliance therewith by the Executive Management.
- Supervising the management of the Company's finances and cash flows, as well as its financial and credit relationships with third parties.
- Proposing to the Extraordinary General Assembly what it deems appropriate regarding the following:
  - Increasing or decreasing the share capital of the Company.
  - Dissolving the Company before the end of its term as specified in its Bylaws or deciding the continuity of the Company.
- Proposing to the Ordinary General Assembly what it deems appropriate regarding the following:
  - Using the Company's reserves in the event that they are not allocated for a specific purpose in the Company's Bylaws.
  - Forming additional financial allocations or reserves for the Company.
  - The method of distributing the net profits of the Company.
- Preparing the Company's interim and annual financial statements and approving them prior to their publication.
- Preparing the Board report and approving the same prior to its publication.
- Ensuring the accuracy and integrity of data and information to be disclosed in accordance with applicable disclosure and transparency policies and procedures.

- Developing effective communication channels allowing Shareholders to continuously and periodically review the various aspects of the Company's businesses as well as any material developments.
- Forming specialized committees emanating from it through resolutions which specify their terms, powers and responsibilities and the method of the Board's supervision thereover, provided that the resolution also includes the names of the members and defines their tasks, rights and duties, as well as evaluating the performance and work of such committees and their members.
- Specifying the types of remuneration granted to the Company's employees, such as fixed remuneration, performance-based remuneration and remuneration in the form of shares, without prejudice to the Implementing Regulations of the Companies Law for listed joint-stock companies.
- Notifying the Ordinary General Assembly, when convened, of the businesses and contracts in which any Director has a direct or indirect interest, provided that such notification shall include the information provided by the Director, in accordance with Paragraph 14 of Article 28 of the Corporate Governance Regulations. Such notification and shall be accompanied by a special report from the Company's external Auditor.
- Setting the values and standards that govern the work at the Company.
- The Board of Directors shall form the Executive Management of the Company, organize its work, supervise and control it, and verify its performance of the tasks entrusted to it. To this end, it shall:
  - Develop the necessary administrative and financial policies.
  - Verify that the Executive Management operates according to the policies and regulations approved by it.
  - Select and appoint the Company's CEO and supervise their work.
  - Appoint and dismiss the director of the internal audit unit or department, or the internal auditor, and determine their remuneration.
  - Hold periodic meetings with the Executive Management to discuss work progress, obstacles and issues, as well as review and discuss important information on the Company's activity.
  - Set performance standards for the Executive Management in line with the Company's objectives and strategy.
  - Review and evaluate the performance of the Executive Management.
  - Set succession plans for the Company's Management.

5.3.3 Duties of the Chairman of the Board of Directors

The responsibilities and competencies of the Chairman include:

- Ensuring that the Directors receive timely, complete, clear, correct and non-misleading information.
- Ensuring that the Board of Directors discusses all key issues in an effective and timely manner.
- Representing the Company before third parties, in accordance with the Companies Law and its Implementing Regulations and the Company's Bylaws.
- Encouraging Directors to exercise their duties effectively and in the interest of the Company.
- Ensuring that there are channels for effective communication with the Shareholders and conveying their opinions to the Board of Directors.
- Encouraging constructive relationships and effective collaboration between the Board and the Executive Management on the one hand, and creating a culture that encourages constructive criticism on the other hand.
- Preparing the agenda for Board meetings, taking into account any issue raised by a Director or the Auditor, and consulting with Directors and the CEO when preparing the Board agenda.
- Convening periodic meetings with the non-executive Directors without the presence of any Company executives.
- Ensuring that the Board agenda is focused on the Company's strategy and performance, value creation for Shareholders and accountability at all levels.
- Ensuring that both the Directors and the Company's Shareholders receive adequate and timely information.
- Delegating tasks to individual Directors and monitoring the progress thereof.
- Ensuring Directors disclose their business and conflicts of interest with respect to any matter discussed in the Board meeting.

5.3.4 Duties of the Secretary of the Board of Directors

The responsibilities and competencies of the Board Secretary include:

- Managing all the administrative, technical and logistical matters of the Board and the General Assembly meetings.
- Managing and coordinating the preparation of Board/Committee meeting agendas, preparing presentations, preparing and distributing minutes of meetings, archiving all data, information and records relating to the Board/Committees and monitoring the implementation of the Board/Committee resolutions.
- Recording Board meetings and preparing minutes therefor, including the discussions and deliberations thereof, which shall state the location, date and start and end time of the meeting; recording the resolutions of the Board and the voting results, as well as maintaining the same in a special and organized register; recording the names of the Directors who are present and the reservations expressed by them, if any, and having these minutes signed by all of the present Directors and the Board Secretary.
- Maintaining the reports submitted to the Board and the reports prepared by it.
- Providing the Directors with the Board agenda, working papers, documents and information related thereto, as well as any additional documents or information requested by any of the Directors in relation to the topics included in the meeting agenda.
- Verifying that the Directors adhere to the procedures approved by the Board.
- Providing Directors with sufficient notice of the dates of the Board meetings.
- Submitting draft minutes to the Directors for them to provide their opinions thereon before signature thereof.
- Ensuring that the Directors receive, fully and promptly, a copy of the minutes of Board meetings as well as the information and documents related to the Company.
- Coordinating between Directors.
- Providing assistance and advice to Directors.
- Preparing a status report on the resolutions taken by the Board and implementation thereof, as well as informing the Board of the same, including action points, action owner and timelines.
- Attending Board meetings.
- Ensuring that the Directors adhere strictly to Board procedures, rules and regulations.
- Accomplishing any tasks or actions assigned by the Board.
- Providing assistance and advice to Directors.
- Regulating the register of disclosures of the Board and Executive Management, while taking the following into account:
  - Organizing a register of the disclosures of the Directors and Executive Management and updating it periodically in accordance with the disclosures required under the Companies Law and the Capital Market Law and their implementing regulations.
  - Making the register available to the Shareholders of the Company without financial consideration.
- Ensuring good flow of information within the Board and between the Board and the Executive Management.

5.3.5 Employment and Service Contracts Concluded with the Directors

The following table sets out a summary of the employment and service contracts concluded between the Company and the Directors:

Table (5.3): Summary of the Employment and Service Contracts Concluded with the Directors

Name	Title	Contract Date	Term of contract
Thamer Saud Ismail Al Sharhan	Director	28/05/1443H (corresponding to 01/01/2022G)	Two years

Source: The Company

5.3.6 Summary Biographies of Directors and Board Secretary

The following are summary biographies of Directors and Board Secretary:

Table (5.4): Summary Biography of Khaled Abdullah Rashid Abunayyan

Name	Khaled Abdullah Rashid Abunayyan
Age	63 years
Nationality	Saudi
Current Position	Chairman
Date of Appointment (Current Term)	01/05/1445H (corresponding to 15/11/2023G)
Academic Qualifications	• Bachelor of Business Administration in Computer Science, Western Washington University, USA, 1984G.
Current Positions	• Chairman of the Company, from 2014G to date. • Chairman of Abunayyan Holding Company, a Saudi closed joint-stock company operating in the field of various activities, particularly energy and water, from 2018G to date. • Chairman of Abunayyan Trading Company, a Saudi limited liability company operating in the field of various activities, particularly energy and water, from 2018G to date. • Director of KSB, a Saudi limited liability company operating in the field of industrial equipment manufacturing, from 2018G to date. • Director of Vision Invest, a Saudi closed joint-stock company operating in the field of investment, from 2018G to date. • Director of Toray Membrane Middle East, a Saudi limited liability company operating in the field of chemical industries, from 2015G to date. • Chairman of WETICO, a Saudi limited liability company operating in the field of chemical industries and the manufacture of distillation and refining machinery and equipment, from 2018G to date. • Director of Arabian Pipes Company, a Saudi closed joint-stock company operating in the field of industrial equipment manufacturing, from 2006G to date. • Director of Lafana Holding Company, a Saudi closed joint-stock company operating in the field of investment, from 1999G to date.
Key Previous Professional Experience	• CEO of Abunayyan Holding Company, a Saudi limited liability company operating in the field of various activities, particularly energy and water, from 2008G to 2018G. • Director of WETICO, a Saudi limited liability company operating in the field of chemical industries and the manufacture of distillation and refining machinery and equipment, from 2006G to 2018G. • General Manager of Abunayyan Trading Company, a Saudi closed joint-stock company operating in the field of various activities, from 2001G to 2008G.

Source: The Company

Table (5.5): Summary Biography of Omar Mohamed Nabil Mohamed Al Midani

Name	Omar Mohamed Nabil Mohamed Al Midani
Age	44 years
Nationality	Saudi
Current Position	Vice Chairman
Date of Appointment (Current Term)	01/05/1445H (corresponding to 15/11/2023G)
Academic Qualifications	• Bachelor of Commerce—Finance, John Molson School of Business, Canada, 2002.

Current Positions	• Chairman of the Company, from 2016G to date. • CEO of Vision Invest, a Saudi closed joint-stock company operating in the field of investment, from 2018G to date. • Director of Vision Invest, a Saudi closed joint-stock company operating in the field of investment, from 2018G to date. • Director of DataVolt Investment Company, a UAE limited liability company operating in the field of investing in data centers, from 2023G to date. • Director of DataVolt Company, a Saudi limited liability company operating in the field of investing in data centers, from 2023G to date. • Member of the Executive Committee of Vision Invest, a Saudi closed joint-stock company operating in the field of investment, from 2018G to date. • Director of Istedamah Project Development Company, a Saudi limited liability company operating in the field of investment, from 2018G to date. • Director of Saudi Tabreed Company, a Saudi closed joint-stock company operating in the field of refrigeration, from 2018G to date. • Chairman of the Nomination and Remuneration Committee at Saudi Tabreed Company, a Saudi closed joint-stock company operating in the field of refrigeration, from 2018G to date. • Director of Arabian Qudra Energy Company, a Saudi limited liability company operating in the field of industrial gases, from 2018G to date. • Member of the Development and Remuneration Committee at Air Products Qudra Energy, a Saudi limited liability company operating in the field of industrial gases, from 2018G to date. • Director of Air Products Qudra Energy, a Saudi limited liability company operating in the field of industrial gases, from 2021G to date. • Member of the Investment Committee at Air Products Qudra Energy, a Saudi limited liability company operating in the field of industrial gases, from 2019G to date. • Member of the Nomination and Governance Committee at Air Products Qudra Energy, a Saudi limited liability company operating in the field of industrial gases, from 2019G to date. • Director of Amwaj Al Jubail Gas Company, a Saudi limited liability company operating in the field of industrial gases, from 2021G to date. • Director of Jazan Industrial Gas Company, a Saudi limited liability company operating in the field of industrial gases, from 2018G to date. • Chairman of Ajyad Knowledge for Education and Learning, a Saudi limited liability company operating in the field of education projects, from 2018G to date. • Director of Beatona Company, a Saudi limited liability company operating in the field of solid waste processing, from 2019G to date. • Director of Saudi Integrated Waste Treatment Company, a Saudi limited liability company operating in the field of solid waste treatment, from 2013G to date. • Director of Al Sahra Aluminum Company, a Saudi limited liability company operating in the field of construction materials, from 2018G to date. • Chairman of Wave One Project Company, a Saudi limited liability company operating in the field of education projects, from 2020G to date. • Chairman of Buildings Efficiency Company, a Saudi limited liability company operating in the field of utility management, from 2020G to date. • Chairman of Yanbu Power Limited, a limited liability company operating in the field of contracting, from 2021G to date. • Director of Vision Invest Ltd, a Saudi limited liability company operating in the field of investment, from 2021G to date. • Member of the Executive Committee of ACWA Power Company, a Saudi listed joint-stock company operating in the field of public utilities, from 2019G to date. • Director of ACWA Power Company, a Saudi listed joint-stock company operating in the field of public utilities, from 2019G to date.

Current Positions	• Member of the Executive Committee at Rafal Real Estate Development Company, a Saudi closed joint-stock company operating in the field of real estate development, from 2022G to date. • Director of Magma Holdings Limited Company, a Saudi limited liability company operating in the field of hazardous industrial waste treatment, from 2022G to date. • Director of VI Gas Pipelines Holding 1 Ltd, a UAE limited liability company operating in the field of oil and gas pipeline investments, from 2022G to date. • Director of VI Gas Pipelines Holding 2 Ltd, a UAE limited liability company operating in the field of oil and gas pipeline investments, from 2022G to date. • Director of Vision Invest Pipelines Holding 1 Ltd, a UAE limited liability company operating in the field of oil and gas pipeline investments, from 2021G to date. • Director of Vision Invest Pipelines Holding 2 Ltd, a UAE limited liability company operating in the field of oil and gas pipeline investments, from 2021G to date. • Director of Vision Invest LNG Holding Company, a UAE limited liability Company operating in the field of investment, from 2021G to date.
Key Previous Professional Experience	• Chairman of ICDOC, a Saudi limited liability company operating in the field of water, from 2019G to 2020G. • Director of Multiforms Saudi Arabia, a UAE limited liability company operating in the field of construction materials from 2019G to 2020G. • Chairman of JECO, a Saudi limited liability company operating in the field of water services, since 2018G to 2020G. • Chairman of Jeddah Water Services Company, a Saudi limited liability company operating in the field of water from 2018G to 2023G. • Chairman of RWPC, a Saudi limited liability company operating in the field of water, from 2018G to 2020G. • Director of Medical Solutions Company, a Saudi limited liability company operating in the field of healthcare, from 2018G to 2019G. • Director of Arabian Japanese Membrane Company, a Saudi limited liability company operating in the field of water services, from 2017G to 2018G. • CEO of Beatona Company, a Saudi limited liability company operating in the field of solid waste processing, from 2011G to 2017G. • Chairman of East Pipes Integrated Company, a Saudi listed joint-stock company operating in the field of pipelines, from 2020G to 2022G. • Director of Network Coverage Company, a Saudi limited liability company operating in the field of communication networks, from 2020G to 2021G. • Chairman of RWPC, a Saudi limited liability company operating in the field of communication networks, from 2020G to 2022G. • Director of Etihad Energy International, a Saudi limited liability company operating in the field of energy, from 2019G to 2021G. • Director of Estihwaz Energy Company, a Saudi limited liability company operating in the field of energy, from 2014G to 2019G.

Source: The Company

Table (5.6): Summary Biography of Thamer Saud Ismail Al Sharhan

Name	Thamer Saud Ismail Al Sharhan
Age	61 years
Nationality	Saudi
Current Position	Director
Date of Appointment (Current Term)	01/05/1445H (corresponding to 15/11/2023G)
Academic Qualifications	• Bachelor of Science in Chemical Engineering, King Fahd University of Petroleum and Minerals, KSA, 1983G.

Current Positions	• Director of the Company, from 2022G to date. • Chairman of the Nomination and Remuneration Committee at the Company, from 2022G to date. • Chairman of the Energy and Water Academy, a Saudi non-profit company operating in the field of water and energy, from 2021G to date. • Chairman of Rich Land Company, a Saudi limited liability company operating in the field of food industry, from 2022G to date. • Director of EVM Company, an Australian limited liability company operating in the field of chemical and metallurgy industries, from 2022G to date. • Member of the Nomination and Remuneration Committee at EVM, a Saudi limited liability company operating in the field of chemical and metallurgy industries, from 2022G to date. • Director and Partner of Rich Lands Commercial Company, a Saudi limited liability company operating in the field of agricultural activities, from 2022G to date. • Director and Partner in Besan Engineering Consultancy Company, a Saudi limited liability company operating in the field of engineering consultancy, from 2022G to date. • Director of Jazan Industrial Gas Company, a Saudi limited liability company operating in the field of industrial gases, from 2020G to date. • Director of the Charitable Society for Special Needs in Jubail Industrial City (Eradah), a Saudi charity providing services for people with special needs, from 2023G to date.
Key Previous Professional Experience	• Vice Chairman of ACWA Power, a Saudi listed joint-stock company operating in public utilities, from 2020G to 2022G. • Member of the Nomination and Remuneration Committee of ACWA Power Company, a Saudi listed joint-stock company operating in the field of public utilities, from 2020G to 2022G. • General Manager of ACWA Power Company, a Saudi listed joint-stock company operating in the field of public utilities, since 2013G to 2019G • CEO of Marafiq, a Saudi listed joint-stock company operating in the field of utility services, from 2006G to 2013G. • CEO of Saudi Petrochemical Company (SADAF), a Saudi limited liability company operating in the field of petrochemical industry, from 2004G to 2006G. • CEO of SABIC Tank Storage Services Company, a Saudi limited liability company operating in the field of storage services, from 1996G to 2004G. • Senior Project Manager at the Saudi Basic Industries Company (SABIC), a Saudi listed joint-stock company operating in the field of petrochemical industry, from 1994G to 1996G. • Manager of Petrokemya Company, a Saudi limited liability company operating in the field of petrochemical industry, from 1989G to 1992G. • Engineer at Petrokemya Company, a Saudi limited liability company operating in the field of chemical industries, from 1985G to 1989G.

Source: The Company

Table (5.7): Summary Biography of Sultan Samir Saeed Joudieh

Name	Sultan Samir Saeed Joudieh
Age	39 years
Nationality	Lebanese
Current Position	Director
Date of Appointment (Current Term)	01/05/1445H (corresponding to 15/11/2023G)
Academic Qualifications	• Master of Business Administration, University of Liverpool, UK, 2016G. • Bachelor of Business Administration - Finance, American University of Beirut, Lebanon, 2004G.

Current Positions	• Director of the Company, from 2019G to date. • Vice Senior Manager for Asset Management at Vision Invest, a Saudi closed joint-stock company operating in the field of investment, from 2022G to date. • Member of the Audit Committee of Advanced Piping Solutions Company, a Saudi closed joint-stock company operating in the field of pipeline production, from 2022G to date. • Director of Kirikkale Holding Company, a Bahraini limited liability company operating in the field of shareholding and corporate ownership, from 2022G to date. • Director of Al Sahra Aluminum Company, a Saudi limited liability company operating in the field of construction materials, from 2021G to date. • Chairman of the Executive Committee at East Pipes Integrated Company, a Saudi listed joint-stock company operating in the field of pipeline industry, from 2021G to date. • Director of East Pipes Integrated Company, a Saudi listed joint-stock company operating in the field of pipeline industry, from 2022G to date. • Chairman of the Executive Committee at the Company, from 2020G to date. • Member of the Financial Committee at Saudi Tabreed Company, a Saudi closed joint-stock company operating in the field of refrigeration, from 2020G to date. • Director of Toledo Arabia Company LLC, a Saudi limited liability company operating in the field of contracting, from 2018G to date. • Director of Addar Chemicals Company ("**ACC**"), a Saudi limited liability company operating in the field of chemical industries, from 2018G to date.
Key Previous Professional Experience	• Vice Manager of Asset Management in Vision Invest, a Saudi closed joint-stock company operating in the field of investment, from 2020G to 2022G. • Director of Advanced Piping Solutions Company, a Saudi closed joint-stock company operating in the field of pipeline production, from 2018G to 2021G. • Assistant Vice Manager of Asset Management at Vision Invest, a Saudi closed joint-stock company operating in the field of investment, from 2018G to 2020G. • Finance and Investment Manger at Beatona Company, a Saudi limited liability company operating in the field of solid waste processing, from 2012G to 2018G. • Senior Advisor at the National Investor Company, a Saudi joint-stock company operating in the field of financial consulting, investment and asset management, from 2007G to 2012G. • Advisor at Capital Management House, a Bahraini closed joint-stock company operating in the field of financial services, from 2006G to 2007G. • Advisor at Financial Consulting House, a Saudi joint venture company operating in the field of financial services, from 2005G to 2006G.

Source: The Company

Table (5.8): Summary Biography of Ali Ayoub

Name	Ali Ayoub
Age	47 years
Nationality	American
Current Position	Director
Date of Appointment (Current Term)	01/05/1445H (corresponding to 15/11/2023G)
Academic Qualifications	• Master of Business Administration, George Washington University, USA, 2001G. • Bachelor of Information Technology, George Washington University, USA, 1998G.

Current Positions	• Director of the Company, from 2021G to date. • Member of the Nomination and Remuneration Committee at the Company, from 2021G to date. • Member of the Audit Committee at the Company, from 2023G to date. • Director of DataVolt Investment Company, a UAE limited liability company operating in the field of investing in data centers, from 2023G to date. • Director of DataVolt Company, a Saudi limited liability company operating in the field of investing in data centers, from 2023G to date. • Head of Portfolio Management of Vision Invest, a Saudi closed joint-stock company operating in the field of investment, from 2021G to date. • Director of Arabian Qudra Energy, a Saudi limited liability company operating in the field of industrial gases, from 2021G to date. • Director of Air Products Qudra Energy, a Saudi limited liability company operating in the field of industrial gases, from 2021G to date. • Member of the Audit and Risk & Financial Committee at Air Products Qudra Energy, a Saudi limited liability company operating in the field of industrial gases, from 2022G to date. • Member of the Investment Committee at Air Products Qudra Energy, a Saudi limited liability company operating in the field of industrial gases, from 2022G to date. • Head of the Financial Committee at Saudi Tabreed Company, a Saudi closed joint-stock company operating in the field of refrigeration, from 2021G to date. • Director of Amwaj Al Jubail Gas Company, a Saudi limited liability company operating in the field of industrial gases, from 2021G to date. • Director of Vision Invest for Infrastructure, a limited liability company operating in the field of construction, from 2021G to date.
Key Previous Professional Experience	• Advisor at Saudi Aramco, a Saudi listed joint-stock company operating in the field of oil and gas, from 2019G to 2021G. • Director of Acquisition and Project Financing at ACWA Power Company, a Saudi listed joint-stock company operating in the field of public utilities, from 2015G to 2019G.

Source: The Company

Table (5.9): Summary Biography of Scott James McGuigan

Name	Scott James McGuigan
Age	55 years
Nationality	British
Current Position	Director
Date of Appointment (Current Term)	01/05/1445H (corresponding to 15/11/2023G)
Academic Qualifications	• Master of Project Management, Heriot-Watt University, UAE, 1997G. • Bachelor of Construction Management, Heriot-Watt University, UAE, 1996G.

Current Positions	• Director of the Company, from 2018G to date. • Member of the Audit Committee at the Company, from 2020G to date. • Member of the Nomination and Remuneration Committee at the Company, from 2021G to date. • Member of the Executive Committee at the Company, from 2020G to date. • Member of the Audit and Risk Committee at Ajyad Knowledge for Education and Learning, a Saudi limited liability company operating in the field of education projects, from 2022G to date. • Member of the Audit and Risk Committee at Saudi Tabreed Company, a Saudi closed joint-stock company operating in the field of refrigeration, from 2022G to date. • Member of the Audit and Risk & Financial Committee at Air Products Qudra Energy, a Saudi limited liability company operating in the field of industrial gases, from 2022G to date. • COO at Vision Invest, a Saudi closed joint-stock company operating in the field of investment, from 2020G to date. • Director of Ajyad Knowledge for Education and Learning, a Saudi limited liability company operating in the field of education projects, from 2019G to date. • Director of Wave Two Project Company, a Saudi limited liability company operating in the field of education projects, from 2022G to date. • Vice Chairman of Kirikkale Holding Company, a Bahraini limited liability company operating in the field of shareholding and corporate ownership, from 2018G to date. • Director of Kirikkale Holding Company, a UAE limited liability company operating in the field of shareholding and corporate ownership, from 2018G to date. • Director of Kirikkale, a Turkish limited liability company operating in the field of shareholding and corporate ownership, from 2018G to date. • Member of the Loan Risk Management Committee at Kirikkale Company, a Turkish limited liability company operating in the field of shareholding and corporate ownership, from 2018G to date.
Key Previous Professional Experience	• Head of Investment at Vision Invest, a Saudi closed joint-stock company operating in the field of investment, since 2018G to 2020G. • Head of PPP at Vision Invest, a Saudi closed joint-stock company operating in the field of investment, from 2016G to 2018G. • Project Development Manager at Jacobs, a Singaporean limited liability company operating in the field of infrastructure development, from 2007G to 2016G. • Chief Risk Management Officer at Okland, a New Zealand limited liability company operating in the field of water and sewage, from 2005G to 2007G. • Director of Delivery at Jacobs, a limited liability company located in Hong Kong operating in the field of infrastructure development, from 2002G to 2005G. • Senior Project Manager at GLL, an American listed joint-stock company operating in the field of real estate, from 2000G to 2002G. • Project Manager at Fletcher, a New Zealand limited liability company operating in the field of construction, from 1997G to 2000G.

Source: The Company

Table (5.10): Summary Biography of Khalid Ibrahim Saad Al Rabiah

Name	Khalid Ibrahim Saad Al Rabiah
Age	60 years
Nationality	Saudi
Title	Director
Date of Appointment (Current Term)	22/05/1445H (corresponding to 06/12/2023G)
Academic Qualifications	• Bachelor of Accounting, University of Toledo, USA, 1991G.

Current Positions	• Director of the Company, from 2023G to date. • Chairman of the Audit Committee at the Company, from 2023G to date. • Director of East Pipes Integrated Company, a Saudi listed joint-stock company operating in the field of pipeline industry, from 2021G to date. • Chairman of the Audit Committee at East Pipes Integrated Company, a Saudi listed joint-stock company operating in the field of pipeline industry, from 2021G to date. • Director of Abdullah Al Othaim Investment Co., a Saudi closed joint-stock company operating in the field of development and operation of shopping centers, from 2021G to date. • Chairman of the Audit Committee at Abdullah Al Othaim Investment Co., a Saudi closed joint-stock company operating in the field of development and operation of shopping centers, from 2021G to date. • Director of Yanbu National Petrochemical Company (Yansab), a Saudi joint-stock company operating in the field of petrochemical industry, from 2020G to date. • Member of the Investment Committee at Yanbu National Petrochemical Company (Yansab), a Saudi joint-stock company operating in the field of petrochemical industry, from 2020G to date. • Chairman of the Risk Committee at Yanbu National Petrochemical Company (Yansab), a Saudi joint-stock company operating in the field of petrochemical industry, from 2020G to date. • Chairman of the Arab Company for Drug Industries and Medical Appliances, an Arab joint-stock company established by a resolution of the Council of Arab Economic Unity operating in the field of drug industries and medical appliances, from 2020G to date. • Director of the Charity Association of Patient Care in the Eastern Province (Trabot), a Saudi charity operating in the field of providing services for patients, from 2020G to date. • Director of the Tunisian Saudi Bank, a bank owned equally by the Government of the Republic of Tunisia and the Government of the Kingdom, operating in the field of banking services, from 2020G to date. • Chairman of the Executive Committee at ACWA Power Company, a Saudi listed joint-stock company working in public utilities, from 2018G to date. • Chairman of Audit Committee at Saudi Tabreed Company, a Saudi closed joint-stock company operating in the field of refrigeration, from 2019G to date. • Director of the Al Dhowayan Holding Company, a Saudi closed joint-stock company operating in the field of real estate development, from 2017G to date. • Member of the Executive Committee of Al Dhowayan Holding Company, a Saudi closed joint-stock company operating in the field of real estate development, from 2017G to date. • Founder and Head of KIR Financial Advisory, a Saudi sole proprietorship operating in the field of provision of financial consulting services, strategic planning and business restructuring, from 2016G to date.
Key Previous Professional Experience	• Advisor at Saudi Mining Services Company, a Saudi closed joint-stock company operating in the field of mining services, from 2020G to 2022G. • Chairman of the Saudi Exchange (Tadawul), a Saudi joint-stock company operating as the primary stock exchange in the Kingdom, from 2013G to 2017G. • Chairman of the Executive Committee at the Saudi Exchange (Tadawul), a Saudi joint-stock company operating as the primary stock exchange in the Kingdom, from 2013G to 2017G. • Chairman of the Nomination Committee at the Saudi Exchange (Tadawul), a Saudi joint-stock company operating as the main stock exchange in the Kingdom, from 2013G to 2017G. • CEO of Methanol Chemicals Company (Chemanol), a Saudi listed joint-stock company operating in the field of production of formaldehyde, its derivatives and concrete enhancers, from 2008G to 2016G. • CFO of Saudi Arabian Amiantit, a Saudi listed joint stock company operating in the field of establishment of factories, owning, managing and operating industrial facilities and marketing their products, particularly industrial projects for the production of pipes, from 1993G to 2008G. • Chairman of the Audit Committee at Al Jazeera Support Services Company (Mehan), a Saudi joint-stock company operating in the field of recruitment and labor services, from 2017G to 2020G.

Source: The Company

Table (5.11): Summary Biography of David Raoul Alexander

Name	David Raoul Alexander
Age	54 years
Nationality	French
Title	Director
Date of Appointment (Current Term)	22/05/1445H (corresponding to 06/12/2023G)
Academic Qualifications	• Master in Urban Management, ESSEC, France, 2000G. • Bachelor in Management Information Systems in Mechanical Engineering, National Institute of Arts and Crafts, France, 1992G.
Current Positions	• Director of the Company, from 2023G to date. • Chairman of the Executive Committee of the Company, from 2023G to date. • CEO of Telia SAS, a French limited liability company operating in the field of service provision, joint development and consultancy, from 2022G to date. • Partner in Telia GmbH, a German limited liability company operating in the field of consultancy, from 2015G to date.
Key Previous Professional Experience	• Vice CEO of Telia GmbH, a German limited liability company operating in the field of consultancy, from 2015G to 2022G. • Vice Head of Utilities Performance Consultancy at Veolia, a French listed joint-stock company operating in the field of service provision, investment and development in the water and treated water sectors, from 2012G to 2014G. • General Manager of the Capital Water Program at Veolia, a French listed joint-stock company operating in the field of service provision, investment and development in the water and treated water sectors, from 2013G to 2014G. • General Manager of the Operational Excellence Program at Veolia, a French listed joint-stock company operating in the field of service provision, investment and development in the water and treated water sectors, from 2011G to 2012G. • Operations Executive for Municipal Energy Activities at Veolia, a French listed joint-stock company operating in the field of service provision, investment and development in the water and treated water sectors, from 2010G to 2011G. • General Manager of the Benelux countries in Veolia, a French listed joint-stock company operating in the field of service provision, investment and development in the water and treated water sectors, from 2007G to 2010G. • Director of Delfluent B.V., a Dutch private limited liability company operating in the field of wastewater collection and treatment, from 2007G to 2010G. • Chairman of Delfluent B.V., a Dutch limited liability company operating in the field of wastewater treatment, from 2007G to 2010G. • Chairman of Epass International, a Belgian limited liability company operating in the field of engineering consultancy and strategic and operational assistance, from 2008G to 2010G. • Director of SEDE Benelux, a Belgian limited liability company operating in the field of wastewater treatment, from 2008G to 2010G.

Source: The Company

Table (5.12): Summary Biography of Javier Bertola

Name	Javier Bertola
Age	39 years
Nationality	Spanish
Current Position	Board Secretary
Date of Appointment	01/06/1445H (corresponding to 14/12/2023G)
Academic Qualifications	• Master of Business Administration, ThePower Business School, Kingdom of Spain, 2020G. • Bachelor of Law and Business Administration, Autonomous University of Madrid, Kingdom of Spain, 2008G.
Current Positions	• Secretary of the Company's Board of Directors, from 2023G to date. • Chief Compliance Officer at the Company, from 2023G to date. • Academic and Lecturer in Institutional Compliance at EDEU Business School, a Spanish college operating in the field of higher education, from 2022G to date.
Key Previous Professional Experience	• Head of International Compliance at Publicis Groupe, a Spanish limited liability company operating in the field of advertisement, from 2018G to 2023G. • Manager of Corporate Risk at International Aviation Group, a British listed company operating in the field of aviation, from 2016G to 2018G. • Chief Risk and Compliance Officer at PwC, a Spanish limited liability company operating in the field of auditing, taxes and consultancy, from 2011G to 2015G. • Advisor of Risk and Compliance at Ernst & Young - Spain, a Spanish limited liability company operating in the field of auditing, taxes and consultancy, from 2008G to 2011G.

Source: The Company

5.4 The Company's Committees

The Company has a formed number of committees in accordance with its needs and conditions, which enables it perform its functions effectively in addition to fulfilling the relevant statutory requirements. These committees are the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee.

The following is a summary of the structure, responsibilities and members of each committee:

5.4.1 Audit Committee

A- Formation of the Audit Committee

The Audit Committee consists of three (3) members appointed pursuant to the Shareholder resolution dated 01/06/1445H (corresponding to 14/12/2023G). The term of membership of the Audit Committee is subject to the end of the current Board's term, which ends on 16/06/1449H (corresponding to 15/11/2027G). The composition of the Audit Committee is in compliance with the requirements of the Corporate Governance Regulations. The Company has also prepared the Audit Committee Charter, which was approved by the Company under the Shareholder resolution dated 01/06/1445H (corresponding to 14/12/2023G), in accordance with the requirements of the Corporate Governance Regulations. The following table includes the names of the members of the Audit Committee:

Table (5.13): Members of the Audit Committee

#	Name	Title	Status
1.	Khalid Ibrahim Saad Al Rabiah	Chairman of the Audit Committee	Independent
2.	Scott James McGuigan	Member of the Audit Committee	Non-executive
3.	Ali Ayoub	Member of the Audit Committee	Non-executive

Source: The Company

B- Responsibilities of the Audit Committee

The duties and responsibilities of the Audit Committee include:

- **Financial Reports:**
  - Examining the interim and annual financial statements of the Company before presenting them to the Board and offering an opinion and recommendations thereon to ensure their integrity, fairness and transparency, in addition to presenting all observations and recommendations to the Board.
  - Examining the accounting policies and procedures adopted by the Company and providing its opinion and recommendations to the Board thereon.
  - Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
  - Reviewing any issues noted in the financial reports prepared by the Executive Management, or raised by the Company's departments or external auditors.
  - Discussing the external and internal auditors' observations regarding the financial statements with the Executive Management and the Board, and monitoring any corrective actions taken.
  - Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable and contain information that allows Shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
  - Analyzing any significant or non-familiar issues contained in the financial reports.
  - Accurately investigating any issues raised by the Company's Chief Financial Officer or any person assuming their duties or the Company's Compliance Officer or external Auditor.
- **Internal Audit:**
  - Examining and reviewing the Company's internal and financial control systems and risk management system.
  - Advising the Board on the effectiveness of internal audit in the Company and ensuring that members of the internal audit department are provided with the required resources to effectively perform their roles and responsibilities, as well as offering recommendations to the Board in this regard.
  - Providing a recommendation to the Board on the appointment of the director of the internal audit unit or department, or the internal auditor and suggesting their remuneration.
  - Reviewing and approving the annual risk-based internal audit plan (the "Audit Plan") and making recommendations in connection therewith.
  - Reviewing the performance of internal audit relative to the Audit Plan.
  - Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.
  - Monitoring and supervising the performance and activities of the Company's internal auditor and internal audit department, if any, to verify the availability of the necessary resources and their effectiveness in performing the duties and tasks assigned thereto.
  - Issuing the annual Audit Committee report and presenting it to the Board.
  - Reviewing and approving the Company's internal audit charter.
  - Approving the Company's internal audit budget and resource plan.
  - Making appropriate inquiries to the Executive Management and the Company's internal audit manager to determine whether any existing scope or resource limitations may hinder the effectiveness of internal audit.
- **Auditor:**
  - Providing recommendations to the Board of Directors regarding the nomination and dismissal of Auditors, determining their remuneration and assessing their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
  - Verifying the independence of the Auditor, its objectivity, fairness, and the effectiveness of the audit activities, taking into account the relevant rules and standards.
  - Examining the external Auditor's action plan and works, verifying that no technical, administrative or consulting work was submitted outside the scope of the audit works and providing its opinion in this regard.
  - Responding to queries of the Company's Auditor.
  - Offering recommendations to the Board regarding any external audit issues.
  - Reviewing the Executive Management's letter to the external Auditors and its responses to the implementation of the recommendations.
  - Reviewing the Auditor's reports and its comments on the financial statements, and following up on the procedures taken in connection therewith.

- **Risk Management:**
  - Developing a comprehensive risk management strategy and policies commensurate with the nature and size of the Company's activities, ensuring that they are implemented, and reviewing and updating them based on the Company's internal and external variables.
  - Determining and maintaining an acceptable level of risk exposure for the Company, and ensuring that the Company does not exceed such limit.
  - Verifying the feasibility of the Company's business continuity and that it successfully continues its activities, and identifying the risks that threaten its continuity during the following twelve (12) months.
  - Overseeing the Company's risk management system and evaluating the effectiveness of systems and mechanisms for identifying, measuring and monitoring the risks the Company may be exposed to, in order to identify its shortcomings.
  - Carrying out periodic evaluation of the Company's ability to endure risks and risk exposure (for example, by conducting stress tests).
  - Preparing detailed reports on risk exposure and the proposed steps for managing such risks and submitting the same to the Board of Directors.
  - Making recommendations to the Board on issues related to risk management;
  - Ensuring the availability of adequate resources and systems for risk management;
  - Reviewing and making recommendations on the organizational structure of risk management prior to the Board's approval thereof.
  - Ensuring that risk management staff do not engage in activities that may expose the Company to risks.
  - Ensuring that risk management staff understand the risks surrounding the Company and raise awareness of the risk culture.
- **Ensuring Compliance:**
  - Ensuring the Company's compliance with the relevant laws, regulations, policies and directives.
  - Reviewing the findings of the supervisory authorities' reports and ensuring that the Company has taken the necessary actions in connection therewith.
  - Discussing with the internal and external auditors any issues regarding compliance with the Company's code of ethics and other relevant policies and procedures.
  - Ensuring that the Company takes all necessary steps to encourage employees and external parties to report instances of non-compliance with the Kingdom's regulations or the Company's policies and procedures, as well as ensuring that reports of non-compliance received by the Company are adequately addressed.
  - Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.
  - Reviewing the contracts and transactions proposed to be carried out by the Company with Related Parties, and providing its recommendations to the Board in connection therewith.

C- Summary Biographies of the Audit Committee Members

The following are the summary biographies of the Audit Committee members:

Table (5.14): Summary Biography of Khalid Ibrahim Saad Al Rabiah

Name	Khalid Ibrahim Saad Al Rabiah
Title	Chairman of the Audit Committee
Date of Appointment	01/06/1445H (corresponding to 14/12/2023G)
Biography	Please see Section 5.3.6 "**Summary Biographies of Directors and Board Secretary**" of this Prospectus.

Source: The Company

Table (5.15): Summary Biography of Scott James McGuigan

Name	Scott James McGuigan
Title	Member of the Audit Committee
Date of Appointment	01/06/1445H (corresponding to 14/12/2023G)
Biography	Please see Section 5.3.6 "**Summary Biographies of Directors and Board Secretary**" of this Prospectus.

Source: The Company

Table (5.16): Summary Biography of Ali Ayoub

Name	Ali Ayoub
Title	Member of the Audit Committee
Date of Appointment	01/06/1445H (corresponding to 14/12/2023G)
Biography	Please see Section 5.3.6 "**Summary Biographies of Directors and Board Secretary**" of this Prospectus.

Source: The Company

5.4.2 Nomination and Remuneration Committee

A- Formation of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three (3) members appointed pursuant to the Board resolution dated 01/06/1445H (corresponding to 14/12/2023G). The Nomination and Remuneration Committee membership term is subject to the end of the current Board term, which ends on 16/06/1449H (corresponding to 15/11/2027G). The composition of the Nomination and Remuneration Committee is in compliance with the requirements of the Corporate Governance Regulations. The Company has also prepared the Nomination and Remuneration Committee charter, which was approved by the Company under the Shareholder resolution dated 01/06/1445H (corresponding to 14/12/2023G), in accordance with the requirements of the Corporate Governance Regulations. The following table includes the names of the members of the Nomination and Remuneration Committee:

Table (5.17): Members of the Nomination and Remuneration Committee

#	Name	Title	Status
1.	Thamer Saud Ismail Al Sharhan	Chairman of the Nomination and Remuneration Committee	Independent
2.	Ali Ayoub	Member of the Nomination and Remuneration Committee	Non-executive
3.	Scott James McGuigan	Member of the Nomination and Remuneration Committee	Non-executive

Source: The Company

B- Responsibilities of the Nomination and Remuneration Committee

The duties and responsibilities of the Nomination and Remuneration Committee include:

- Proposing clear policies and criteria for membership on the Board of Directors and the Executive Management.
- Preparing a clear policy for the remuneration of the Directors, Board Committee members and the Executive Management, and submitting it to the Board for consideration in preparation for approval thereof by the General Assembly, taking into account the adoption of criteria related to performance and disclosure, as well as ensuring the implementation of such policy.
- Making recommendations to the Board of Directors on the nomination and re-nomination of Directors in accordance with the approved policies and standards, provided that no person previously convicted of committing a crime involving dishonesty shall be nominated.
- Clarifying the relationship between the remuneration granted and the applicable remuneration policy and indicating any material deviation from the same.
- Reviewing the remuneration policy periodically and evaluating its effectiveness in achieving its set objectives.
- Recommending to the Board of Directors the remuneration to be granted to the Company's Directors, Board Committee members and Senior Executives in light of the approved policy.
- Preparing a description of the skills and qualifications required for membership on the Board of Directors and for holding Executive Management positions.
- Determining the annual meeting plan and activities related to the Board and Board Committees.
- Determining the time a Director should devote to the responsibilities of the Board of Directors.
- Conducting an annual review of the required skills or expertise for membership on the Board of Directors and for Executive Management positions.
- Reviewing the organizational structure of the Board and the Executive Management and making recommendations on changes that could be made thereto.
- Overseeing the development and implementation of an appropriate succession plan covering the position of CEO of the Company, and all positions whose incumbents report to the CEO.

- Annually ensuring the independence of the independent Directors and the absence of any conflicts of interest if a Director also serves as a director of another company.
- Establishing special procedures in the event a position of a Director or Senior Executive becomes vacant.
- Assessing the effectiveness of the Board, Board Committees and the Directors, and providing recommendations to address identified gaps, if any, in the best interest of the Company.
- Annually reviewing the Company's organizational chart, competency framework, human capital development, retention and incentivization plans, as well as the role descriptions, performance evaluation and remuneration of the Executive Management, and making concomitant recommendations to the Board.
- Developing job descriptions for the executive, non-executive and independent Directors and Senior Executives.
- Identifying the strengths and weaknesses of the Board and proposing solutions to address the same in line with the Company's interest.
- Reviewing the balanced scorecards and approvals for the Executive Management.
- Developing and approving human capital policies.

C- Summary Biographies of the Nomination and Remuneration Committee Members

The following are summary biographies of the Nomination and Remuneration Committee members:

Table (5.18): Summary Biography of Thamer Saud Ismail Al Sharhan

Name	Thamer Saud Ismail Al Sharhan
Title	Chairman of the Nomination and Remuneration Committee
Date of Appointment	01/06/1445H (corresponding to 14/12/2023G)
Biography	Please see Section 5.3.6 "**Summary Biographies of Directors and Board Secretary**" of this Prospectus.

Source: The Company

Table (5.19): Summary Biography of Ali Ayoub

Name	Ali Ayoub
Title	Member of the Nomination and Remuneration Committee
Date of Appointment	01/06/1445H (corresponding to 14/12/2023G)
Biography	Please see Section 5.3.6 "**Summary Biographies of Directors and Board Secretary**" of this Prospectus.

Source: The Company

Table (5.20): Summary Biography of Scott James McGuigan

Name	Scott James McGuigan
Title	Member of the Nomination and Remuneration Committee
Date of Appointment	01/06/1445H (corresponding to 14/12/2023G)
Biography	Please see Section 5.3.6 "**Summary Biographies of Directors and Board Secretary**" of this Prospectus.

Source: The Company

5.4.3 Executive Committee

A- Composition of the Executive Committee

The Executive Committee consists of four (4) Directors appointed pursuant to the Board resolution dated 01/06/1445H (corresponding to 14/12/2023G). The term of membership on the Executive Committee is subject to the end of the current Board term, which ends on 16/06/1449H (corresponding to 15/11/2027G). The composition of the Nomination and Remuneration Committee is in compliance with the requirements of the Corporate Governance Regulations. The Company has also prepared the Executive Committee charter, which was approved by the Company under the Board Resolution dated 01/06/1445H (corresponding to 14/12/2023G), in accordance with the requirements of the Corporate Governance Regulations. The following table sets out the names of the Executive Committee members:

Table (5.21): Members of the Executive Committee

#	Name	Title	Status
1.	Sultan Samir Saeed Joudieh	Chairman of the Executive Committee	Non-executive
2.	Scott James McGuigan	Member of the Executive Committee	Non-executive
3.	Awaadh Awadh Eid Al Otaibi	Member of the Executive Committee	Executive
4.	David Raoul Alexander	Member of the Executive Committee Member	Independent

Source: The Company

B- Responsibilities of the Executive Committee

The responsibilities of the Executive Committee include:

- Supervising the implementation of the Company's Board policies and directives and facilitating decision-making at the meetings of the Board.
- Referring any matters that require Board consideration to the Board to decide upon and making recommendations to the Board in relation to such matters.
- Annually reviewing and making recommendations to the Board with regard to the Company's strategy, business plan and budget, as well as assessing the effectiveness of such strategy.
- Annually reviewing and making recommendations to the Board with regard to the strategic performance measures, objectives, business plan and/or budget, as well as KPI targets, in light of the Company's position and market conditions.
- Reviewing the Company's business development opportunities to monitor growth and maintain operations in line with the Company's strategy and goals.
- Making recommendations to the Company's Nomination and Remuneration Committee regarding changes in the organizational structure of the Company and the overall job grade structure.
- The chairman of the Committee, or his representative, shall attend the Company's General Assembly meetings and answer any questions raised by Shareholders.
- Assuming any other responsibilities or duties that the Board delegates to the Committee.

C- Summary Biographies of the Executive Committee Members

The following are the summary biographies of the Executive Committee members:

Table (5.22): Summary Biography of Sultan Samir Saeed Joudieh

Name	Sultan Samir Saeed Joudieh
Title	Chairman of the Executive Committee
Date of Appointment	01/06/1445H (corresponding to 14/12/2023G)
Biography	Please see Section 5.3.6 "**Summary Biographies of Directors and Board Secretary**" of this Prospectus.

Source: The Company

Table (5.23): Summary Biography of Scott James McGuigan

Name	Scott James McGuigan
Title	Member of the Executive Committee
Date of Appointment	01/06/1445H (corresponding to 14/12/2023G)
Biography	Please see Section 5.3.6 "**Summary Biographies of Directors and Board Secretary**" of this Prospectus.

Source: The Company

Table (5.24): Summary Biography of Awaadh Awadh Eid Al Otaibi

Name	Awaadh Awadh Eid Al Otaibi
Age	46 years
Nationality	Saudi
Title	Member of the Executive Committee
Date of Appointment	01/06/1445H (corresponding to 14/12/2023G)
Academic Qualifications	• Master of Science in Manufacturing-Engineering and Management of Manufacturing Systems, Cranfield University, UK, 2007G. • Bachelor of Chemical Engineering, King Fahd University of Petroleum and Minerals, KSA, 2003G.
Current Positions	• CEO of the Company, from 2018G to date. • Chairman of the Executive Committee at the Company, from 2020G to date. • Chairman of Sustainable Water Company for Environmental Services, a Saudi limited liability company operating in the field of water supply, from 2023G to date. • Vice Chairman of Dar Al Balad Trading Company, a closed joint-stock company operating in the field of commerce and investment, from 2023G to date. • Chairman of Araha Environmental Services Company, a Saudi limited liability company operating in the field of construction of sewage plants and projects, from 2022G to date. • Chairman of International Water Partners-2 ("**IWP II**"), a Saudi limited liability company operating in the field of construction and repair of plants, from 2022G to date. • Chairman of the Board of Directors of IWP, a Saudi limited liability company operating in the field of construction and repair of plants, from 2021G to date. • Chairman of RWPC, a limited liability company operating in the field of water plants, from 2020G to date. • Chairman of ICDOC, a Saudi limited liability company operating in the field of water plants, from 2020G to date. • Chairman of JECO, a Saudi limited liability company operating in the field of water plants, from 2020G to date.
Key Previous Professional Experience	• Vice Head of Commercial Affairs and Privatization at NWC, a Saudi joint-stock company operating in the field of water services, from 2017G to 2018G. • General Manager of Commercial Affairs at MEWA, a Saudi government entity operating in the field of supervision of environmental, water and agricultural affairs in the Kingdom of Saudi Arabia, in 2017G. • President of ACC, a Saudi limited liability company operating in the field of downstream manufacturing industries, from 2016G to 2017G. • Vice President of the Global Company for Downstream Industries ("**GDI**"), a Saudi limited liability company operating in the field of specialized chemicals, from 2016G to 2017G. • Business Development Manager at Miahona, a Saudi limited liability company operating in the field of water services, from 2014G to 2016G. • Director of the International Company for Chemical Industries, a Saudi limited liability company entity operating in the field of chemicals, from 2015G to 2016G. • Director of ACC, a Saudi limited liability company entity operating in the field of downstream manufacturing industries, from 2013G to 2016G. • Business Development Manager at Vision Invest, a Saudi closed joint-stock company entity operating in the field of investment, from 2011G to 2014G. • Technical Advisor at the Industrial Development Fund, a Saudi government financial institution operating in the field of industry, from 2004G to 2011G.

Source: The Company

Table (5.25): Summary Biography of David Raoul Alexander

Name	David Raoul Alexander
Title	Member of the Executive Committee
Date of Appointment	01/06/1445H (corresponding to 14/12/2023G)
Biography	Please see Section 5.3.6 "**Summary Biographies of Directors and Board Secretary**" of this Prospectus.

Source: The Company

5.5 Executive Management

The Company's Executive Management consists of a team that has the necessary experience and skills to manage the Company. The CEO is responsible for conducting the day-to-day operations of the Company as per the directions and policies of the Board, in order to ensure that the Company's objectives set by the Board are fulfilled.

5.5.1 Executive Management Departments

A- Finance Department

The Finance Department shall assume the following duties and responsibilities:

1- Preparing and developing the Company's strategic plans and projects and contributing effectively to making appropriate decisions that achieve short, medium and long-term returns for Shareholders.

2- Preparing long-term operational plans and cash flow requirements and identifying financing needs for the Company and its projects.

3- Managing the Company's investment, cash flows and foreign exchange rates, and preparing hedging procedures against price fluctuations.

4- Preparing short- and long-term budget plans for the Company and its projects, continuously monitoring its financial performance through periodic performance indicators, and approving the financial statements of the Company.

5- Ensuring compliance with zakat and tax regulations and laws, submitting the necessary reports for tax returns and adopting potential tax hypotheses for the Company's investments.

6- Managing and developing the Company's IT infrastructure, cybersecurity, comprehensive application systems and other supporting systems to ensure the achievement and continuity of the Company's business and the achievement of its strategic objectives.

7- Developing policies, systems, procedures and standards for various work related to accounting, taxes, planning and budgets.

B- Operations and Customer Department

The Operations and Customer Department shall assume the following tasks and responsibilities:

1- Implementing policies that achieve the Company's vision and mission and managing changes proactively.

2- Continuously improving the Company's operations and working to implement operating procedures consistent with best practices, all while adhering to international quality certificate standards, whether contractually or strategically binding.

3- Preparing and monitoring project plans to ensure that each project is implemented according to the required specifications and standards and is within the approved budget.

4- Creating project infrastructure and ensuring that handover and commissioning occur in accordance with the project's timeline and budget.

5- Developing and implementing programs that ensure business growth and adherence to service level agreements.

6- Developing and implementing operating plans within budget to ensure the strategic alignment of projects.

7- Ensuring the progress of O&M works in the operations and activities of the Company and its Subsidiaries in water and wastewater treatment.

8- Working closely in key customer and public relations management.

9- Managing customer services, complaints, billing and collection.
10- Raising the level of satisfaction of stakeholders and customers.
11- Ensuring the application of safety policies, standards and procedures and obtaining permits for work carried out by employees or contractors at the various sites and activities of the Company.
12- Preparing operational and strategic supply chain plans, and providing all plant operations, warehouse management, supply chain and logistics requirements.

C- Business Development Department

The Business Development Department shall assume the following tasks and responsibilities:

1- Preparing and developing appropriate strategic plans for the Company's growth.
2- Analyzing and studying the market and competitors and making the appropriate recommendations in order to gain a competitive advantage.
3- Developing technical and commercial offers to compete in tenders and new projects.
4- Studying and evaluating investment projects and identifying promising opportunities that are economically feasible.
5- Building distinctive relationships with customers, partners and suppliers to serve the development and growth of the Company's business.
6- Analyzing and examining laws related to new projects.
7- Coordinating with internal and external stakeholders to submit competitive tenders.
8- Negotiating for the preparation of EPC vendor agreements and terms and conditions.

D- Governance and Compliance Department

The Governance and Compliance Department shall assume the following tasks and responsibilities:

1- Ensuring the adoption of best corporate governance practices.
2- Ensuring the segregation of Executive Management and Board duties.
3- Assessing, managing and monitoring corporate risks and developing appropriate plans to limit the same.
4- Creating and promoting a professional culture that promotes adherence to values and behaviors consistent with corporate governance rules and laws.
5- Promoting a culture of disclosure and reporting any suspicious behavior without fear of any consequences.
6- Promoting and sustaining professional ethics to ensure business continuity in a manner that fulfills the Company's expectations and interests.
7- Encouraging the active participation of Shareholders in a manner that emphasizes equality in terms of the Company's performance and growth and protects Shareholder rights.

E- Legal Affairs Department

The Legal Affairs Department shall assume the following tasks and responsibilities:

1- Representing the Company in trials and labor disputes, as well as before other judicial entities in all cases in which the Company is a party.
2- Reviewing and drafting contracts and licenses, as well as reviewing the general terms and conditions of projects or agreements with third parties.
3- Providing legal and legislative advice on all matters related to the governance of the Company and its Subsidiaries.
4- Collecting, maintaining and archiving all documents and instruments relating to agreements, memoranda and contracts concluded by the Company with third parties.

F- Human Capital Development Department

The Human Capital Development Department shall assume the following tasks and responsibilities:

1- Managing and developing the corporate culture and organizational development of the Company.
2- Developing human resources policies and procedures.
3- Developing organizational structures, preparing job descriptions and evaluating positions.

4- Recruiting highly qualified workers and developing initiatives and strategies to retain competencies.
5- Developing staff and improving the work environment in order to make it attractive.
6- Planning and implementing training and development programs based on competencies in order to provide workers with the necessary skills.
7- Preparing career paths and job succession programs.
8- Managing and evaluating employee performance in line with the strategic objectives of the Company.
9- Managing compensation, benefits and incentives and preparing policies related thereto.
10- Managing personnel and improving job integration.
11- Preparing and developing human resource information systems.

G- Internal Audit Department

The Internal Audit Department shall assume the following tasks and responsibilities:

Promoting and protecting the Company by providing objective and risk-based recommendations and observations and periodically submitting the same to the Audit Committee, the Directors and the Management of the Company, as well as enabling external parties authorized to evaluate the efficiency and effectiveness of the Company's governance system and risk management and control processes.

5.5.2 Members of the Executive Management

The following table sets out the details of the members of the Company's Executive Management:

Table (5.26): Executive Management of the Company

#	Name	Title	Nationality	Age	Date of Appointment	Shareholding Pre-Offering (%)	Shareholding Post-Offering (%)
1.	Awaadh Awadh Eid Al Otaibi	CEO	Saudi	46 years	08/07/1439H (corresponding to 25/03/2018G)	N/A	N/A
2.	Rayhan Masoud	CFO	Pakistani	45 years	08/11/1436H (corresponding to 23/08/2015G)	N/A	N/A
3.	Roberto Bianchi	COO	Italian	57 years	14/07/1444H (corresponding to 05/02/2023G)	N/A	N/A
4.	Amit Bhardwaj	Chief Operations Development Officer	British	46 years	01/12/1444H (corresponding to 19/06/2023G)	N/A	N/A
5.	Javier Bertola	Chief Compliance Officer	Spanish	39 years	29/11/1444H (corresponding to 18/06/2023G)	N/A	N/A
6.	Mohamed Suleiman Aslam	General Counsel	French	35 years	15/04/1445H (corresponding to 30/10/2023G)	N/A	N/A
7.	Magdy Mohamed Ayoub	General Manager of Human Capital Development	Saudi	47 years	07/05/1444H (corresponding to 01/12/2022G)	N/A	N/A
8.	Irfan Ali Mumtaz Ali	Director of Internal Audit	Pakistani	42 years	16/11/1444H (corresponding to 05/06/2023G)	N/A	N/A

Source: The Company

5.5.3 Employment Contracts Concluded with the Company's CEO and CFO

The following table sets out a summary of the employment and service contracts concluded between the Company and the CEO and CFO:

Table (5.27): Summary of the Employment Contracts Concluded with the Company's CEO and CFO

Name	Title	Contract Date	Term of contract
Awaadh Awadh Eid Al Otaibi	CEO	26/03/1443H (corresponding to 01/11/2021G)	Three (3) years
Rayhan Masoud	CFO	16/03/1445H (corresponding to 01/10/2023G)	Nine (9) months, automatically renewable

Source: The Company

5.5.4 Summary Biographies of the Members of the Executive Management

Below are the summary biographies of the members of the Executive Management:

Table (5.28): Summary Biography of Awaadh Awadh Eid Al Otaibi

Name	Awaadh Awadh Eid Al Otaibi
Title	CEO
Date of Appointment	08/07/1439H (corresponding to 25/03/2018G)
Biography	Please see Section 5.4.3(c) "**Summary Biographies of the Executive Committee Members**" of this Prospectus.

Source: The Company

Table (5.29): Summary Biography of Rayhan Masoud

Name	Rayhan Masoud
Age	45 years
Nationality	Pakistani
Title	CFO
Date of Appointment	08/06/1444H (corresponding to 01/01/2023G)
Academic Qualifications	• Certified Management Accountant, ICMA, Pakistan, 2023G. • Bachelor of Science, University of the Punjab, Pakistan, 1999G.
Current Positions	• CFO of the Company, from 2023G to date. • Director of Sustainable Water Company for Environmental Services, a Saudi limited liability company operating in the field of water supply, from 2023G to date. • Director of JECO, a Saudi limited liability company operating in the field of water plants, from 2023G to date. • Chairman of RWPC, a limited liability company operating in the field of water plants, from 2023G to date. • Director of ICDOC, a Saudi limited liability company operating in the field of water plants, from 2023G to date. • Director of Araha Environmental Services Company, a Saudi limited liability company operating in the field of construction of sewage plants and projects, from 2022G to date.

Key Previous Professional Experience	• Senior General Manager of Finance at the Company, from March 2022G until the end of 2022G. • General Manager of Finance at the Company, from 2021G to February 2022G. • Senior Manager of Accounting and Compliance at the Company, from June 2020G until the end of 2020G. • Senior General Manager of Finance at the Company, from 2018G until May 2020G. • Manager of Finance and Reporting at the Company, from 2016G to 2018G. • Senior Financial Analyst at the Company, in 2015G. • Tax Manager at Ernst & Young, a Pakistani partnership company operating in the field of auditing, taxation and consultancy, from 2013G to 2015G. • Group CFO at LMKR, a Pakistani limited liability company operating in the field of technology, from 2010G to 2013G. • Assistant CFO of Emaar Pakistan Group, a Pakistani limited liability company operating in the field of real estate development, from 2008G to 2010G. • Practical experience in auditing, taxation and accounting at Ernst & Young, a Pakistani partnership company operating in the field of auditing, taxation and consulting, from 2003G to 2008G.

Source: The Company

Table (5.30): Summary Biography of Roberto Bianchi

Name	Roberto Bianchi
Age	57 years
Nationality	Italian
Title	COO
Date of Appointment	14/07/1444H (corresponding to 05/02/2023G)
Academic Qualifications	• Master of Industrial Engineering, Politecnico di Milano, Italy, 1991G.
Current Positions	• COO of the Company, from 2023G to date. • Director of JECO, a Saudi limited liability company operating in the field of water plants, from 2023G to date. • Director of RWPC, a Saudi limited liability company operating in the field of water plants, from 2023G to date. • Director of ICDOC, a Saudi limited liability company operating in the field of water plants, from 2023G to date. • Director of IWP, a Saudi limited liability company operating in the field of construction and repair of plants, from 2023G to date. • Director of IWP II, a Saudi limited liability company operating in the field of construction and repair of plants, from 2023G to date.
Key Previous Professional Experience	• CEO of Suez Australia & New Zealand, an Australian limited liability company operating in the field of water and waste water treatment, from 2022G to 2023G. • COO of Suez Australia & New Zealand, an Australian limited liability company operating in the field of water and waste water treatment, from 2020G to 2022G. • CEO of Suez Italy, Slovenia and Croatia, an Italian limited liability company operating in the field of water and waste water treatment, from 2018G to 2019G. • COO of Suez Middle East, an Emirati limited liability company operating in the field of water and waste water treatment, from 2015G to 2018G. • Vice CEO of Suez Middle East, an Emirati limited liability company operating in the field of water and waste water treatment, from 2012G to 2014G. • CEO of Suez Middle East Recycling, an Emirati limited liability company operating in the field of waste management and recycling, from 2013G to 2014G. • General Manager of Jeddah Business Unit at NWC, a Saudi joint-stock company operating in the field of water services, from 2008G to 2012G. • CEO of Jeddah Water Services Company, a Saudi limited liability company operating in the field of water services, from 2008G to 2012G. • COO of Budapest Waterworks, a Hungarian limited liability company operating in the field of water services, from 2004G to 2008G. • CEO of Aguas del illimani, a Bolivian limited liability company operating in the field of water services, from 2000G to 2004G.

Source: The Company

Table (5.31): Summary Biography of Amit Bhardwaj

Name	Amit Bhardwaj
Age	46 years
Nationality	British
Title	Chief Operations Development Officer
Date of Appointment	01/12/1444H (corresponding to 19/06/2023G)
Academic Qualifications	• Certified Management Accountant, CIMA, UK, 2021G. • Executive Program Certificate in Corporate Finance, London Business School, UK, 2015G. • Master of Business Administration, Manchester Business School, UK, 2007G. • Bachelor of Commerce (Hons.) in Economics and Accounting, Delhi University, India, 1997G.
Current Positions	• CBDO of the Company, since 2023G to date.
Key Previous Professional Experience	• General Manager of the Deals Department (Project Finance and Infrastructure) at PricewaterhouseCoopers, a Qatari limited liability company operating in the field of auditing, taxes and consultancy, from 2020G to 2023G. • General Manager of the Deals and Consultancy Department (Project Finance and Infrastructure) at KPMG, a Qatari limited liability company operating in the field of auditing, taxation and consultancy, from 2018G to 2020G. • Assistant General Manager of the Project Finance and Infrastructure Department at BDO LLP, a British limited liability company operating in the field of auditing, taxation and consultancy, from 2010G to 2018G. • Corporate Finance Consultant at United Utilities PLC, a British listed company operating in the field of water services and treatment, from 2009G to 2010G. • Executive Officer at Ernst & Young, a British limited liability company operating in the field of auditing, taxation and consultancy, from 2006G to 2009G.

Source: The Company

Table (5.32): Summary Biography of Javier Bertola

Name	Javier Bertola
Title	Chief Compliance Officer
Date of Appointment	29/11/1444H (corresponding to 18/06/2023G)
Biography	Please see Section 5.3.6 "**Summary Biographies of Directors and Board Secretary**" of this Prospectus.

Source: The Company

Table (5.33): Summary Biography of Mohamed Suleiman Aslam

Name	Mohamed Suleiman Aslam
Age	35 years
Nationality	French
Title	General Counsel
Date of Appointment	15/04/1445H (corresponding to 30/10/2023G)
Academic Qualifications	• Master of Tax Law, Sorbonne University, France, 2023G. • Master of International Business Law, University of Burgundy, France, 2013G.
Current Positions	• General Counsel at the Company, from 2023G to date.
Key Previous Professional Experience	• GCC Legal Director at Saur Saudi Arabia Limited, a Saudi limited liability company operating in the field of water distribution and treatment, from 2021G to 2023G. • Director at Saur Saudi Arabia Limited, a Saudi limited liability company operating in the field of water distribution and treatment, from 2021G to 2023G. • Legal Advisor at Saur Saudi Arabia Limited, a Saudi limited liability company operating in the field of water distribution and treatment, from 2012G to 2021G.

Source: The Company

Table (5.34): Summary Biography of Magdy Mohamed Ayoub

Name	Magdy Mohamed Ayoub
Age	47 years
Nationality	Saudi
Title	General Manager of Human Capital Development
Date of Appointment	07/05/1444H (corresponding to 01/12/2022G)
Academic Qualifications	• Executive Master of Business Administration, King Abdulaziz University, KSA, 2016G. • Bachelor of Computer Science, King Abdulaziz University, KSA, 1998G.
Current Positions	• General Manager of Human Capital Development at the Company, from December 2022G to date. • Director of Araha Environmental Services Company, a Saudi limited liability company operating in the field of construction of sewage plants and projects, from 2023G to date. • Director of Sustainable Water Company for Environmental Services, a Saudi limited liability company operating in the field of water supplies, from 2023G to date. • Director of JECO, a Saudi limited liability company operating in the field of water plants, from 2023G to date. • Director of RWPC, a Saudi limited liability company operating in the field of water plants, from 2023G to date. • Director of ICDOC, a Saudi limited liability company operating in the field of water plants, from 2023G to date.
Key Previous Professional Experience	• General Manager of Human Resources at SBGOM, a Saudi limited liability company operating in the field of facility O&M, in 2022G. • Director of the Training Academy at Saudi Ground Services Co., a Saudi listed joint-stock company operating in the field of ground handling, from 2020G to 2022G. • Director of Administrative Development at the Saudi Electricity Company, a Saudi listed joint-stock company operating in the field of electricity, from October 2018G to 2020G. • Director of Track Development for Technicians at the Saudi Electricity Company, a Saudi listed joint-stock company operating in the field of electricity, from February to September of 2018G. • Director of the Jeddah Training Department at the Saudi Electricity Company, a Saudi listed joint-stock company operating in the field of electricity, from 2016G to 2018G. • Director of Administrative Development at the Saudi Electricity Company, a Saudi listed joint-stock company operating in the field of electricity, from 2015G to 2016G. • Director of the Work Skills Training Department at the Saudi Electricity Company, a Saudi listed joint-stock company operating in the field of electricity, from 2013G to 2015G. • Manager of the IT Training Department at the Saudi Electricity Company, a Saudi listed joint-stock company operating in the field of electricity, from 2011G to 2013G. • IT Analyst at the Saudi Electricity Company, a Saudi listed joint-stock company operating in the field of electricity, from 2004G to 2011G. • Trainer at the Saudi Electricity Company, a Saudi listed joint-stock company operating in the field of electricity, from 1999G to 2004G.

Source: The Company

Table (5.35): Summary Biography of Irfan Ali Mumtaz Ali

Name	Irfan Ali Mumtaz Ali
Age	42 years
Nationality	Pakistani
Title	Director of Internal Audit
Date of Appointment	16/11/1444H (corresponding to 05/06/2023G)
Academic Qualifications	• Associate Chartered Accountant (ACA), Institute of Chartered Accountants of England and Wales (ICAEW), UK, 2023G. • Member of the Association of Chartered Certified Accountants (ACCA), UK, 2018G. • Certified Internal Auditor, the Institute of Internal Auditors (IIA), USA, 2010G. • Certified Information Systems Auditor, Information Systems Audit and Control Association (ISACA), USA, 2014G. • Certified Fraud Auditor, Association of Certified Fraud Examiners (ACFE), USA, 2012G. • Bachelor of Economics, University of the Punjab , Pakistan, 2003G.

Current Positions	• Director of the Internal Audit Department at the Company, from 2023G to date.
Key Previous Professional Experience	• Deputy Manager of the Internal Audit Department at International Water Distribution Company (Tawzea), a Saudi joint-stock company operating in the field of water services, from 2021G to 2023G. • Deputy Manager of Internal Audit at Kindasa Water Services, a Saudi joint-stock company operating in the field of water desalination and distribution, from 2021G to 2023G. • Manager of the Internal Audit Department at Talal Abu-Ghazaleh & Co., a joint venture company with mixed capital operating in the field of auditing and accounting, from 2015G to 2020G. • Senior Internal Auditor at Summit Bank, a Pakistani company operating in the field of banking, from 2013G to 2015G. • Internal auditor at the United Bank Limited, a Pakistani company operating in the field of banking, from 2009G to 2013G. • Senior Auditor at Ernst & Young, a Pakistani limited liability company operating in the field of auditing, taxation and consultancy, from 2004G to 2008G.

Source: The Company

5.6 Cases of Bankruptcy and Insolvency Involving the Directors and Executive Management

As of the date of this Prospectus, there are no bankruptcy events involving the Directors, Executive Management or the Board Secretary. There has been no declaration, within the last five years, of any insolvency in any company in which any of the Directors, Executive Management, or the Board Secretary was hired in an administrative or supervisory position.

5.7 Direct and Indirect Interests of the Directors and Executive Management

Except as disclosed in Section 5.3 "**Directors and Secretary,**" Section 5.5.2 "**Members of the Executive Management**" and Section 12.4.6 "**Transactions and Contracts with Related Parties**" of this Prospectus, the Directors declare that none of the Directors, Executive Management, Board Secretary or any of their relatives have a direct or indirect interest in the shares or debt instruments of the Company or its Subsidiaries, or any interest in any other matter which would impact the business of the Company.

Except as disclosed in Section 12.4.6 "**Transactions and Contracts with Related Parties**" of this Prospectus, the Directors declare that none of the Directors, Executive Management, Board Secretary or any of their relatives have an interest in any applicable contract or arrangement in effect or to be concluded as of the date of this Prospectus in relation to the business of the Company and its Subsidiaries.

The following table sets out the percentage of direct and indirect ownership of the Directors and members of the Executive Management of the Company pre-and post-Offering. Except as disclosed below, the Directors acknowledge that, as of the date of this Prospectus, none of Directors or Executive Management members directly or indirectly hold any shares in the Company.

Table (5.36): Direct and Indirect Shareholdings of the Directors and Members of the Executive Management in the Company Pre-and Post-Offering

#	Name	Title	Direct Ownership (%)		Indirect Ownership (%)	
			Pre-offering*	Post-Offering	Pre-Offering	Post-Offering
1.	Khaled Abdullah Rashid Abunayyan	Chairman	N/A	N/A	4.195%	2.9365%

Source: The Company

The following table sets out the details of the agreements and transactions with Related Parties in which the Directors and the members of the Executive Management of the Company have an interest (for further details on these agreements, please refer to Section 12.4.6 "**Transactions and Contracts with Related Parties**" of this Prospectus). The Company obtained the approval of the General Assembly regarding the relevant transactions and agreements with Related Parties in which the Directors have a direct or indirect interest on 01/06/1445H (corresponding to 14/12/2023G).

Table (5.37): Details of the Agreements and Transactions with Related Parties in which the Directors and Members of the Executive Management have an Interest

#	Agreement/Transaction	Transaction Value (SAR)		Interested Director(s) / Member(s) of the Executive Management	Type of Interest	Rationale of Interest
		FY Ended 31 December 2022G	Nine-Month Period Ended 30 September 2023G			
1.	Lease contract concluded with Vision Invest	SAR 1,160,425	SAR 1,160,425	Khaled Abdullah Rashid Abunayyan	Indirect	The Director, Khaled Abdullah Rashid Abunayyan, and his relatives own more than 5% of the share capital of Vision Invest.
2.	Provision of a credit bond to Toledo Arabia Company LLC for payment of end-of-service benefits to employees	SAR 204,010	SAR 204,010	Sultan Samir Saeed Joudieh	Indirect	The Director, Sultan Samir Saeed Joudieh, is a member of the Board of Directors of Toledo Arabia Company LLC.

Source: The Company

5.8 Remuneration of the Directors and Executive Management

The following table sets out the details of the remuneration and in-kind benefits granted by the Company and its Subsidiaries in the financial years ended 31 December 2020, 2021 and 2022G and the nine-month period ended 30 September 2023G to the Directors and top five (5) members of the Executive Management who received the highest remuneration and compensation from the Company and its Subsidiaries, including the CEO and CFO:

Table (5.38): Remuneration of the Directors and Executive Management during the Financial Years Ended 31 December 2020, 2021 and 2022G and the Nine-Month Period Ended 30 September 2023G

SAR	FY Ended 31 December			Nine-Month Period Ended 30 September
	2020G	2021G	2022G	2023G
Directors	-	-	176,250	181,250
Committee members	-	-	105,000	192,000
Top 5 Senior Executives who received the highest remuneration and compensation*	8,315,256	8,908,352	11,777,841	6,194,278

*These Senior Executives include the CEO and CFO.

Source: The Company

5.9 Corporate Governance

The Company approved its Internal Corporate Governance Manual by virtue of the Board resolution dated 01/06/1445H (corresponding to 14/12/2023G), in accordance with Article 91 of the Corporate Governance Regulations. The Company also approved the Audit Committee Charter pursuant to the Shareholder resolution dated 01/06/1445H (corresponding to 14/12/2023G), based on the recommendation of the Board of Directors dated 01/06/1445H (corresponding to 14/12/2023G), in accordance with Article 51 of the Corporate Governance Regulations, and the Nomination and Remuneration Committee Charter pursuant to the Shareholder resolution dated 01/06/1445H (corresponding to 14/12/2023G), based on the recommendation of the Board of Directors dated 01/06/1445H (corresponding to 14/12/2023G), in accordance with Articles 57 and 61 of the Corporate Governance Regulations, as well as the Executive Committee Charter pursuant to the Board resolution dated 01/06/1445H (corresponding to 14/12/2023G). Below is a summary of all of the internal corporate governance regulations approved by the Company as of the date of this Prospectus:

- The Internal Corporate Governance Manual approved pursuant to the resolution of the Board of Directors dated 01/06/1445H (corresponding to 14/12/2023G).
- The Audit Committee Charter approved pursuant to the Shareholder resolution dated 01/06/1445H (corresponding to 14/12/2023G), based on the recommendation of the Board of Directors issued on 01/06/1445H (corresponding to 14/12/2023G).
- The Nomination and Remuneration Committee Charter approved pursuant to the Shareholder resolution dated 01/06/1445H (corresponding to 14/12/2023G), based on the recommendation of the Board of Directors issued on 01/06/1445H (corresponding to 14/12/2023G).

- The Executive Committee Charter approved pursuant to the resolution of the Board of Directors dated 01/06/1445H (corresponding to 14/12/2023G).
- The Board of Directors' Charter approved pursuant to the Shareholder resolution dated 01/06/1445H (corresponding to 14/12/2023G), based on the recommendation of the Board of Directors issued on 01/06/1445H (corresponding to 14/12/2023G).
- The Compensation and Remuneration Policy approved pursuant to the Shareholder resolution dated 01/06/1445H (corresponding to 14/12/2023G), based on the recommendation of the Board of Directors dated 01/06/1445H (corresponding to 14/12/2023G).
- The Conflicts of Interest Policy approved pursuant to the Board of Directors' resolution dated 01/06/1445H (corresponding to 14/12/2023G).
- The Disclosure and Transparency Policy approved pursuant to the Board of Directors' resolution dated 01/06/1445H (corresponding to 14/12/2023G).
- The Delegation of Authority Policy approved pursuant to the Board of Directors' resolution dated 01/06/1445H (corresponding to 14/12/2023G).
- The Reporting of Violating Practices Policy approved pursuant to the Board of Directors' resolution dated 01/06/1445H (corresponding to 14/12/2023G).
- The Business Ethics Policy approved pursuant to the Board of Directors' resolution dated 01/06/1445H (corresponding to 14/12/2023G).
- The Contracts with Related Parties Regulations approved pursuant to the Board of Directors' resolution dated 01/06/1445H (corresponding to 14/12/2023G).
- The Directors, Committee Members and Senior Executives Conduct Regulations approved pursuant to the resolution of the Board of Directors dated 01/06/1445H (corresponding to 14/12/2023G).

The Internal Corporate Governance Manual of the Company contains provisions relating to the following:

- Shareholders' rights, in accordance with Part 2 of the Corporate Governance Regulations.
- Rights related to General Assembly meetings, in accordance with Chapter 2 of Part Two of the Corporate Governance Regulations.
- The Board of Directors, including the Board's formation, competencies and work procedures, in accordance with Part 3 of the Corporate Governance Regulations.
- Executive Management and its competencies and duties, in accordance with Article 25 of the Corporate Governance Regulations.
- The Company's Committees and the membership and meetings thereof, in accordance with Part 4 of the Corporate Governance Regulations.

The Company is compliant with the mandatory governance requirements applicable to public joint-stock companies listed on the Stock Exchange in accordance with the Corporate Governance Regulations, except for certain provisions that are only applicable to listed companies, given that the Company's shares have not been listed yet on the Stock Exchange, as follows:

- Paragraph a of Article 8 providing that, upon calling for the General Assembly, the Company shall announce on the website of the Stock Exchange information on the nominees for membership of the Board.
- Paragraph b of Article 8 related to limiting voting in the General Assembly to candidates whose information is announced in accordance with Paragraph a of Article 8.
- Paragraphs d and e of Article 13 related to publishing the invitation to the General Assembly on the websites of the Stock Exchange and the Company.
- Paragraph c of Article 14 related to the availability of information on the items of the General Assembly through the websites of the Stock Exchange and the Company.
- Paragraph d of Article 15 related to providing the CMA with a copy of the minutes of General Assembly meetings.
- Paragraph e of Article 15 related to disclosing to the public, the CMA and the Stock Exchange, the results of General Assembly meetings through the websites of the Stock Exchange and the Company.
- Paragraph d of Article 17, which provides that the Company shall notify the CMA of the Directors' names, a description of their memberships and any changes that may affect their membership.
- Paragraph b of Article 30 related to Board meetings.
- Article 54 related to the meetings of the Audit Committee.
- Article 65 related to the Company's publication of the nomination announcement on the websites of the Company and the Stock Exchange to invite persons wishing to be nominated for membership of the Board.
- Articles 74, 75 and 78 related to the internal Audit Plan, internal audit report, and appointment of the Auditor.
- Articles 86 and 87 and Paragraph b of Articles 88, 89 and 90 related to disclosure the related procedures.

5.10 Conflicts of Interest and Competition

Neither the Company's Bylaws nor any of the internal regulations and policies grants any powers enabling a Director to vote on a contract or offer in which they have a vital direct or indirect interest. Pursuant to Article 27 of the Companies Law, a Director may not have a direct or indirect interest in transactions and contracts concluded for the benefit of the Company without the authorization of the Ordinary General Assembly.

Pursuant to the aforementioned Article, Directors must inform the Board of any direct or indirect interests they may have in the transactions and contracts concluded for the benefit of the Company. The Board shall disclose to the General Assembly, when it convenes, the transactions and contracts in which any of the Directors has a personal interest. Such disclosure shall be accompanied by a special report from the Auditor. Said disclosure shall be recorded in the Board's meeting minutes. The interested Director may not participate in voting on the resolution to be adopted in this respect. Based on the above, the Directors declare the following:

- They will comply with Articles 27 and 71 of the Companies Law, and Articles 42 and 43 of the Corporate Governance Regulations.
- They will refrain from voting at General Assembly meetings with respect to any Related Party contracts in which they have an indirect interest.
- They will refrain from participating in business competitive with that of the Company, and all Related Party transactions in the future will be conducted on an arm's length basis in accordance with the provisions of Article 27 of the Companies Law.

5.11 Employee Shares

The Company does not have any employee share schemes in place prior to the application for the registration and offer of the securities that are the subject of this Prospectus. None of the Company's employees own shares in the Company and there are no other arrangements that involve employees in the Company's share capital (for further details on the Company's employees and compliance with Saudization, please see Section 4.12 "**Number of Employees of the Company and its Subsidiaries**" and Section 4.13 "**Saudization and Nitaqat**" of this Prospectus).

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6. Management's Discussion and Analysis of Financial Condition and Results of Operations

6.1 Introduction

The Group's Management Discussion and Analysis of Financial Condition and Result of Operations section provides an analytical view of the Group's operational performance and financial position for the years ended 31 December 2020G, 2021G and 2022G, and the nine-month periods ended 30 September 2022G and 2023G. This section and the attached notes have been prepared based on the audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G.

The consolidated financial statements for the years ended 31 December 2020G, 2021G and 2022G have been prepared in accordance with International Financial Reporting Standards **"IFRS"** that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants "SOCPA" (here in after referred to as **"International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia**" and have been audited by KPMG Professional Services (hereinafter referred to as "KPMG" or the "Auditor" as stated in their report included herein. The unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G have been prepared in accordance with International Accounting Standard IAS 34 (Interim Financial Reporting) endorsed in the Kingdom of Saudi Arabia and have been reviewed by the Auditor as stated in their report included herein, collectively referred to, with the audited consolidated financial statements, as the "Financial Statements." These financial statements are included in Section 19 **"Financial Statements and Auditor's Report"** of this Prospectus.

Neither the Auditor, nor any of its subsidiaries, affiliates or any of their employees or relatives, own any shares or shares of any kind in the Group, which may affect its independence as at the date of issuance of the independent auditor's report on the audited consolidated financial statements. As of the date of this Prospectus, the Auditor provided the written consent to the reference to their role as Auditors of the Group's accounts for the financial years ended on 31 December 2020G, 2021G and 2022G, and for the nine-month period ended 30 September 2023G, and this approval has not been withdrawn or amended as at the date of this Prospectus.

All amounts in this section have been rounded to the nearest thousand Saudi Riyals unless stated otherwise, and numbers and percentages have been rounded to the nearest decimal place. Therefore, the sum of these numbers may differ from what is stated in the tables. Accordingly, all ratios, key performance indicators, annual expenditures, and compound annual growth rates are based on rounded figures.

The financial information for the financial year ended 31 December 2020G was extracted from the Group's audited consolidated financial statements for the financial year ended 31 December 2021G, and the financial information for the financial year ended 31 December 2021G was extracted from the Group's audited consolidated financial statements for the financial year ended 31 December 2022G. The financial information for the nine-month period ended 30 September 2022G was extracted from the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G.

This section may include statements in connection with the Group's future prospects, based on the executive management's current plans and expectations regarding the Group's growth and results of operations, and financial conditions, and therefore such statements may involve risks and unconfirmed expectations that may lead to material differences from the Group's actual results as a result of multiple factors and events, including the factors discussed in Section 2 **"Risk Factors**" in this Prospectus.

6.2 Directors' declaration for financial information

The Board of Directors declare the following:

1- The Directors declare that the financial information contained in this section was extracted without material change and is presented in accordance with the audited consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the accompanying notes that was prepared by the Group in accordance with International Financial Reporting Standards (IFRS) endorsed in the Kingdom of Saudi Arabia, and the unaudited interim condensed consolidated financial statements for the financial period ended 30 September 2023G and the accompanying notes that was prepared by the Group in accordance with International Accounting Standard IAS 34 (Interim Financial Reporting) endorsed in the Kingdom of Saudi Arabia.

2- The Directors declare that the Group has sufficient working capital for a period of at least (12) months immediately following the date of publication of the Prospectus.

3- The Directors declare that there has been no significant adverse change in the financial or commercial position of the Group in the three financial years immediately preceding the application for registration and offering of securities set out in this Prospectus and the period included in the audited report until the date of approval of this Prospectus. The members of the Board of Directors confirm that all material facts related to the Group and its financial performance have been disclosed in this Prospectus, and that there are no other information, documents, or facts if they are omitted, the data contained in this Prospectus will become misleading.

4- The Directors declare that the Group does not have any property, including any contractual securities or other assets, the value of which is subject to fluctuations or is difficult to ascertain, which significantly affects the assessment of its financial position, except for financial instruments at fair value through profit or loss, which were disclosed in Section 6.7.2 **"Statement of financial position"** of this Prospectus.

5- The Directors declare that the Group has not provided any commissions, discounts, brokerage fees or any other non-cash compensation in connection with the issuance or offering of any securities to any of the members of the Board of Directors or suggested members of the Board of Directors and senior executives and those in charge of issuance or offering of these securities or the experts who received any of these payments or benefits during the three years immediately preceding the date of submitting an application for acceptance and offering of securities subject to this Prospectus.

6- The Directors declare that the Group does not have any loans or other liabilities whether covered by a personal guarantee or other kind of guarantee or covered by a mortgage, including any overdrafts from bank accounts, and does not have any secured liabilities or liabilities under acceptance or acceptance credit or any lease purchase liabilities except as disclosed in Section 6.7.2.5(a) **"Loans and borrowings**" of this Prospectus.

7- The Directors acknowledge that, except as disclosed in Section 6.6 **"Principal Factors Affecting the Group's Performance and Operations"** and Section 2 **"Risk Factors"** of this Prospectus, to their knowledge the Group has no information on any government policies or economic, financial, monetary, political or any other factors that have a material impact (directly or indirectly) on the Group's operations.

8- The Directors declare that the Group has no intention of making any material change in its activity.

9- The Directors declare that the Group's operations have not been interrupted in a way that have affected or significantly affected its financial position during the last twelve months.

10- The Directors declare that none of the Company or its subsidiaries' capital are subject to the right of option.

11- The Directors declare that the Group has provided comprehensive details in this section of any potential liabilities and has accounted for and recorded a provision for the obligations contained in management's discussion and analysis of the financial position and results of operations.

12- The Directors declare that the Group's properties are not subject to any mortgages, rights, or encumbrances as at the date of this Prospectus except as disclosed in Section No. 6.7.2.5(a) **"Loans and borrowings"** of this Prospectus.

13- The Directors declare that the Group has provided extensive details in this section of all fixed assets and investments, including contractual securities and other assets whose value is volatile or difficult to estimate as disclosed in Section 6.7.2.1 **"Non-current Assets"** of this Prospectus.

14- The Directors declare that the Group has not issued debt instruments, term loans, secured or unsecured mortgages, current or approved, but not issued, except for what was disclosed in Section No. 6.7.2.5(a) **"Loans and borrowings"** of this Prospectus.

15- The Directors declare that there was no qualification on the financial statements of the Company and its subsidiaries in the past three years preceding the date of submitting the registration application and initial public offering application of this Prospectus.

16- The Directors declare that there have been no material changes in the accounting policies of the Company and its subsidiaries in the past three years preceding the date of submitting the registration application and initial public offering application of this Prospectus.

17- The Directors declare that no material changes have been made/or obligated to make any material amendments to the published audited financial statements of the Company and its subsidiaries in the past three years preceding the date of submitting the registration application and initial public offering application of this Prospectus.

18- The Directors declare that no material restructuring has been made to the Company or its subsidiaries in the past three years preceding the date of submitting the registration application and initial public offering application of this Prospectus.

19- The Directors declare that except for what is mentioned in this Prospectus, neither the members of the Board of Directors nor any of their relatives have any shares or interest of any kind in the Company or any of its subsidiaries, if applicable.

6.3 Group overview

Miahona Company Limited "**Miahona**" or the "**Company**" is a closed joint stock company registered in the Kingdom of Saudi Arabia under commercial registration numbered 1010253603 dated 16 Rajab 1429H (corresponding to 20 July 2008G). The audited consolidated financial statements consolidate the financial statements of the Company, its subsidiaries and associates (collectively referred to as the "**Group**".

The main activities of the Group are to engage in service concession contracts to establish, operate, maintain and lease water and water treatment plants, dams and wells. This also includes wholesale and retail trade of related equipment.

The following table summarizes the subsidiaries included in the consolidated financial statements:

Table (6.1): Miahona Company Limited subsidiaries

Ownership share held by the Group						
Subsidiary	Activities	Country of incorporation	As at 31 December 2020G	As at 31 December 2021G	As at 31 December 2022G	As at 30 September 2023G
Industrial Cities Development and Operating Company ("ICDOC")	The main activity of ICDOC is to engage in the construction, operation and maintenance of water desalination stations, for industrial cities, water and wastewater networks, torrents networks, developing and operating industrial cities, constructing and operating of electricity stations for industrial cities, purchase of lands for constructions, developing and investing in buildings by sale and rent.	KSA	100%	100%	100%	100%
Riyadh Water Production Company ("RWPC")	The main activity of RWPC is to engage in the drilling of all kinds of water wells, water technology, production, distribution transport, sell, sewerage, drainage, processors, re-use of water, sold, public construction contracting, piping, electrical work, mechanical work, maintenance, operations and road works.	KSA	100%	100%	100%	100%
Al Jazzirah Environment Company ("JECO")	The main activity of JECO is the operation and maintenance of water desalination plant including brackish and sea water, sewerage treatment plant, water and sewerage networks, and recycle water treatment and networks.	KSA	100%	100%	100%	100%
Araha Environmental Sciences Company ("Araha")	The main activity of Araha is the operation of sewer systems or sewer treatment facilities, repair and maintenance of sewer systems, sewage disposals plants and pumping station, Construction of sewer systems, sewage disposal plants and pumping stations.	KSA	na	na	70%	70%
Sustainable Water Company for Environmental Services ("SWES")	The main activity of SWES is the construction of utility projects, sewage, operation and maintenance of water supply, sanitation, waste management and treatment activities.	KSA	na	na	na	70%

Source: The audited consolidated financial statements for the financial years ended 31 December 2021G and 2022G and unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G.

Table (6.2): Miahona Company Limited acquired subsidiaries

	Industrial Cities Development and Operating Company ("ICDOC")	Al Jazzirah Environment Company ("JECO")
Date of acquisition	2015G	2015G
% acquired	90%	99%
Acquisition value as at 31 December 2015G (SAR)	138,305,889	1,083,613 (cash consideration) 3,416,387 (issuance of shares) 4,500,000 (total)
Acquisition method	Net assets at date of acquisition	Net assets at date of acquisition
Date of additional acquisition	2018G	2018G
% acquired of additional shares	10%	1%
Additional acquisition value as at 31 December 2018G (SAR)	18,468,607	126,782
Acquisition method	Net assets at date of acquisition	Net assets at date of acquisition
Effective ownership as at 30 September 2023G	100%	100%
Net asset value (SAR)	**As at 31 December 2015G**	**As at 31 December 2015G**
Cash and cash equivalents	17,776,035	46,553
Trade and other receivables	36,537,052	-
Due from related parties	762,515	4,700,137
Property and equipment	4,444,297	3
Intangible assets	364,302,143	-
Total assets	**423,822,042**	**4,746,693**
Trade and other payables	22,429,783	77,805
Due to related parties	3,547,448	-
Due to shareholders	1,568,308	37,330
Loans and borrowings- current portion	31,000,000	-
Zakat payable	551,560	306,626
End of service benefits	3,519,249	399
Loans and borrowings	161,716,133	-
Retention payable	5,408,365	-
Due to related parties	40,407,986	-
Total liabilities	**270,148,832**	**422,160**
Net assets	**153,673,210**	**4,324,533**

Subsidiaries

On 1 January 2015G, the Company acquired 90% of the share capital of **Industrial Cities Development and Operating Company ("ICDOC")**. The purchase consideration is to be settled by issuing shares of the Company amounting to SAR 138,305,889. Further, on 1 January 2018G, the Company acquired the remaining 10% of the share capital.

ICDOC is engaged in the following service concession arrangements:

- A service concession arrangement with the Saudi Authority for Industrial Cities and Technology Zones (MODON) in Jeddah dated 24 March 2002G, effective from 15 March 2005G, for rehabilitating, operating and maintaining the wastewater plant and related network system ("wastewater treatment facilities") of Jeddah Industrial city. The wastewater treatment facilities will be transferred back to MODON at the end of the concession arrangement period of 20 years.
- A service concession arrangement with MODON for industrial cities in Dammam and Al-Ahsa dated 22 October 2007G, effective from 30 January 2008G, for rehabilitating, operating and maintaining the water utilities and wastewater plant and related network system ("water utilities and wastewater treatment facilities") of the first and second industrial cities in Dammam and building, operating and maintaining the water utilities and wastewater treatment facilities of the first industrial city in Al-Ahsa. The water utilities and wastewater treatment facilities in industrial cities in Dammam and Al-Ahsa will be transferred back to MODON at the end of the concession arrangement period of 30 years.

On 9 February 2015, the Company formed **Riyadh Water Production Company "RWPC"** through injecting cash of SAR 495,000 equal to 99% of RWPC's shares. On 1 January 2018G, the Company acquired the remaining 1% of the share capital of RWPC whereby the purchase consideration has been settled by issuing shares of the Company amounting to SAR 107,878.

RWPC is engaged in a service concession arrangement with the General Authority of Civil Aviation (GACA) dated 15 September 2015G to perform the following:

- remediate, operate and maintain the existing Water Treatment Station ("WTS").
- further, develop, own, finance engineer, design, procure, construct, commission, start up and test the new WTS.
- operate, maintain and transfer the new WTS.

On 1 January 2015G, the Company acquired 99% of the share capital of **Al Jazzirah Environment Company ("JECO")** against a cash consideration of SAR 1,083,613 and the remaining to be settled by issuing shares of the Company amounting to SAR 3,416,387. On 1 January 2018G, the Company acquired the remaining 1% of the share capital of JECO. JECO is a subcontractor for operations and maintenance of the above service concession contracts.

On 20 September 2023G, the shareholders of the Company approved the capitalization of "Additional Capital Contribution" amounting to SAR 160,425,543 to "Share capital" in respect to the matters discussed above. Subsequently, on 31 October 2023G, the Ministry of Commerce has approved the capitalization of matters defined above.

On 30 November 2022G, the Company formed **Araha Environmental Sciences Company ("Araha")**. The company injected SAR 350,000 in cash, equivalent to 70% of the shares of Araha Environmental Sciences (while Thabat Construction Company Limited owns 30%). Araha Environmental Sciences signed a long-term operation and maintenance concession agreement with the National Water Company on 28 August 2022G, with actual operations starting on 2 May 2023G. This agreement covers the rehabilitation, financing, testing, operation, maintenance, and transfer of the existing Hadda and Arana sewage treatment plants in Mecca.

On 27 February 2023G, the Company established **Sustainable Water Company for Environmental Services ("SWES")** a limited liability company based in the Kingdom of Saudi Arabia with a share capital of SAR 500 thousand, (the Company owns 70% of the share capital and Thabat Construction Company owns 30%). This entity was created to implement an industrial wastewater treatment plant project in Ras Tanura, as part of Aramco's Ras Tanura refinery project. The industrial wastewater treatment plant, wastewater and effluent transmission systems will be developed on a Build-Own-Operate-Transfer ("BOOT") basis for a period of 25 years. As on the reporting date, the Company is selected as the preferred bidder.

Table (6.3): Miahona Company Limited associate companies

Associate companies	Legal form	Country of incorporation	Ownership share held by the Group			
			As at 31 December 2020G	As at 31 December 2021G	As at 31 December 2022G	As at 30 September 2023G
International Water Partner Company ("IWP")	LLC	KSA	na	40%	40%	40%
International Water Partner Company 2 ("IWP2")	LLC	KSA	na	na	35%	35%

Source: The audited consolidated financial statements for the financial years ended 31 December 2021G and 2022G and unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G.

Associate companies

The Company made an investment in **International Water Partner Company ("IWP")** to the extent of 40% of IWP's share capital, for a consideration of SAR 200,000 in February 2021G. IWP is engaged in a contract with National Water Company (NWC) to perform management and operations of the water supply lines between the cities, engage in water wells, water technology, production, distribution, transport, sell, sewerage, drainage and re-use of water and public construction contracting, piping, electrical work, mechanical work, maintenance, operating and road works.

The Company made an investment in a newly formed entity **International Water Partner Company 2 ("IWP2")** to the extent of 35% of IWP2's share capital, for a consideration of SAR 175,000 in January 2022G. IWP2 is engaged in a contract with National Water Company (NWC) to perform management and operations of the water supply lines between the cities, engage in water wells, water technology, production, distribution, transport, sell, sewerage, drainage and re-use of water and public construction contracting. piping, electrical work, mechanical work, maintenance, operating and road works.

6.4 Basis of preparation and summary of significant accounting policies

Basis of presentation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (hereinafter referred to as "IFRS").

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date. Further, the financial statements are prepared using the accrual basis of accounting and on a going concern basis.

Items	Measurement basis
Derivative financial instruments	Fair value
Defined benefit liability	Present value of the defined benefit obligation

Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (SR), which is the Company's functional currency. The Group have used Saudi Riyal (SR) as the presentation currency. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Use of Estimates, Assumptions and Judgements

In preparing these consolidated financial statements, management has made estimates and judgements that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the consolidated financial statements is included in the following notes:

- Consolidation: whether the Group has de facto control over an investee; and
- Revenue recognition: allocation of transaction price to performance obligations, measurement of significant financing component.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next reporting period is included in the following notes:

- Measurement of defined employee benefits obligation - key actuarial assumptions; and
- Trade receivables – allowance for impairment of trade receivables.

Summary of significant accounting polices

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

A- Property and equipment

Items of property and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of property and equipment for current and comparative periods are as follows:

Leasehold improvements	10 years or lease term whichever lower
Furniture and fixtures	4 - 10 years
Office equipment and computer	4 years
Machinery and equipment	5 years
Pump meters	2 - 5 years
Motor vehicles	4 years

Source: The audited consolidated financial statements for the financial years ended 31 December 2022G.

The depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

B- Intangible assets

Intangible asset includes software which is stated at costs less accumulated amortisation.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit or loss as incurred.

Amortisation is provided over the estimated useful life of the software on a straight-line basis, at 25% per annum. The estimated useful life and amortisation method are reviewed at the end of each annual period, with the effect of any changes in estimate being accounted for over the remaining useful life.

C- Intangible assets arising from service concession arrangements

The Group recognizes an intangible asset when it has a contractual right to charge the public for usage of the concession infrastructure. The intangible asset is recognized equal to the consideration for providing construction or upgrade services in a service concession arrangement which is measured at cost including capitalized borrowing costs, less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

Amortization is calculated to write off the cost of intangible asset using the straight-line method over the period of concession arrangement or their estimated useful lives whichever is lower and is recognised in profit or loss.

D- Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group elects not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

E- Financial instruments

1- Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at Fair Value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

2- Financial assets -classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets

Financial assets at amortised cost the amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3- Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

4- Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

5- Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

F- Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents includes cash and bank balances, deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities up to three months from the date of acquisition and that are subject to an insignificant risk of change in value.

G- Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

H- Defined employee benefits obligation

Defined employee benefit plan

The Group's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount. These benefits are currently unfunded. The calculation of defined employee benefits obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Group determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Interest expense (income) and other expenses related to defined benefit plan, are recognised in profit or loss.

I- Zakat

The Group is subject to Zakat in accordance with the Zakat regulation issued by the Zakat, Tax and Customs Authority ('ZATCA') in the Kingdom of Saudi Arabia which is subject to interpretations. Zakat is recognized in the consolidated income statement. Zakat is levied at a fixed rate of 2.5% of the zakat base as defined in the Zakat regulations.

The Group's management establishes provisions where appropriate on the basis of amounts expected to be paid to the ZATCA and periodically evaluates positions taken in the Zakat returns with respect to situations in which applicable Zakat regulation is subject to interpretation. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

J- Revenue

Service concession arrangements:

The Group entered into service concession arrangements with governmental authorities (the "Grantor"). As per terms of the arrangements it consists two Build-Operate-Transfer (the "BOT") arrangement and four Rehabilitate-Operate-Transfer (the "ROT") arrangement.

Under the BOT, the Group carries out construction work, operation and maintenance of new Water Treatment Station ("WTS") and water treatment facilities. The Group receives in return the rights to operate the service project concerned for a specified period of time (the "operation period"). As per terms of arrangement at the end of the operation period (i.e. 28 years (earlier 30 years) from the date of commencement of operations) the new WTS and water facilities will be transferred to the Grantor with nil consideration.

Under the ROT, Group carries out remediation, operation and maintenance of the existing WTS and water utilities and wastewater treatment facilities.

1- The Group is obliged to operate the existing WTS up to the date of completion of the new WTS (date of commencement of operations). Once the new WTS is operational, the Group is required to gradually phase out the existing WTS from service.
2- The Group receives in return the rights to operate the service project concerned for a period of 20 years and 30 years for Jeddah and Dammam, respectively (the "operation period"). As per terms of arrangement at the end of the operation period the water utilities and wastewater treatment facilities will be transferred to the Grantor with nil consideration.

K- Revenue (continued)

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers.

Type of service	Nature and timing of satisfaction of performance obligation
Management, engineering, project management and advisory services	Revenue comprises the value of works executed during the year. Revenue is recognized over time by using the percentage of completion method. In the case of unprofitable contracts, provision is made for foreseeable losses in full.
Construction revenue	Revenue from construction and rehabilitation services are recognized based on the actual service provided to the customer as a proportion of the total services to be provided.
Operation and maintenance revenue	Revenue from providing operation and maintenance services is recognized over a period of time as the related services are performed. Revenue for operation and maintenance services is linked to the output of the plant and revenue is recognized for the amount for which the Company has delivered the services.
Water treatment and supply	Revenue from providing operations services is recognized over a period of time as the related services are performed. Transaction price for operations service is linked to the output of the plant, and revenue is recognized for the amount for which the Group has delivered the services.
Connection services	Revenue from connection service is recognized over time. The amount received for connection services is recognized as revenue over the remaining service concession period. The unamortized balance of such revenue is classified as contract liabilities under non-current liabilities.
Financial revenue	Financial income is recognized by applying the effective interest rate method to the amortised cost of the financial assets.

Source: The audited consolidated financial statements for the financial years ended 31 December 2022G.

Revenue under the contract is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to a customer on the satisfaction of the performance obligation.

Contract assets

During the construction phase, revenue from construction services are initially recognized as contract assets. Once the construction is completed, the amounts recognised as contract assets are accounted for as receivables, if the Group has an unconditional right to receive the consideration in respect of the construction services, or as intangible assets, if the Group does not have an unconditional right to the consideration in respect of construction services and charges the public for the services.

Contract liability

The contract liabilities primarily relate to the advance consideration received from customers for several costs to be incurred over the term of contract life at milestone basis (specific years). Management considers these as life cycle costs. Therefore, the revenue is considered unearned and deferred against the cost to be incurred in particular stage of the contract.

L- Impairment

M- Financial instruments

Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost;
- contract assets (as defined in IFRS 15).

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECLs.

Credit-impaired financial assets:

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position:

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off:

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

N- Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (cash generating unit).

O- Impairment (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using

a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

P- Inventories

Inventories are measured at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value comprises estimated selling price in the ordinary course of business, less further costs to completion and appropriate selling and distribution costs.

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging and current condition, and current and future expectations with respect to operation and maintenance services as per the customer contracts. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales from service.

Q- Foreign currency transactions

Transactions in foreign currencies are translated into the Group's functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognised in profit or loss.

R- Fair value measurement

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

The Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

S- Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

T- Expenses

Costs incurred in relation to contracts and employees directly related to projects is classified as cost of revenue. All other expenses, excluding cost of sales and financial charges, are classified as administrative expenses. Allocations of common expenses between cost of revenue and administrative expenses, when required, are made on a consistent basis.

U- Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Group is required to transfer 10% of net profits to a statutory reserve until such reserve equals 30% of the paid-up capital. This reserve is not available for distribution to the shareholders of the Company.

V- Dividends

Interim dividends are recorded as a liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders.

W- Equity accounted investees

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control whereby the Group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Interest in associates and joint ventures is accounted for using the equity method. They are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures is recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of investment in associates and joint venture is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized under profit and loss in the consolidated statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

6.5 Material subsidiaries

Industrial Cities Development and Operating Company, Riyadh Water Production Company, Al Jazzirah Environment Company and Araha Environmental Sciences Company have been identified as material subsidiaries based on their contribution to the Group's revenue, net income / (loss), assets and liabilities as shown in the analysis below.

The following table summarizes the contribution of each of the subsidiaries to the Group's revenue and net income / (loss) for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.4): Revenue and net income/(loss) by subsidiary

SAR in 000s	2020G (Management Information)		2021G (Management Information)		2022G (Management Information)		30 September 2022G (Management Information)		30 September 2023G (Management Information)	
	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)
Pre-elimination										
Miahona Company Limited	23,481	17,404	12,819	25,332	14,913	50,110	11,354	35,131	20,361	43,923
Al Jazzirah Environment Company	108,186	25,902	113,927	24,937	122,350	27,760	93,464	20,035	91,510	29,159
Industrial Cities Development and Operating Company	174,734	6,508	202,906	25,091	214,033	30,891	159,898	21,451	161,987	21,596
Riyadh Water Production Company	30,489	(4,440)	25,586	(8,923)	25,683	4,350	19,122	2,287	21,927	1,456
Araha Environmental Sciences Company	-	-	-	-	-	-	-	-	22,388	244
Total	**336,890**	**45,374**	**355,239**	**66,437**	**376,979**	**113,111**	**283,838**	**78,903**	**318,172**	**96,379**

SAR in 000s	2020G (Management Information)		2021G (Management Information)		2022G (Management Information)		30 September 2022G (Management Information)		30 September 2023G (Management Information)	
	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)
Post-elimination										
Miahona Company Limited	-	(33,984)	1,284	(26,180)	3,376	(26,149)	2,702	(16,311)	5,623	(21,876)
Al Jazzirah Environment Company	24,847	(53,357)	27,958	(56,896)	34,768	(55,739)	27,676	(42,783)	15,065	(43,033)
Industrial Cities Development and Operating Company	174,734	83,025	202,906	102,454	214,033	110,356	159,898	80,429	161,987	80,056
Riyadh Water Production Company	28,653	21,721	23,750	5,954	23,846	21,641	17,749	13,796	20,554	13,627
Araha Environmental Sciences Company	-	-	-	-	-	-	-	-	22,388	15,221
Total	**228,234**	**17,404**	**255,898**	**25,332**	**276,023**	**50,110**	**208,025**	**35,131**	**225,617**	**43,996**

Source: Management information.

Table (6.5): Revenue and net income/(loss) post-elimination as a % of total

As % of total	2020G (Management Information)		2021G (Management Information)		2022G (Management Information)		30 September 2022G (Management Information)		30 September 2023G (Management Information)	
	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)	Revenue	Net income / (loss)
Miahona Company Limited	0.0%	(195.3%)	0.5%	(103.3%)	1.2%	(52.2%)	1.3%	(46.4%)	2.5%	(49.7%)
Al Jazzirah Environment Company	10.9%	(306.6%)	10.9%	(224.6%)	12.6%	(111.2%)	13.3%	(121.8%)	6.7%	(97.8%)
Industrial Cities Development and Operating Company	76.6%	477.0%	79.3%	404.5%	77.5%	220.2%	76.9%	228.9%	71.8%	182.0%
Riyadh Water Production Company	12.6%	124.8%	9.3%	23.5%	8.6%	43.2%	8.5%	39.3%	9.7%	31.0%
Araha Environmental Sciences Company	na	na	na	na	na	na	na	na	9.3%	34.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Management information.

Table (6.6): Assets and liabilities by subsidiary

SAR in 000s	31 Dec 2020G (Management Information)		31 Dec 2021G (Management Information)		31 Dec 2022G (Management Information)		30 September 2023G (Management Information)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Pre-elimination								
Miahona Company Limited	290,747	16,182	323,112	18,251	359,317	16,812	353,186	19,141
Al Jazzirah Environment Company	88,684	40,512	108,931	51,001	121,716	51,326	82,867	48,317
Industrial Cities Development and Operating Company	466,785	294,631	465,106	322,517	470,763	311,990	444,269	266,148
Riyadh Water Production Company	412,634	387,163	420,084	339,418	424,245	336,348	321,788	231,630
Araha Environmental Sciences Company	-	-	-	-	-	-	44,521	42,353
Total	**1,258,850**	**738,487**	**1,317,233**	**731,032**	**1,376,041**	**716,476**	**1,246,631**	**607,589**
Post-elimination								
Miahona Company Limited	42,966	16,182	39,847	18,251	41,877	16,812	93,173	16,702
Al Jazzirah Environment Company	36,485	39,066	43,606	49,907	49,332	51,166	64,276	48,317
Industrial Cities Development and Operating Company	448,549	280,851	445,175	308,141	447,559	295,825	443,539	262,347
Riyadh Water Production Company	412,634	329,971	420,084	267,467	424,245	256,705	321,788	227,553
Araha Environmental Sciences Company	-	-	-	-	-	-	44,521	25,746
Total	**940,634**	**666,069**	**948,626**	**643,766**	**963,013**	**620,508**	**967,297**	**580,665**

Source: Management information.

Table (6.7): Assets and liabilities post-elimination as a % of total

As % of total	31 Dec 2020G (Management Information)		31 Dec 2021G (Management Information)		31 Dec 2022G (Management Information)		30 September 2023G (Management Information)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Miahona Company Limited	4.6%	2.4%	4.2%	2.8%	4.3%	2.7%	9.6%	2.9%
Al Jazzirah Environment Company	3.9%	5.9%	4.6%	7.8%	5.1%	8.2%	6.6%	8.3%
Industrial Cities Development and Operating Company	47.7%	42.2%	46.9%	47.9%	46.5%	47.7%	45.9%	45.2%
Riyadh Water Production Company	43.9%	49.5%	44.3%	41.5%	44.1%	41.4%	33.3%	39.2%
Araha Environmental Sciences Company	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.6%	4.4%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Management information.

6.6 Principal factors affecting the Group's performance and operations

There are certain principal factors that affect the Group's operating results. Described below are those principal factors that the Management believes have an impact on the (i) revenues from operations; (ii) cost of operations; (iii) financial charges; and (iv) cash flow from operations. These factors are based on the information currently available to Management and may not represent all the factors and/or events that are relevant to an understanding of the Group's current or future results of operations. See Section 2 "**Risk Factors**" of this Prospectus for a discussion of the key risks affecting the Group's results of operations.

Competition

The water and wastewater sector is relatively evolving and therefore attracting new players (please refer to Section 3.8 "Competitive Landscape". The Group's future growth is highly dependent on its ability to compete and obtain new business from customers and the renewal of its existing contracts. Inability to renew existing contracts or win new projects may result in an adverse impact on the Group's future performance.

Capacity and scalability

As part of the Kingdom's strategy to support economic diversification and increase the participation of the private sector, the Saudi Vision 2030, The National Transformation Program and National Water Strategy 2030G provide a clear plan for the development of the water and wastewater sector. Therefore, the Group's ability to respond to the sectors growth is crucial to its prospects. The Group's effectiveness in keeping pace with the sectors' growth and contributing to the realisation of the relevant strategic government initiative depends on its internal capacity and its scalability. The Group's capacity and its scalability is dependent on several factors, most importantly the ability to attract clients, win new projects, expand and develop the scope, quality and volume of business the Group can carry out, obtain the necessary resources, secure equipment that enables the Group to maintain the quality of its operations and ability to win new projects. The Group's lack off capacity and scalability and inability to keep pace with the growing sector would have a material adverse impact on its business, financial position and result of operations.

Revenue recognition

The Group believes that the principal factors that affect revenues may differ depending on the source of revenue in addition to other factors that may have impact on the overall revenues from operations.

Sources of revenue

The Group has three main sources of revenue. These are:

a- **Development and construction management services revenue:** As the developer of greenfield or brownfield projects through payments of development fees and reimbursement of development costs (incurred during the development stage, please refer to Section 4.4.1 "**Concession Project Lifecycle**", generally settled upon reaching financial close. Due to the nature of revenue recognition only at the time of financial close of a project or achievement of specific project milestones, the Group's services revenue may show variations on a quarterly basis (and therefore the Group's operating income and net income as well), depending on the length of time from the bidding to a financial close (or achievement of specific milestones) of a project;

b- Capacity payments: Revenue for developing a new facility (greenfield project) or rehabilitating an existing facility (brownfield project) at a pre-agreed tariff that covers the capital cost (capacity payment, please refer to section 4.3.2 "**Tariff**" and the actual volume of actual treated water or wastewater of the relevant project (output tariff, please refer to section 4.3.2 "**Tariff**", mostly under long term contracts. Most of the Group's water and wastewater treatment projects conduct business under long-term sales contracts, with off-takers usually contractually obligated to pay for treated water and wastewater for the duration of, and at rates that are contractually determined at the outset of such contracts, once the Project makes required capacity available to the off-taker, thereby mitigating the risk associated with throughput volatility, except for the Group's projects in Jeddah Industrial City and Dammam and Al Ahsa Industrial Cities (under ICDOC), not on contractual capacity payment schemes. ICDOC connects and bills industrial customers in Jeddah industrial city and Dammam and Al Ahsa industrial cities based on actual demand. As of 31 December 2022G, ICDOC represented 75% of the Group's total revenue. Capacity payments are accounted for either under IFRIC 12 or IFRS 15 (please refer to Section 6.4 "**Basic of preparation and summary of significant accounting policies**".

c- **Revenue for operations and management services:** As operator of the Group's own and third party water and wastewater treatment facilities, the Group achieves this revenue through payments for fixed and variable operation and maintenance services provided.

Bidding and execution

The Group mainly deals with public sector entities and other large companies which generally engage suppliers through a bidding / tendering process. This process obtains contracts on the basis of a bidding process (please refer to section 4.4.1(a) "**Development**". This bidding process requires the preparation and submission of a competitive bid which complies with the customers specifications and based on an estimate of costs. Subsequently, if the Group is successful in its bid, then it will need to execute the project within the cost estimates that it underly its bid. Failure to execute the bid at the estimated cost due to mismanagement or an incorrect estimation of costs could impact the performance of the Group.

The Group believes that there are five principal factors that ultimately impact its performance: project development costs, EPC costs, chemicals costs, staff costs (operations and maintenance) and financial charges.

Project development costs

During the development of a project, the Group incurs development costs such as employee remuneration, consultancy and other administrative expenses, which are generally recovered through reimbursement upon achieving financial close of successful projects.

EPC costs

EPC costs represent the cost of constructing or rehabilitating the water or wastewater facility. These mainly represent civil works and equipment. The Group generally deals with leading EPC contractors and equipment suppliers. The cost of constructing or rehabilitating the facility are capitalised and then amortised over the life of the concession.

Chemicals and utility costs

The Group's chemicals and utilities costs relating to water and wastewater treatment are reflected as operating costs. As a result, fluctuations in chemicals and utilities costs, either as a result of changes in demand or in price or in both, affect each of the revenue and operating costs line items.

Staff costs (O&M)

Staff costs include the employee costs for operating and maintaining the water and wastewater facilities including operations support and management. O&M contracts stipulate the number of people to be employed in the facilities. Employment contracts are agreed with the projects and subject to annual review. Staff costs generally include basic salary, housing allowance and other contractually entitled benefits, depending on the employment position.

Financial charges

The Group's business is capital intensive in nature and the Group utilises project finance and equity bridge loans to support the Group's concession projects capital expenditure.

A significant portion of the Group's debt is non-recourse (see Section 9 "**Capitalization and Indebtedness of the Company**" debt that are raised at the project level, which are generally hedged for interest costs (see Section 9 "**Capitalization and Indebtedness of the Company**" during construction and for a significant part of the operating life of the project. Generally, at financial close, the interest rate is hedged and the changes in interest rate from the bidding date to financial close are passed through to the off-take agreement tariff. The Group continuously monitors if there is any remaining interest rate exposure at project level, and, if any, the respective project company hedges these open exposures as and when deemed appropriate in line with its risk management framework. Interest rate swaps (IRS) are required by lenders under the loan agreements to hedge the floating interest rate risk on loans by swapping the floating rate for a fixed rate.

6.7 Results from operations

6.7.1 Statement of comprehensive income

The following table summarizes the statement of comprehensive income for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.8): Statement of comprehensive income data

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Revenue	228,234	255,898	276,023	12.1%	7.9%	10.0%	208,025	225,617	8.5%
Cost of revenue	(171,138)	(181,542)	(189,164)	6.1%	4.2%	5.1%	(146,883)	(146,013)	(0.6%)
Gross profit	**57,097**	**74,356**	**86,859**	**30.2%**	**16.8%**	**23.3%**	**61,142**	**79,604**	**30.2%**
Other income	1,032	152	1,648	(85.3%)	984.2%	26.4%	691	3,018	336.8%
General and administrative expenses	(27,630)	(30,383)	(30,162)	10.0%	(0.7%)	4.5%	(19,336)	(27,461)	42.0%
Reversal of / (allowance for) expected credit losses on trade receivables and concession contract receivables	(167)	(10,790)	244	6361.1%	na	na	-	(319)	na
Modification of concession contract receivable	-	-	(1,983)	na	na	na	(1983)	-	na
Operating profit	**30,332**	**33,335**	**56,606**	**9.9%**	**69.8%**	**36.6%**	**40,515**	**54,841**	**35.4%**
Finance costs	(24,582)	(21,563)	(21,599)	(12.3%)	0.2%	(6.3%)	(16,703)	(24,484)	46.6%
Finance income	15,566	15,464	15,041	(0.7%)	(2.7%)	(1.7%)	11,389	11,830	3.9%
Share of profit from equity accounted investees	72	2,515	5,411	3393.1%	115.1%	766.9%	4,058	5,998	47.8%
Profit before zakat	**21,389**	**29,752**	**55,459**	**39.1%**	**86.4%**	**61.0%**	**39,259**	**48,185**	**22.7%**
Zakat expense	(3,984)	(4,420)	(5,349)	10.9%	21.0%	15.9%	(4,128)	(4,189)	1.5%
Profit for the period	**17,404**	**25,332**	**50,110**	**45.5%**	**97.8%**	**69.7%**	**35,131**	**43,996**	**25.2%**
Other comprehensive income									
Cash flow hedges-effective portion of changes in fair value	(2,033)	5,795	7,346	na	26.8%	na	8,325	(19)	na
Actuarial (loss) / gain on defined employee benefits obligation	414	(832)	190	na	na	(32.3%)	-	-	na
Total comprehensive income for the period.	**15,786**	**30,295**	**57,645**	**91.9%**	**90.3%**	**91.1%**	**43,456**	**43,978**	**1.2%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G.

The following table summarizes the key performance indicators for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.9): EBITDA

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Management Information)	30 September 2023G (Management Information)	Var Q3'22G-Q3'23G
Earnings before interest, tax, depreciation and amortization "EBITDA"	88,438	94,443	118,452	6.8%	25.4%	15.7%	85,638	104,796	22.4%

Source: Management information.

Table (6.10): Key performance indicators

Key performance indicators	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Management Information)	30 September 2023G (Management Information)	Var Q3'22G-Q3'23G
	As a percentage of total revenue			Percentage points			As a percentage of total revenue		Percentage points
Gross profit	25.0%	29.1%	31.5%	4.0	2.4	6.5	29.4%	35.3%	5.9
General and administrative expenses	12.1%	11.9%	10.9%	(0.2)	(0.9)	(1.2)	9.3%	12.2%	2.9
Operating profit	13.3%	13.0%	20.5%	(0.3)	7.5	7.2	19.5%	24.3%	4.8
EBITDA	38.7%	36.9%	42.9%	(1.8)	6.0	4.2	41.2%	46.4%	5.3
Profit for the period	**7.6%**	**9.9%**	**18.2%**	**2.3**	**8.3**	**10.5**	**16.9%**	**19.5%**	**2.6**

Source: Management information.

The Group generates revenue through the engagement in service concession arrangements to develop, own and operate water and wastewater treatment plants with governmental entities (bid owner). The service concession arrangements include 2 types of contracts:

- Build-operate-transfer (BOT)
- Rehabilitate-operate-transfer (ROT)

Under the BOT, the Group carries out construction work, operation and maintenance of new Water Treatment Station ("WTS") and water treatment facilities. The Group receives in return the rights to operate the service project for a specified period of time) the "operation period"). As per terms of arrangement at the end of the operation period (i.e. 28 years (earlier 30 years) from the date of commencement of operations) the new WTS and water facilities will be transferred to the Grantor with nil consideration.

Under ROT, the Group carries out remediation, operation and maintenance of the existing water treatment stations, water utilities and wastewater treatment facilities in Jeddah and Dammam for a period of 20 and 30 years respectively. As per terms of arrangement at the end of the operation period the water utilities and wastewater treatment facilities will be transferred to the Grantor with nil consideration.

Revenue under the contract is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to a customer on the satisfaction of the performance obligation. The Group's revenue is segregated into the following:

- **Water and wastewater services revenue** related to potable, sewage and recycled water sold to the customers of Dammam Industrial City (DIC) and Jeddah Industrial City (JIC) (output driven based on volumes sold in M^3) in addition to fixed billings made to GACA based on a daily capacity of 25,000 M^3 of water in addition to a variable component based on consumption of water. Additionally, the Group has signed a service concession contract with Hadda & Arana (the client is National Water Company "NWC". The concession contract includes 2 performance obligations: (i) construction works in connection with the rehabilitation of the water-treatment plant in Hadda & Arana and (ii) operate and maintain the water-treatment plant. Billings are fixed in nature based on a capacity of 500,000 M^3/day. Revenue is recognized over time upon providing the service. Transaction price for operations service is linked to the output of the plant, and revenue is recognized for the amount for which the Group has delivered the service.
- **Operations and maintenance revenue** mainly relates to income generated from the provision of manpower services, chemicals, spare parts, civil maintenance and other services required to operate and maintain the plant (Hadda & Arana contract with a total water capacity of 500,000 M^3/day) in addition to other O&M services which includes receiving and treating the average daily effluent of 200,000 M^3/day in the Manfouha plant. Revenue from providing operation and maintenance services is recognized over a period of time as the related services are performed. Revenue for operation and maintenance services is linked to the output of the plant and revenue is recognized for the amount for which the Group has delivered the services.
- **Construction revenue** pertains to the construction of water treatment facilities through service concession contracts (mainly in Dammam Industrial City, Jeddah Industrial City and Hadda & Arana). Revenue from construction and rehabilitation services are recognized based on the actual service provided to the customer as a proportion of the total services to be provided. It is worth noting that additions made to intangible assets arising from service concession arrangements (specifically contracts involving demand-related risks) are recorded as construction revenue and construction cost for the same amount as per the interpretation of International Financial Reporting Interpretations Committee (IFRIC) 12. On this basis, the construction works do not generate any profits for the company if the project involves demand-related risks (as with concession contracts in the industrial city of Dammam and Jeddah), where the revenues earned from construction services are recognized as an intangible asset under the interpretation of International Financial Reporting Interpretations Committee (IFRIC) 12, and thus its costs are recorded against trade payables (please refer to section 6.4 "**Basis of preparation and summary of significant accounting policies**" of this prospectus).
- **Connection revenue** includes the water network connections made to the new tenants of DIC. It is worth noting that revenue from connection service is recognized over time. The amount received for connection services is recognized as revenue over the remaining service concession period. The unamortized balance of such revenue is classified as deferred revenue under non-current liabilities.
- **Management revenue** which mainly relates to SLA services (IT and Finance) provided to associates. Revenue is recognized over time by using the percentage of completion method. In the case of unprofitable contracts, provision is made for foreseeable losses in full.

Revenue increased by 12.1% from SAR 228.2 million in 2020G to SAR 255.9 million in 2021G mainly due to the increase in water and wastewater services by SAR 19.8 million driven by the increase in tariffs in DIC. During 2021G, the tariffs were subject to contractual change (every 5 years). As a result, (i) water services increased from SAR 4.8/M^3 to SAR 5.2/M^3, (ii) water recycling from SAR 3.9/M^3 to SAR 4.0/M^3 and (iii) wastewater services from SAR 4.5/M^3 to SAR 5.0/M^3 during the same period.

Revenue further increased by 7.9% from SAR 255.9 million in 2021G to SAR 276.0 million in 2022G attributable to the increase in water and wastewater services by SAR 10.9 million driven by the increase in overall water volumes sold by 8.7% from 36.6 million M^3 in 2021G to 39.2 million M^3 in 2022G following the new tenants/factories that connected to the Group's plants in DIC. Additionally, operation and maintenance revenue increased by SAR 8.1 million in 2022G due to the commencement of the Manfouha project in September 2021G.

Revenue increased by 8.5% from SAR 208.2 million in the nine-month period ended 30 September 2022G to SAR 225.6 million in the nine-month period ended 30 September 2023G primarily due to the establishment of a new subsidiary (ARAHA) which was awarded the new Hadda & Arana Concession agreement (SAR 22.4 million). This was partly offset by the decrease in revenue generated from the Hadda & Arana O&M contract which ended during April 2023G by SAR 12.3 million as the contract was re-awarded as a service concession arrangement upon the expiry of the O&M contract. (Refer to Section 12.4.1 "**Concession Agreements**").

Cost of revenue

Cost of revenue mainly consisted of salaries and employee costs, amortization of intangibles arising from services concession arrangements, royalties paid to Modon as stipulated in the contract, electricity costs, subcontractor costs and others.

Cost of revenue increased by 6.1% from SAR 171.1 million in 2020G to SAR 181.5 million in 2021G mainly due to the increase in construction costs from SAR 15.8 million to SAR 23.5 million during the same period, in line with the increase in construction revenue, coupled with the increase in royalty fees paid to Modon by SAR 3.5 million in line with the increase in water and wastewater services rendered and hence revenue during the same period (royalties amount to 20% of wastewater services revenue generated from Modon contracts).

Cost of revenue further increased by 4.2% from SAR 181.5 million in 2021G to SAR 189.2 million in 2022G following the ramp up in the operations of the new O&M project (Manfouha) and driven by the increase in (i) salaries and employee related costs by SAR 5.5 million in line with the increase in number of employees from 273 to 297 during the same period, (ii) subcontract costs by SAR 3.2 million due to the increase in reliance on outsourced O&M labour during the same period. This was partly offset by the decrease in electricity costs by SAR 2.9 million following the process optimization efficiencies impact.

Cost of revenue decreased by 0.6% from SAR 146.9 million in the nine-month period ended 30 September 2022G to SAR 146.0 million in the nine-month period ended 30 September 2023G driven by the decrease in subcontract costs by SAR 4.7 million and chemicals by SAR 1.5 million, due to the phase-out of Hadda & Arana Project in the nine-month period ended 30 September 2023G. This was coupled with the decrease in maintenance services, spare parts, and consumables and other costs by SAR 3.0 million which include the reversal of handover provision (Hadda Project). The Group accrued for handover provision since 2020G, as it is required to perform some rehabilitation works and incur asset replacement cost to the Hadda & Arana plant before handing it over to the next bidder, however the provision was reversed during the nine-month period ended 30 September 2023G as the Group was in negotiation phase for the concession agreement which was awarded in the same year through ARAHA.

This was offset by the increase in (i) salaries and employee related costs by SAR 4.7 million in line with the increase in headcount from 291 in the nine-month period ended 30 September 2022G to 354 in the nine-month period ended 30 September 2023G, (ii) amortization of intangibles (concessions) by SAR 1.8 million driven by intangible asset additions related to pump meters and gearboxes, (iii) construction costs by SAR 1.2 million and (iv) professional fees by SAR 966 thousand.

Gross profit

Gross profit increased by 30.2% from SAR 57.1 million in 2020G to SAR 74.4 million in 2021G (GM% increased from 25.0% in 2020G to 29.1% in 2021G) following the increase in water and wastewater services revenue by SAR 19.8 million due to the revision of tariffs in DIC during 2021G, coupled with cost savings realised from the decrease in (i) electricity costs as a result of operational efficiencies, (ii) salaries and related costs driven by the restructuring of employees as the human resources were consolidated amongst the Group (previously the employees of each subsidiary were operating independently), (iii) insurance and depreciation costs.

Gross profit further increased by 16.8% from SAR 74.4 million in 2021G to SAR 86.9 million in 2022G (GM% increased from 29.1% in 2021G to 31.5% in 2022G) as a result of the increase in revenue by 7.9% from SAR 255.9 million in 2021G to SAR 276.0 million in 2022G in line with the increase in demand for water services in DIC following new tenants/factories that connected to the Group's plants in 2022G.This was coupled with the decrease in (i) amortization of intangibles arising from service concessions by SAR 1.9 million driven by assets that were fully amortized in 2022G and (ii) electricity costs due to operational efficiencies impact in Dammam Industrial City.

Gross profit increased by 30.2% from SAR 61.1 million in the nine-month period ended 30 September 2022G to SAR 79.6 million in the nine-month period ended 30 September 2023G (GM% increased from 29.4% in the nine-month period ended 30 September 2022G to 35.3% in the nine-month period ended 30 September 2023G) given the increase in revenue by 8.5% driven by the new concession agreement with Hadda & Arana (ARAHA) which generated SAR 22.4 million in revenue (out of which SAR 6.6 million relate to reimbursement of pre-development costs); in addition to the drop in subcontract costs in line with the phase out of the Hadda & Arana project (before it was re-awarded as a concession agreement through ARAHA). This was coupled with the reversal of handover and other maintenance provision by SAR 4.5 million in connection with the Hadda & Arana O&M project as the Group was in negotiation phase for the concession agreement which was awarded in the same year through ARAHA.

Other income

Other income comprised mainly interest income and gain on disposal of fixed assets, amongst others.

Other income decreased by 85.3% from SAR 1.0 million in 2020G to SAR 152 thousand in 2021G driven by the decrease in interest income by SAR 555 thousand following the maturity of the margin deposit during the same period (margin deposit accounts decreased from SAR 3.9 million as at 31December 2020G to nil as at 31 December 2021G).

Other income increased by 984.2% from SAR 152 thousand in 2021G to SAR 1.6 million in 2022G due to finance income generated from the short-term bank deposits.

Other income increased by 336.8% from SAR 691 thousand in the nine-month period ended 30 September 2022G to SAR 3.0 million in the nine-month period ended 30 September 2023G driven by the increase in finance income following the collections made from GACA (based on the settlement agreement) whereby they were partially placed as deposits in local banks.

General and administrative expenses

General and administrative expenses consisted of business development costs, salaries and employee related costs, professional fees (audit, tax, legal, and consultancy costs), amongst others.

General and administrative expenses increased by 10.0% from SAR 27.6 million in 2020G to SAR 30.4 million in 2021G mainly due to the increase in business development costs which include salaries, modelling and advisory costs incurred to acquire the 2 projects (Hadda & Arana Concession and Ras Tanura which were subsequently awarded), coupled with the increase in professional fees by SAR 941 thousand due to the increase in bid advisory costs during the same year. This was partly offset by the decline in IT costs and other utilities by SAR 1.1 million as a result of reclassification of IT costs from cost of revenue to General and administrative expenses (SAR 1.0 million) in 2020G. General and administrative expenses as a % of revenue decreased from 12.1% in 2020G to 11.9% in 2021G.

General and administrative expenses decreased by 0.7% from SAR 30.4 million in 2021G to SAR 30.2 million in 2022G primarily driven by the decrease in business development expenses by SAR 1.2 million following the decrease in bids' participation. This was partly offset by the increase in professional fees by SAR 802 thousand in relation to legal advisor costs in connection to the trade receivables' settlement agreement with GACA. General and administrative expenses as a % of revenue decreased from 11.9% in 2021G to 10.9% in 2022G.

General and administrative expenses increased by 42.0% from SAR 19.3 million in the nine-month period ended 30 September 2022G to SAR 27.5 million in the nine-month period ended 30 September 2023G mainly due to the increase in business development expenses by SAR 6.4 million due to pre-development costs related to Hadda & Arana concession in the nine-month period ended 30 September 2023G. As a result, general and administrative expenses as a % of revenue increased from 10.2% in the nine-month period ended 30 September 2022G to 12.2% in the nine-month period ended 30 September 2023G.

Impairment loss on trade receivables

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and can be measured reliably. Impairment loss on trade receivables include the provision expense booked based on excepted credit loss calculations as per the requirements of IFRS 9.

Impairment loss on trade receivables increased from SAR 167 thousand in 2020G to SAR 10.8 million in 2021G due to the partial provisioning of balance due from GACA (KKIA project) regarding the disputed receivable balance amounting to SAR 40.0 million related to the construction of the water treatment facility which was completed in 2017G. The Group began billing GACA in 2017G based on the offtake capacity of the new water treatment station (25,000 M^3/day) as per the agreement between both parties. We note that the station was not operational until 2019G due to the delay in the commercial operation date (COD) by the off taker. As such, the Group booked an additional SAR 11.5 million provision in 2021G based on the settlement agreement between both parties. It is worth noting that the receivable balance was collected during the nine-month period ended 30 September 2023G.

During 2022G, impairment loss on trade receivable increased to a gain of SAR 244 thousand due to the recoverability of some balances that were previously provided for.

Impairment loss on trade receivables increased from nil in the nine-month period ended 30 September 2022G to SAR 319 thousand in the nine-month period ended 30 September 2023G as the Group began carrying out the ECL assessment on a quarterly basis during the nine-month period ended 30 September 2023G compared the previous years where it was carried out towards year-end.

Modification of concession contract receivables

Modification of concession contract receivables amounted to SAR 2.0 million in 2022G and solely related to the GACA contract which witnessed a modification whereby the operation and maintenance services period was reduced by 2 years (from 30 years to 28 years) due to the delay in the commercial operation date of the KKIA project by the off taker. The contract was modified to 28 years, hence the loss arising from the modification amounted to SAR 2.0 million in 2022G.

Finance costs

Finance costs mainly comprised interest on loans and borrowings (Murabaha loans), bank charges and interest on lease liabilities. Finance costs decreased by 12.3% from SAR 24.6 million in 2020G to SAR 21.6 million in 2021G mainly driven by the decrease in interest on loans and borrowings following the settlement of the (i) equity bridge loan which sole purpose was to finance the construction of the Water Treatment Facility in KKIA airport and (ii) SIDF loan during the same year.

Finance costs increased by 46.6% from SAR 16.7 million in the nine-month period ended 30 September 2022G to SAR 24.5 million in the nine-month period ended 30 September 2023G due to the increase in interest on the term loans related to the KKIA project by SAR 4.6 million as a result of the expiration of the hedging contract in February 2023G and in line with the increase in SAIBOR rates during the same period. This was coupled with the increase in bank charges related to the new equity bridge loan in connection with Araha Environmental Sciences.

Finance income

Finance income solely relates to interest income recognized from concession contract receivables as the consideration of the construction activities (Water treatment facility in KKIA and Hadda & Arana) will be received within the concession contract term (28 years for the WTS in KKIA and 10 years for the WTS in Hadda & Arana). As such the concession contract receivable is subject to a 5.0% interest rate. Finance income remained relatively stable at SAR 15.5 million between the 2020G-2021G period.

Finance income decreased by 2.7% from SAR 15.5 million in 2021G to SAR 15.0 million in 2022G in line with the decrease in contract receivable balance from SAR 292.1 million at 31 December 2021G to SAR 284.7 million at 31 December 2022G.

Finance income increased by 3.9% from SAR 11.4 million in the nine-month period ended 30 September 2022G to SAR 11.8 million in the nine-month period ended 30 September 2023G due to the finance income recognized from the new concession contract of Araha (Hadda and Arana service concession contract) for an amount of SAR 529 thousand in the nine-month period ended 30 September 2023G.

Share of profit of investment in associate

Share of profit of investment in associate amounted to SAR 72 thousand in 2020G and related to the investment in Jeddah Water Services Limited (liquidated on 4 August 2020G).

Share of profit of investment in associate increased by 3,393.1% from SAR 72 thousand in 2020G to SAR 2.5 million in 2021G due to the participation by contributing capital in International Water Partners Company (40% ownership) for a amount of SAR 200 thousand during 2021G. Share of profit of investment in associate increased by 115.1% from SAR 2.5 million in 2021G to SAR 5.4 million in 2022G in line with the participation in contributing capital to International Water Partners Company 2 for an amount of SAR 175 thousand during 2022G (35% ownership).

Share of profits increased by 47.8% from SAR 4.1 million in the nine-month period ended 30 September 2022G to SAR 6.0 million in the nine-month period ended 30 September 2023G due to profits arising from International Water Partners and International Water Partners 2.

EBITDA

EBITDA reflects the profits before interest, tax, depreciation, and amortization. EBITDA increased by 6.8% from SAR 88.4 million in 2020G to SAR 94.4 million in 2021G and further by 25.4% to SAR 118.5 million in 2022G. Additionally, EBITDA increased by 22.4% from SAR 85.6 million in the nine-month period ended 30 September 2022G to SAR 104.8 million in the nine-month period ended 30 September 2023G due to:

- Commencement of the operations related to the KKIA project in 2020G.
- Increase in the EBITDA related to the Dammam and Jeddah Industrial City projects due to increase in tariffs and volumes consumed in 2021G.
- Share of profit in associate amounted to 40% in International Water Partners and 35% in International Water Partners 2.

Zakat expense

Zakat expense increased by 10.9% from SAR 4.0 million in 2020G to SAR 4.4 million in 2021G and further by 21.0% to SAR 5.3 million in 2022G in line with the increase in the Group's profit across the 2020G-2022G period. Zakat expense remained relatively stable at SAR 4.1 million between the nine-month period ended 30 September 2022G-202G3 period. As of 31 December 2022G, the Group entities have filed zakat declarations with ZATCA for all years up to 2022G.

For Miahona Company Limited, ZATCA raised an assessment pertaining to Zakat declaration of 2017G which is still not finalized by ZATCA. Zakat declaration for 2018G-2022G is yet to be assessed by ZATCA.

For ICDOC and JECO, ZATCA raised an assessment pertaining to Zakat declaration of 2017G and 2018G which is still not finalized by ZATCA. Zakat declaration for 2019G-2022G is yet to be assessed by ZATCA.

For RWPC, Zakat declaration for the year 2020G-2022G is yet to be assessed by ZATCA.

Profit for the year / period

Net profit increased by 45.5% from SAR 17.4 million in 2020G to SAR 25.3 million in 2021G (net profit margin increased from 7.6% in 2020G to 9.9% in 2021G) as a result of the increase in gross profit by 30.2% from SAR 57.1 million to SAR 74.4 million due to an increase in revenues by 12.1% from SAR 228.2 million 2020G to SAR 255.9 million in 2021G.This was coupled with the decrease in (i) electricity fees as a result of operational efficiencies, (ii) salaries and related costs following the restructuring that took place in 2021G to consolidate the human resources in the different subsidiaries as the departments under each subsidiary operated independently prior to 2021G, (iii) insurance costs and (iv) and depreciation costs. This was also coupled with the share in the profit from investment in an associate amounting to SAR 2.4 million in 2021G. This was offset by an increase in impairment losses on trade receivables amounting to SAR 10.6 million in 2021G.

Net profit increased by 97.8% from SAR 25.3 million in 2021G to SAR 50.1 million in 2022G (net profit margin increased from 9.9% in 2021G to 18.2% in 2022G) as a result of an increase in gross profit by 7.9% from SAR 74.4 million in 2021G to SAR 86.9 million in 2022G due to an increase in revenue by 16.8% from SAR 255.9 million in 2021G to SAR 276.0 million in 2022G in line with the increase in demand for water services in DIC following new tenants/factories that connected to the Group's plants in 2022G. This was also coupled with the share in the profit from investment in associates amounting to SAR 2.9 million in 2022G. This was partially offset by the modification of concession contract receivable of SAR 2.0 million in 2022G.

Net profit increased by 25.2% from SAR 35.1 million in the nine-month period ended 30 September 2022G to SAR 44.0 million in the nine-month period ended 30 September 2023G (Net profit margin increased from 16.9% in the nine-month period ended 30 September 2022G to 19.5% in the nine-month period ended 30 September 2023G) as a result of an increase in gross profit by 30.2% from SAR 61.1 million to SAR 79.6 million due to an increase in revenue by 8.5% from SAR 208.2 million in the nine-month period ended on 30 September 2022G to SAR 225.6 million in the nine-month period ended 30 September 2023G driven by the revenue generated from the new concession agreement with Hadda & Arana (ARAHA) which amounted to SAR 22.4 million. This was coupled with the drop in subcontract costs in line with the phase out of the Hadda & Arana project (before it was re-awarded as a concession agreement through ARAHA) and the reversal of handover and other maintenance provision by SAR 4.5 million in connection with the Hadda & Arana O&M project. This was partially offset by an increase in general and administrative expenses by SAR 8.1 million, and financing costs by SAR 7.8 million.

6.7.1.1 Revenue by material subsidiaries

The following table summarizes the revenue by material subsidiaries for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.11): Revenue by material subsidiary

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Management Information)	30 September 2023G (Management Information)	Var Q3'22G-Q3'23G
Industrial Cities Development and Operating Company	174,734	202,906	214,033	16.1%	5.5%	10.7%	159,898	161,987	1.3%
Al Jazzirah Environment Company	24,847	27,958	34,768	12.5%	24.4%	18.3%	27,676	15,065	(45.6%)
Riyadh Water Production Company	28,653	23,750	23,846	(17.1%)	0.4%	(8.7%)	17,749	20,554	14.9%
Miahona Company Limited	-	1,284	3,376	na	126.9%	na	2,702	5,623	119.0%
Araha Environmental Sciences Company	-	-	-	na	na	na	-	22,388	na
Total	**228,234**	**255,898**	**276,023**	**12.1%**	**7.9%**	**10.0%**	**208,025**	**225,617**	**8.5%**

Source: Management information.

Table (6.12): As a % of total revenue

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Management Information)	30 September 2023G (Management Information)	Var Q3'22G-Q3'23G
	As a percentage of total revenue			Percentage points			As a percentage of total revenue		Percentage points
Industrial Cities Development and Operating Company	76.6%	79.3%	77.5%	2.7	(1.8)	1.0	76.9%	71.8%	(5.1)
Al Jazzirah Environment Company	10.1%	10.2%	11.9%	0.1	1.7	1.8	13.3%	6.7%	(6.6)
Riyadh Water Production Company	13.4%	10.0%	9.3%	(3.4)	(0.7)	(4.1)	8.6%	9.1%	0.5
Miahona Company Limited	0.0%	0.5%	1.2%	0.5	0.7	1.2	1.2%	2.5%	1.3
Araha Environmental Sciences Company	0.0%	0.0%	0.0%	-	-	-	0.0%	9.9%	9.9
Total	**100.0%**	**100.0%**	**100.0%**	**-**	**-**	**-**	**100.0%**	**100.0%**	**-**

Source: Management information.

Industrial Cities Development and Operations Company

Industrial Cities Development and Operations Company "ICDOC" recognizes revenue in accordance with IFRS 15 Revenue from Contracts with Customers. The amount of consideration to which ICDOC is entitled to by providing the services to the public is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement the Grantor is not obliged to make any payment to the Company and the Company earns revenue by providing services to the Public and charging them for the same. Accordingly, the revenue earned from construction services is recognized as an intangible asset under IFRIC 12.

Industrial Cities Development and Operations Company "ICDOC" revenue is mainly generated through a rehabilitation contract related to a sewage treatment plant in (i) Dammam Industrial City 1, 2 and Al Ahsa, and (ii) Jeddah Industrial City, in addition to the O&M contract related to Dammam Industrial City 3. The concession agreement requires ICDOC to rehabilitate, operate and manage water and sanitation industrial facilities in the Damam and Jeddah Industrial Cities which are owned by MODON (The Saudi Authority for Industrial Cities and Technology Zones).

ICDOC's revenue is mainly generated through billings made to tenants of the industrial cities through the consumption of water, wastewater and recycled water. In addition, construction revenue is recognized based on the spare parts replacement and civil works done to operate the water facilities in Dammam Industrial City and Jeddah Industrial City.

ICDOC revenue increased by 16.1% from SAR 174.7 million in 2020G to SAR 202.9 million in 2021G mainly driven by the increase in tariffs in DIC as the tariffs are subject to a contractual change in DIC every 5 years namely (i) water services from SAR 4.8/M^3 to SAR 5.2/M^3, (ii) water recycling from SAR 3.9/M^3 to SAR 4.0/M^3 and (iii) wastewater services from SAR 4.5/M^3 to SAR 5.0/M^3 during the same period.

ICDOC revenue further increased by 5.5% from SAR 202.9 million in 2021G to SAR 214.0 million in 2022G in line with the increase in water consumed from 36.6 million M^3 in 2021G to 39.2 million M^3 in 2022G following the new tenants/factories that connected to the Group's plants in Dammam Industrial City during the same period.

ICDOC revenue increased by 1.3% from SAR 159.9 million in the nine-month period ended 30 September 2022G to SAR 162.0 million in the nine-month period ended 30 September 2023G due to the exceptional revenue generated from the processing of sewage after the Hajj season in JIC through the contract with the Islamic Development Bank (SAR 3.2 million).

Jazzirah Environment Company "JECO"

Jazzirah Environment Company "JECO" revenue is mainly generated from 2 O&M projects:

- Hadda & Arana Sewage Treatment Plant project (total contract value of SAR 78.3 million) which spans over a period of 3 years whereby JECO will provide manpower services, chemicals, spare parts, civil maintenance and other services required to operate and maintain the plant (the project was completed in April 2023G) (for more information, please refer to section 12.4.1 "Concession Agreements" of this prospectus); and
- Manfouha Project (total contract value of SAR 26.0 million) whereby JECO will provide O&M services to the Manfouha Sewage plant in Riyadh by receiving and treating an effluent of 200,000 M^3 per day. The contract commenced in 2021G for a total period of 3 years.

JECO revenue increased by 13.5% from SAR 23.0 million in 2020G to SAR 26.1 million in 2021G mainly due to the commencement of the Manfouha Project (revenue from Manfouha project amounted to SAR 2.5 million in 2021G) during September 2021G in addition to the increase in revenue related to Hadda & Arana project by SAR 627 thousand during the same period. Revenue further increased by 26.1% from SAR 26.1 million in 2021G to SAR 32.9 million in 2022G due to the ramp up of the O&M operations of the Manfouha project whereby its revenue increased from SAR 2.5 million in 2021G to SAR 9.3 million in 2022G.

JECO revenue decreased by 45.6% from SAR 27.7 million in the nine-month period ended 30 September 2022G to SAR 15.1 million in the nine-month period ended 30 September 2023G driven by the decrease in revenue generated from Hadda & Arana by SAR 12.3 million due to the phase out of the project (as an O&M project) as the project ended on 30 April 2023G. It is worth noting that the Hadda & Arana project has become a concession agreement post this date under the ARAHA subsidiary.

Riyadh Water Production Company "RWPC"

Riyadh Water Production Company "RWPC" recognizes revenue in accordance with IFRS15 Revenue from Contracts with Customers. Revenue-the amount of consideration to which RWPC expects to be entitled from the Grantor for the services provided- is recognized when (or as) the performance obligations are satisfied. Under the terms of the arrangement RWPC is obliged to Build-Operate-Transfer a Water treatment Station (WTS") for 28 years (previously 30 years) and to Rehabilitate-Operate-Transfer the existing WTS during the construction period.

The total expected consideration receivable over 28 years (previously 30 years) is allocated to the performance obligations based on the relative standalone selling prices of the construction services and operation and maintenance services, taking in to account the significant financing component as follows:

1- For construction service, RWPC estimates the relative stand-alone selling price by reference to the forecast cost plus 5 percent. The construction services have been completed in 2019G.
2- For operation and maintenance services, RWPC estimates the relative stand-alone selling price by reference to the forecast cost plus 7.7 per cent.
3- The implied interest rate, of 5.2% is assumed to be the rate that would be reflected in a financing transaction between RWPC and the Grantor.

Revenue is recognized over time.

RWPC revenue decreased by 16.1% from SAR 30.5 million in 2020G to SAR 25.6 million in 2021G mainly due to the absence of construction revenue in 2021G which amounted to SAR 5.3 million in 2020G and related to the construction of the new water facility in the KKIA airport. RWPC revenue remained relatively stable at SAR 25.6 million between 2021G and 2022G and related to water and wastewater services revenue.

RWPC revenue increased by 14.9% from SAR 17.9 million in the nine-month period ended 30 September 2022G to SAR 20.6 million in the nine-month period ended 30 September 2023G mainly due to the increase in water consumption tariffs which are subject to indexation and macro-economic factors which resulted in an increase in revenue amounting to SAR 2.7 million.

Miahona

Miahona revenue is mainly generated from service-level agreements (SLA), advisory and other revenue generated from related parties and others.

Miahona revenue increased by 162.9% from SAR 1.3 million in 2021G to SAR 3.4 million in 2022G due to the commencement of the new project with Marafiq (SAR 1.3 million) during 2022G coupled with the increase in advisory services by SAR 1.0 million made to Vision International Invest Company (a related party) in connection with development services. This was partly offset by a decrease in revenue generated from International Water Partners by SAR 214 thousand.

Miahona revenue increased by 119.0% from SAR 2.6 million in the nine-month period ended 30 September 2022G to SAR 5.6 million in the nine-month period ended 30 September 2023G mainly due to the ramp up of revenue generated from the Spark contract which commenced during the nine-month period ended 30 September 2023G (SAR 2.5 million).

ARAHA

ARAHA is a newly established entity. Revenue from ARAHA mainly related to a the newly awarded concession contract with Hadda & Arana (the client is National Water Company "NWC" which commenced in May 2023G for a period of 10 years whereby revenue amounted to SAR 22.4 million in the nine-month period ended 30 September 2023G. The concession contract includes 2 performance obligations (i) construction works in connection to the rehabilitation of the **water-treatment plant in Hadda & Arana and (ii) operate and maintain the water-treatment plant. Billings are fixed in nature based on a capacity of 500,000 M^3/day**.

6.7.1.2 Revenue from contracts with customers

The following table summarizes the revenue from contracts with customers for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.13): Revenue from contracts with customers

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Water and wastewater services (1)	184,495	204,258	189,525	10.7%	(7.2%)	1.4%	160,049	175,811	9.8%
Construction revenue	20,728	23,548	23,642	13.6%	0.4%	6.8%	17,732	29,118	64.2%
Management revenue (2)	-	1,284	3,376	na	162.9%	na	1,645	1,931	17.4%
Connection revenue	-	686	866	na	26.2%	na	-	-	na
Operation and maintenance revenue (3)	23,011	26,122	58,614	13.5%	124.4%	59.6%	28,600	18,757	(34.4%)
Total	**228,234**	**255,898**	**276,023**	**12.1%**	**7.9%**	**10.0%**	**208,025**	**225,617**	**8.5%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Table (6.14): As a % of total revenue

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
As a percentage of total revenue				**Percentage points**			**As a percentage of total revenue**		**Percentage points**
Water and wastewater services	80.8%	79.8%	68.7%	(1.0)	(11.2)	(12.2)	76.9%	77.9%	0.1
Construction revenue	9.1%	9.2%	8.6%	0.1	(0.6)	(0.5)	8.5%	12.9%	4.4
Management revenue	0.0%	0.5%	1.2%	0.5	0.7	1.2	0.8%	0.9%	0.1
Connection revenue	0.0%	0.3%	0.3%	0.3	0.0	0.3	0.0%	0.0%	-
Operation and maintenance revenue	10.1%	10.2%	21.2%	0.1	11.0	11.2	13.7%	8.3%	(5.4)
Total	**100%**	**100%**	**100%**	**-**	**-**	**-**	**100%**	**100%**	**-**

Source: Management Information.

Table (6.15): Water and wastewater services revenue by type KPIs

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Management Information)	30 September 2023G (Management Information)	Var Q3'22G-Q3'23G
Volumes M³ (000)									
Water services	11,629	12,203	12,793	4.9%	4.8%	4.9%	9,578	9,821	2.5%
Water recycling	6,144	6,350	7,372	3.4%	16.1%	9.5%	5,521	5,605	1.5%
Wastewater treatment	17,532	18,090	19,044	3.2%	5.3%	4,2%	14,225	14,014	(1.5%)
Total	**35,305**	**36,644**	**39,209**	**3.8%**	**7.0%**	**5.4%**	**29,324**	**29,441**	**0.4%**
ASP per M³ (SAR)									
Water services	4.8	5.2	5.3	8.7%	1.8%	5.2%	5.3	5.3	0.1%
Water recycling	3.9	4.0	4,0	3,4%	0.3%	1.8%	4.0	4.0	(0.3%)
Wastewater treatment	4.5	5.0	4.8	10.9%	(2.5%)	4.0%	4.8	5.2	8.4%
Total	**4.5**	**4.9**	**4.8**	**9.1%**	**(0.9%)**	**4.0%**	**4.8**	**5.0**	**4.0%**

Source: Management information.

1- Water and wastewater services revenue and construction revenue include revenue from connection services amounting to SAR 650 thousand and SAR 754 thousand in 2020G respectively which is reclassified from "Connection revenue". Connection revenue amounted to SAR 640 thousand and SAR 706 thousand in the nine-month period ended 30 September 2022G and the nine-month period ended 30 September 2023G respectively which is classified in water and wastewater services.

2- Management revenue primarily relates to income generated from SLA services provided by the Group to the 2 associates: International Water Partners and International Water Partners 2. However, in 2022G management revenue includes a reclassification amounting to SAR 1.3 million related to the O&M project with Marafiq. Revenue from the Marafiq project is recorded under operations and maintenance revenue in the nine-month period ended 30 September 2022G and the nine-month period ended 30 September 2023G. It is worth noting that the project commenced in 2022G, hence no revenue form the Marafiq project was recorded in 2020G and 2021G.

3- Operation and maintenance revenue in 2022G includes revenue from the KKIA project (RWPC) amounting to SAR 25.7 million which was previously recorded in water and wastewater services in 2020G and 2021G (amounting to SAR 20.5 million and SAR 25.6 million respectively). It is worth noting that in the nine-month period ended 30 September 2022G and the nine-month period ended 30 September 2023G revenue from the KKIA project is recorded under water and wastewater services.

Water and wastewater services

Water and wastewater services primarily includes revenue from water services, wastewater treatment and water recycling through 3 service concession contracts and 1 O&M contract (DIC III) in Dammam Industrial City, Jeddah Industrial City, and King Khalid International Airport (GACA).

Water and wastewater services revenue increased by 10.7% from SAR 184.5 million in 2020G to SAR 204.3 million in 2021G in line with the increase in tariffs which are subject to a contractual change every 5 years in DIC (i) water services from SAR 4.8/M³ to SAR 5.2/M³, (ii) water recycling from SAR 3.9/M³ to SAR 4.0/M³ and (iii) wastewater services from SAR 4.5/M³ to SAR 5.0/M³ during the same period.

Water and wastewater services revenue decreased by 7.2% from SAR 204.3 million in 2021G to SAR 189.5 million in 2022G due to the reclassification of revenue generated from the KKIA concessions amounting to SAR 25.7 million to operations and maintenance revenue in 2022G. Excluding the reclassification effect, water and wastewater services revenue increased by SAR 10.9 million in 2022G in line with the overall increase in volumes from 36.6 million M³ to 39.2 million M³ following the new tenants/factories that connected to the Group's plants in Dammam Industrial City during the same period.

Revenue from water and wastewater services increased by 9.8% from SAR 160.0 million in the nine-month period ended 30 September 2022G to SAR 175.8 million in the nine-month period ended 30 September 2023G mainly stemming from the revenue generated from the new concession contract in Hadda & Arana (SAR 6.7 million) that commenced in May 2023G.This was coupled with (i) exceptional revenue generated from the processing of sewage after the Hajj season in JIC through the contract with the Islamic Development bank (SAR 3.2 million) and (ii) increase in revenue from fixed capacity in connection with the KKIA project by SAR 2.7 million and water services amounting to SAR 1.3 million in line with the increase in volumes consumed.

Construction revenue

Construction revenue increased by 13.6% from SAR 20.7 million in 2020G to SAR 23.5 million in 2021G in line with the increase in revenue generated in DIC from SAR 15.5 million in 2020G to SAR 23.5 million in 2021G in line with additional civil works and spare part installations made during the same period as per the technical assessment of the assets' life cycle in the water treatment plant. This was offset by the decrease in construction revenue relating to KKIA's WTS by SAR 5.3 million as the project was executed during 2020G.

Construction revenue remained relatively stable at SAR 23.6 million between 2021G and 2022G.

Construction revenue increased by 64.2% from SAR 17.7 million in the nine-month period ended 30 September 2022G to SAR 29.1 million in the nine-month period ended 30 September 2023G mainly due to the commencement of a new construction project in connection to the newly established subsidiary (ARAHA) that commenced in May 2023G for a period of 10 years relate to the construction/rehabilitation of a water treatment facility in Hadda & Arana amounting to SAR 15.7 million.

Management revenue

Management revenue is mainly generated from service-level agreements (SLA), advisory and other revenue generated from related parties (International Waters Partners 1 and 2).

Management revenue increased by 162.9% from SAR 1.3 million in 2021G to SAR 3.4 million in 2022G due to the reclassification of revenue related to the project with Marafiq amounting to SAR 1.3 million during 2022G coupled with the increase in advisory services by SAR 1.0 million made to Vision Invest International Company (a related party).

Management revenue increased by 17.4% from SAR 1.6 million in the nine-month period ended 30 September 2022G to SAR 1.9 million in the nine-month period ended 30 September 2023G mainly due to the increase in development revenue generated from Vision Invest International Company by SAR 695 thousand.

Connection revenue

Connection revenue pertain to water network connections made to new customers in DIC and JIC. During 2020G connection revenue amounted to SAR 1.4 million however it was reclassified to water and waste-water services (SAR 650 thousand) and operations and construction revenue (SAR 764 thousand).

Connection revenue increased by 26.1% from SAR 686 thousand in 2021G to SAR 866 thousand in 2022G mainly due to the increase in number of new tenants in DIC and JIC during the same period.

Operations and maintenance revenue

Operations and maintenance revenue "O&M" consisted of:

- Hadda & Arana Sewage Treatment Plant project (total contract value of SAR 78.3 million) which spans over a period of 3 years whereby the Group will provide manpower services, chemicals, spare parts, civil maintenance and other services required to operate and maintain the plant; and
- Manfouha Project (total contract value of SAR 26.0 million) whereby the Group will provide O&M services to the Manfouha Sewage plant in Riyadh by receiving and treating an effluent of 200,000 M^3 per day. The contract commenced in 2021G for a total period of 3 years.

Revenue from providing O&M services is recognized over a period of time as it is linked to the output of the plant and revenue is recognized for the amount for which the Group has delivered the services.

O&M revenue increased by 13.5% from SAR 23.0 million in 2020G to SAR 26.1 million in 2021G mainly due to the commencement of the Manfouha Project whereby revenue from the project increased by SAR 2.5 million during June of 2021G coupled with the increase in revenue from Hada and Arana project by SAR 627 thousand during the same period.

O&M revenue further increased by 124.4% from SAR 26.1 million in 2021G to SAR 58.6 million in 2022G mainly due to (i) the reclassification of the revenue from the KKIA project (SAR 25.7 million) from water and wastewater services to O&M revenue in 2022G. Excluding the reclassification effect, O&M revenue increased due to the increase in revenue generated from the Manfouha project from SAR 2.5 million to SAR 9.3 million due to the ramp up effect as the project commenced during September 2021G.

O&M revenue decreased by 34.4% from SAR 28.6 million in the nine-month period ended 30 September 2022G to SAR 18.8 million in the nine-month period ended 30 September 2023G due to the decrease in revenue generated from Hadda & Arana by SAR 12.3 million driven by the phase out of the project (as an O&M contract) as the project ended on 30 April 2023G. It is worth noting that the Hadda & Arana project has become a concession agreement post this date. This was partly offset by the revenue generated from project Spark which commenced during the nine-month period ended 30 September 2023G which generated revenue amounting to SAR 2.5 million during the same period.

6.7.1.3 Water and wastewater services revenue

The following table summarizes the water and wastewater services revenue by type for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.16): Water and wastewater services revenue by type

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Management Information)	30 September 2023G (Management Information)	Var Q3'22G-Q3'23G
Water services	55,712	63,565	67,855	14.1%	6.7%	10.4%	50,793	52,125	2.6%
Water services-fixed capacity	25,239	25,586	-	1.4%	(100.0%)	0.0%	17,882	27,287	52.6%
Total water services	**80,951**	**89,151**	**67,855**	**10.1%**	**(23.9%)**	**(8.4%)**	**68,675**	**79,411**	**15.6%**
Water recycling	23,674	25,288	29,437	6.8%	16.4%	11.5%	22,046	22,312	1.2%
Wastewater treatment	78,456	89,819	92,232	14.5%	2.7%	8.4%	68,688	73,382	6.8%
Other revenue	1,414	-	-	(100.0%)	0.0%	0.0%	640	706	10.3%
Total	**184,495**	**204,258**	**189,525**	**10.7%**	**(7.2%)**	**1.4%**	**160,049**	**175,811**	**9.8%**

Source: Management information.

Table (6.17): As a % of total water and wastewater revenue

%	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Management Information)	30 September 2023G (Management Information)	Var Q3'22G-Q3'23G
	As a percentage of total revenue			**Percentage points**			**Percentage points**		**Percentage points**
Water services	30.2%	31.1%	35.8%	0.9	4.7	5.6	31.7%	29.6%	(2.1)
Water services-fixed capacity	13.7%	12.5%	0.0%	(1.2)	(12.5)	(13.7)	11.2%	15.5%	4.3
Total water services	**43.9%**	**43.6%**	**35.8%**	**(0.2)**	**(7.8)**	**(8.1)**	**42.9%**	**45.2%**	**2.3**

%	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Management Information)	30 September 2023G (Management Information)	Var Q3'22G-Q3'23G
Water recycling	12.8%	12.4%	15.5%	(0.5)	3.2	2.7	13.8%	12.7%	(1.1)
Wastewater treatment	42.5%	44.0%	48.7%	1.4	4.7	6.1	42.9%	41.7%	(1.2)
Other revenue	0.8%	0.0%	0.0%	(0.8)	-	(0.8)	0.4%	0.4%	0.0
Total	**100.0%**	**100.0%**	**100.0%**	**-**	**-**	**-**	**100.0%**	**100.0%**	**-**

Source: Management information.

Table (6.18): Water and wastewater services revenue by type KPIs

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Management Information)	30 September 2023G (Management Information)	Var Q3'22G-Q3'23G
Volumes M^3 (000)									
Water services	11,629	12,203	12,793	4.9%	4.8%	4.9%	9,578	9,821	2.5%
Water recycling	6,144	6,350	7,372	3.4%	16.1%	9.5%	5,521	5,605	1.5%
Wastewater treatment	17,532	18,090	19,044	3.2%	5.3%	4,2%	14,225	14,014	(1.5%)
Total	**35,305**	**36,644**	**39,209**	**3.8%**	**7.0%**	**5.4%**	**29,324**	**29,441**	**0.4%**
ASP per M^3 SAR (000)									
Water services	4.8	5.2	5.3	8.7%	1.8%	5.2%	5.3	5.3	0.1%
Water recycling	3.9	4.0	4,0	3,4%	0.3%	1.8%	4.0	4.0	(0.3%)
Wastewater treatment	4.5	5.0	4.8	10.9%	(2.5%)	4.0%	4.8	5.2	8.4%
Total	**4.5**	**4.9**	**4.8**	**9.1%**	**(0.9%)**	**4.0%**	**4.8**	**5.0**	**4.0%**

Source: Management information.

Water services

Water services includes potable water from surface and ground sources and is treated within certain standards for consumption purposes. Revenue from water services increased by 10.1% from SAR 81.0 million in 2020G to SAR 89.2 million in 2021G in line with the increase in average selling price from SAR 4.8/M^3 to SAR 5.2/M^3 following the contractual change in tariffs that took place in 2021G (changes in tariffs occur every 5 years in DIC). Additionally, water services revenue includes revenue generated through fixed billings made to GACA based on a water capacity of 25,000 M^3 per day in addition to a variable component based on consumption of water and amounted to SAR 25.2 million in 2020G and SAR 25.5 million in 2021G.

Water services revenue decreased from SAR 89.2 million in 2021G to SAR 67.9 million in 2022G mainly due to the reclassification of water services – fixed capacity (SAR 25.6 million) to operations and maintenance revenue (KKIA project) during the same year. However, water services revenue increased from SAR 63.6 million in 2021G to SAR 67.9 million in 2022G driven by the increase in volumes sold from 12.2 million M^3 to 12.8 million M^3 during the same period, due to new tenants/factories that connected to the Group's plants, hence higher water consumption.

Water services revenue increased by 15.6% from SAR 68.7 million in the nine-month period ended 30 September 2022G to SAR 79.4 million in the nine-month period ended 30 September 2023G due to the commencement of the newly attained project in Hadda & Arana (concession agreement in ARAHA subsidiary) (SAR 6.7 million), coupled with the increase in revenue generated from the KKIA project by SAR 2.7 million due to the increase in the tariff which is subject to indexation and other macro-economic factors.

Water recycling

Water recycling reclaims water from various sources that is treated and then reused for industrial and other purposes. Water recycling revenue increased by 6.8% from SAR 23.7 million in 2020G to SAR 25.2 million in 2021G in line with the increase in average selling price from SAR 3.9/M^3 to SAR 4.0/M^3 given the price revision that took place in 2021G. This was coupled with the increase in volumes sold from 6.1 million M^3 to 6.4 million M^3 during the same period due to increased consumption namely in Jeddah Industrial City.

Water recycling revenue increased by 16.4% from SAR 25.2 million in 2021G to SAR 29.4 million in 2022G namely driven by the increase in quantities sold from 6.8 million M^3 to 7.4 million M^3 during the same period due to new tenants/factories that connected to the Group's plants in Dammam Industrial City, hence higher water consumption.

Water recycling revenue increased by 1.2% from SAR 22.0 million in the nine-month period ended 30 September 2022G to SAR 22.3 million in the nine-month period ended 30 September 2023G mainly driven by the increase in volumes sold from 5.5 million M^3/day to 5.6 million M^3/day during the same period.

Wastewater treatment

Wastewater treatment is a type of wastewater produced by a community of people which is transported through a sewage system. Wastewater treatment revenue increased by 14.5% from SAR 78.5 million in 2020G to SAR 89.8 million in 2021G mainly due to the increase in average selling price from SAR 4.5/M^3 to SAR 5.0/M^3 in 2021G given the price revision that took place in 2021G coupled with the increase in revenue generated from chemical discharge from DIC customers due to excess levels of sewage water generated from their factories (SAR 2.6 million).

Wastewater treatment revenue increased by 2.7% from SAR 89.8 million in 2021G to SAR 92.2 million in 2022G due to the increase in volumes sold from 18.1 million M^3 in 2021G to 19.0 million M^3 in 2022G.

Wastewater treatment revenue increased by 6.8% from SAR 68.7 million in the nine-month period ended 30 September 2022G to SAR 73.4 million in the nine-month period ended 30 September 2023G due to the exceptional revenue generated from the processing of sewage after the Hajj season in JIC through the contract with the Islamic Development bank for an amount of SAR 3.2 million.

Other revenue

Other revenue consisted of connection revenue amounting to SAR 1.4 million in 2020G and SAR 640 thousand in the nine-month period ended 30 September 2022G and SAR 706 thousand in the nine-month period ended 30 September 2023G which were reclassified from connection revenue during the mentioned periods.

6.7.1.4 Operation and maintenance revenue

The following table summarizes operation and maintenance revenue for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.19): Operation and maintenance revenue

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Management Information)	30 September 2023G (Management Information)	Var Q3'22G-Q3'23G
Hadda & Arana Project	24,841	25,469	25,440	2.5%	(0.1%)	1.2%	20,874	8,559	(59.0%)
Manfouha Project	-	2,482	9,321	na	275.5%	na	6,802	6,507	(4.3%)
Marafiq	-	-	-	na	na	na	923	1,159	25.5%
Spark project	-	-	-	na	na	na	-	2,533	na
KKIA project	-	-	25,683	na	na	na	-	-	na
Less: deferred revenue related to life-cycle activities (KKIA Project)	(1,830)	(1,830)	(1,830)	0.0%	0.0%	0.0%	-	-	na
Total	**23,011**	**26,121**	**58,614**	**13.5%**	**124.4%**	**59.6%**	**28,600**	**18,757**	**(34.4%)**

Source: Management information.

Table (6.20): As a % of total operations and maintenance revenue

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Management Information)	30 September 2023G (Management Information)	Var Q3'22G-Q3'23G
	As a percentage of gross revenue			Percentage points			As a percentage of gross revenue		Percentage points
Hadda & Arana Project	108.0%	97.5%	43.4%	(10.5)	(54.1)	(64.6)	73.0%	45.6%	(27.4)
Manfouha Project	0.0%	9.5%	15.9%	9.5	6.4	15.9	23.8%	34.7%	10.9
Marafiq	0.0%	0.0%	0.0%	-	-	-	3.2%	6.2%	3.0
Spark project	0.0%	0.0%	0.0%	-	-	-	0.0%	13.5%	13.5
KKIA project	0.0%	0.0%	43.8%	-	43.8	43.8	0.0%	0.0%	-
Less: deferred revenue related to life-cycle activities (KKIA Project)	(8.0%)	(7.0%)	(3.1%)	0.9	3.9	4.8	0.0%	0.0%	-
Total	**100%**	**100%**	**100%**	**-**	**-**	**-**	**100%**	**100%**	**-**

Source: Management information.

Operation and maintenance revenue mainly relate to the Al Jazzirah Environmental Services Company which include operations and maintenance revenue from service concession contracts in addition to operation and maintenance services provided to third parties. Operation and maintenance revenue from Al Jazzirah Environmental Services Company amounted to SAR 108.2 million in 2020G, SAR 113.9 million in 2021G, SAR 122.4 million in 2022G, and SAR 93.5 million in the nine-month period ending 30 September 2022G and SAR 91.5 million in the nine-month period ending 30 September 2023G.

Al Jazzirah Environmental Services Company's revenue include operations and maintenance revenue from service concession contracts which are eliminated on a consolidated level (it is worth noting that the tariffs include an operation and maintenance component that is charged to consumers). Operation and maintenance revenue from service concession contracts related to Al Jazzirah Environmental Services Company amounted to SAR 83.3 million in 2020G, SAR 86.0 million in 2021G, SAR 87.6 million in 2022G and SAR 65.8 million in the nine-month period ended 30 September 2022G and SAR 76.4 million in the nine-month period ended 30 September 2023G.

Accordingly, operation and maintenance revenue from third parties amounted to SAR 23.0 million in 2020G, SAR 26.1 million in 2021G, SAR 58.6 million in 2022G and SAR 28.6 million in the nine-month period ended 30 September 2022G and SAR 18.8 million in the nine-month period ended 30 September 2023G, as shown in the above table.

Hadda & Arana Project

The Group was engaged to provide manpower services, chemicals, spare parts, civil maintenance and other services required to operate and maintain the Hadda & Arana wastewater treatment plants. The total contract value amounted to SAR 78.3 million for a total period of 3 years (the project ended during December 2021 and based on the contractual relationship with National Water Company and as per their request, the contract was extended for an additional 3 months and further for an additional year which ended in April 2023G).

Revenue from the Hadda & Arana project increased by 2.5% from SAR 24.8 million in 2020G to SAR 25.5 million in 2021G due to revenue deductions arising from absences (contractor and civil maintenance personnel) that occurred in 2020G. Revenue remained stable at SAR 25.5 million between 2021G and 2022G.

Revenue from the Hadda & Arana project decreased by 59.0% from SAR 20.9 million in the nine-month period ended 30 September 2022G to SAR 8.6 million in the nine-month period ended 30 September 2023G due to the project phase out as it ended in April 2023G (which was then awarded as a concession contract under the Araha subsidiary).

Manfouha Project

During 2021G, the Group signed an operation and maintenance contract (36 months with a contract value of SAR 26.0 million) with Thabat Construction Company to operate and maintain the sewage treatment plant – Manfouha in Riyadh whereby the Group shall carry out preventive and corrective maintenance, in addition to operate the plant to treat the wastewater to produce treated sewage effluent (TSE) and dewatered sludge (the average daily effluent is 200,000 M^3 per day).

Revenue from the Manfouha project increased by 275.5% from SAR 2.5 million in 2021G to SAR 9.3 million in 2022G due to the ramp up of operations as the project commenced during the month of September 2021G.

Revenue from the Manfouha project decreased by 4.3% from SAR 6.8 million in the nine-month period ended 30 September 2022G to SAR 6.5 million in the nine-month period ended 30 September 2023G due to additional charges related to chemicals that were recorded in the nine-month period ended 30 September 2022G amounting to SAR 287 thousand.

Marafiq Project

During 2021G, the Group signed an operation and maintenance contract with the Power and Water Utility Company in Jubail and Yanbu (Marafiq) for a period of 3 years (the project was extended for 2 additional years) with monthly billings of SAR 633 thousand. The Group did not generate any revenue in 2021G as the plant was not ready for operation and in 2022G revenue amounting to SAR 1.3 million (representing 9 months) was classified under "Management revenue".

Revenue from the Marafiq project increased by 25.5% from SAR 923 thousand in the nine-month period ended 30 September 2022G to SAR 1.2 million in the nine-month period ended 30 September 2023G due to the ramp-up effect whereby the revenue in the nine-month period ended 30 September 2022G represents 6 months compared to a 9-month period in the nine-month period ended 30 September 2023G.

Spark project

Spark project includes revenue from the provision of operation and maintenance services to King Salman Energy Park for potable water network, sewage network, irrigation network, in addition to trucking and disposal of sewage to DIC III waste-water treatment plant. The project commenced during the nine-month period ended 30 September 2023G and revenue amounted to SAR 2.5 million in the same period.

King Khalid International Airport Project

Revenue from the King Khalid International Airport Project was reclassified to operations and management revenue during 2022G as mentioned in section 6.7.1.3 "Water and Wastewater Services Revenues" of this Prospectus.

Deferred revenue related to life-cycle activities (KKIA project)

Deferred revenue related to life-cycle activities (KKIA project) relate to periodic activities that should be performed by the Group (life-cycle activities) which are defined by the contract whose activities have not yet commenced as per the maintenance schedule (hence a performance liability), and they are deducted from total revenues. It is worth noting that the balance is reclassified from water and wastewater revenue during the nine-month periods ended 30 September 2022G and 2023G.

6.7.1.5 Cost of revenue

The following table summarizes the cost of revenue by type for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.21): Cost of revenue

SAR in 000s	2020G (Audited)	2021G (Au-dited)	2022G (Audited)	Var ‹20G-’21G	Var ‹21G-’22G	CAGR ‹20G-’22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3’22G-Q3’23G
Salaries and employee related costs	40,647	39,216	44,761	(3.5%)	14.1%	4.9%	37,616	42,347	12,6%
Amortization of intangibles arising from service concession arrangements	37,653	38,201	36,299	1.5%	(5.0%)	(1.8%)	26,618	28,402	6,7%
Royalty	22,169	25,625	27,130	15.6%	5.9%	10.6%	20,236	20,423	0.9%
Electricity	18,427	17,581	14,715	(4.6%)	(16.3%)	(10.6%)	13,100	13,710	4.7%
Chemicals	-	7,053	9,856	na	39.7%	na	7,465	5,958	(20.2%)
Maintenance services, spare parts and consumables	12,882	6,571	7,712	(49.0%)	17.4%	(22.6%)	5,104	2,109	(58.7%)
Subcontract costs	9,853	10,378	13,606	5.3%	31.1%	17.5%	9.028	4,361	(51.7%)
Sludge transportation and violated treatment	2,137	2,733	2,204	27.9%	(19.3%)	1.6%	1,970	1,912	(2.9%)
Insurance expense	2,094	1,805	1,667	(13.8%)	(7.6%)	(10.8%)	1.293	851	(34.2%)
Professional fees	17	1,049	1,047	6070.6%	(0.2%)	684.8%	983	1,948	98.2%
Depreciation of ROU	746	964	823	29.2%	(14.6%)	5.1%	515	609	18.1%
Depreciation	1,821	1,565	926	(14.0%)	(40.8%)	(28.7%)	759	799	5.2%
Amortization of intangible assets	-	3	1	na	(62.1%)	na	1	1	0.0%
Others	6,938	5,251	4,773	(24.3%)	(9.1%)	(17.1%)	4,464	3,648	(18.3%)
Operation cost	**155,383**	**157,995**	**165,522**	**1.7%**	**4.8%**	**3.2%**	**129,152**	**127,079**	**(1.6%)**
Construction cost	15,754	23,548	23,642	49.5%	0.4%	22.5%	17,732	18,933	6.8%
Total	**171,138**	**181,542**	**189,164**	**6.1%**	**4.2%**	**5.1%**	**146,883**	**146,013**	**(0.6%)**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Table (6.22): As a % of total revenue

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
As a percentage of Group's total revenue				Percentage points			As a percentage of Group's total revenue		Percentage points
Salaries and employee related costs	17.8%	15.3%	16.2%	(2.5)	0.9	(1.6)	18.1%	18.8%	0.7
Amortization of intangibles arising from service concession arrangements	16.5%	14.9%	13.2%	(1.6)	(1.8)	(3.3)	12.8%	12.6%	(0.2)
Royalty	9.7%	10.0%	9.8%	0.3	(0.2)	0.1	9.7%	9.1%	(0.6)
Electricity	8.1%	6.9%	5.3%	(1.2)	(1.5)	(2.7)	6.3%	6.1%	(0.2)
Chemicals	0.0%	2.8%	3.6%	2.8	0.8	3.6	3.6%	2.6%	(0.9)
Maintenance services, spare parts and consumables	5.6%	2.6%	2.8%	(3.1)	0.2	(2.8)	2.5%	0.9%	(1.5)
Subcontract costs	4.3%	4.1%	4.9%	(0.3)	0.9	0.6	4.3%	1.9%	(2.4)
Sludge transportation and violated treatment	0.9%	1.1%	0.8%	0.1	(0.3)	(0.1)	0.9%	0.8%	(0.2)
Insurance expense	0.9%	0.7%	0.6%	(0.2)	(0.1)	(0.3)	0.6%	0.4%	(0.2)
Professional fees	0.0%	0.4%	0.4%	0.4	(0.0)	0.4	0.5%	0.9%	(0.4)
Depreciation of ROU	0.3%	0.4%	0.3%	0.0	(0.1)	(0.0)	0.2%	0.3%	0.0
Depreciation	0.8%	0.6%	0.3%	(0.2)	(0.3)	(0.5)	0.4%	0.4%	(0.0)
Amortization of intangible assets	0.0%	0.0	0.0%	0.0	(0.0)	0.0	0.0%	0.0%	(0.0)
Others	3.0%	2.1%	1.7%	(1.0)	(0.3)	(1.3)	2.1%	1.6%	(0.5)
Operation cost	**68.1%**	**61.7%**	**60.0%**	**(6.3)**	**(1.8)**	**(8.1)**	**62.1%**	**56.3%**	**(5.8)**
Construction cost	6.9%	9.2%	8.6%	2.3	(0.6)	1.7	8.5%	8.4%	(0.1)
Total	**75.0%**	**70.9%**	**68.5%**	**(4.0)**	**(2.4)**	**(6.5)**	**70.6%**	**64.7%**	**(5.9)**

Source: Management Information.

Salaries and employee related costs

Salaries and employee related costs mainly included basic salaries, housing, transportation, air ticket allowance, and other related employee costs.

Salaries and employee related costs decreased by 3.5% from SAR 40.6 million in 2020G to SAR 39.2 million in 2021G following the restructuring that took place in 2021G to consolidate the human resources in the different subsidiaries as the departments under each subsidiary operated independently prior to 2021G. As a result, salaries and employee related costs decreased as a % of revenue from 17.8% to 15.3% during the same period.

Salaries and employee related costs increased by 14.1% from SAR 39.2 million in 2021G to SAR 44.8 million in 2022G in line with the increase in number of employees from 273 to 297 during the same period. Consequently, salaries and employee related costs increased as a % of revenue to 16.2% in 2022G.

Salaries and employee related costs increased by 12.6% from SAR 37.6 million in the nine-month period ended 30 September 2022G to SAR 42.3 million in the nine-month period ended 30 September 2023G in line with the increase in headcount from 291 to 354 during the same period. Accordingly, salaries and employee related costs increased as a % of revenue from 18.1% to 18.8% over the same period.

Amortization of intangibles arising from service concessions

Amortization of intangibles arising from service concessions is calculated to write-off the cost of intangible asset using the straight-line method over the period of the concession or their estimated useful life whichever is lower.

Amortization of intangibles arising from service concessions increased by 1.5% from SAR 37.7 million in 2020G to SAR 38.2 million in 2021G due to the increase in additions mainly relate to the construction of tanks, rehabilitation works and replacement of the chlorination system in Dammam Industrial City 2. However, amortization of intangibles arising from service concessions decreased as a % of revenue from 16.5% in 2020G to 14.9% in 2021G.

Amortization of intangibles arising from service concessions decreased by 5.0% from SAR 38.2 million in 2021G to SAR 36.3 million in 2022G driven by increase in intangible assets that were fully amortized in 2022G (total fully amortized assets amounted to SAR 40.5 million as at 31 December 2022G). Hence, amortization of intangibles arising from service concessions decreased as a % of revenue from 14.9% in 2021G to 13.2% in 2022G.

Amortization of intangibles arising from service concessions increased by 6.7% from SAR 26.6 million in the nine-month period ended 30 September 2022G to SAR 28.4 million in the nine-month period ended 30 September 2023G due to further additions which stood at SAR 23.6 million in the nine-month period ended 30 September 2023G. However, amortization of intangibles arising from service concessions slightly decreased as a % of revenue from 12.8% in the nine-month period ended 30 September 2022G to 12.6% in the nine-month period ended 30 September 2023G.

Royalty expense

Royalty expense pertains to the 20% share of revenue paid to Modon as set out in the service concession arrangement whereby the operator (the Group) pays the organization (Modon) 20% of the total revenue achieved annually by rehabilitation, exploitation, O&M of water facilities and sanitation in the 1st and 2nd industrial cities in Dammam and the first industrial city in Ahsa.

Royalty expense increased by 15.6% from SAR 22.2 million in 2020G to SAR 25.6 million in 2021G in line with the increase in revenue generated in Dammam and Al Ahsa industrial cities from SAR 106.5 million in 2020G to SAR 125.1 million in 2021G. Therefore, royalty expenses increased as a % of revenue from 9.7% to 10.0% during the same period.

Royalty expense increased further by 5.9% from SAR 25.6 million in 2021G to SAR 27.1 million in 2022G in line with the increase in revenue generated in Dammam and Al Ahsa industrial cities from SAR 125.1 million in 2021G to SAR 131.3 million in 2022G. Royalty expenses as a % of revenue decreased to 9.8% in 2022G.

Royalty expense increased by 0.9% from SAR 20.2 million in the nine-month period ended 30 September 2022G to SAR 20.4 million in nine-month period ended 30 September 2023G in line with the increase in revenue generated in Dammam and Al Ahsa Industrial cities from SAR 97.9 million in the nine-month period ended 30 September 2022G to SAR 98.8 million in the nine-month period ended 30 September 2023G. However, royalty expenses as a % of revenue decreased from 9.7% from 9.1% during the same period.

Electricity

Electricity includes the electric power consumption by the plants namely in DIC, JIC and KKIA airport. The electricity charges in KKIA are reimbursed based on the efficiency factor whereby if the Group achieves high efficiency a profit will be recognized whereas an inefficiency will result in additional costs to the Group. However, the electricity charges in DIC and JIC are incurred by the Group.

Electricity charges decreased by 4.6% from SAR 18.4 million in 2020G to SAR 17.6 million in 2021G attributable to management's efforts to achieve higher operational efficiencies of the plants during the same period. Accordingly, electricity expenses decreased as a % of revenue from 8.1% to 6.9% during the same year.

Electricity decreased by 16.3% from SAR 27.6 million in 2021G to SAR 14.7 million in 2022G following the operational efficiencies in Dammam industrial city which contributed to a lower electricity consumption during 2022G. Electricity expenses as a % of revenue further decreased to 5.3% in 2022G.

Electricity costs increased by 4.7% from SAR 13.1 million in the nine-month period ended 30 September 2022G to SAR 13.7 million in nine-month period ended 30 September 2023G due to the increase in electricity consumption in the KKIA project (GACA) in connection with the additional water well assigned to the Group. This was partly offset by the decrease in electricity costs related to DIC by SAR 1.1 million due to operational efficiencies. Electricity expenses remained relatively stable as a % of revenue at 6.2% over the same period.

Chemicals

Chemicals consisted of chemicals used in chlorination, dewatering in addition to other potable water treatment in Dammam, Jeddah, Al Ahsa and Manfouha. Chemicals increased from nil in 2020G to SAR 7.1 million in 2021G due to the reclassification of chemical costs amounting to SAR 5.9 million to maintenance services, spare parts and consumables in 2020G. The increase in 2021G is attributable to the commencement of the new Manfouha project by SAR 1.1 million. Chemicals increased as % of revenue from 0.0% to 2.8% during the same period.

Chemicals increased by 39.7% from SAR 7.1 million in 2021G to SAR 9.9 million in 2022G driven by the ramp up of operations in the Manfouha project which commenced during September 2021G whereby the chemical costs increased by SAR 1.9 million during the same period. Therefore, chemicals increased as a % of revenue from 2.8% in 2021G to 3.6% in 2022G.

Chemicals decreased by 20.2% from SAR 7.5 million in the nine-month period ended 30 September 2022G to SAR 6.0 million in nine-month period ended 30 September 2023G mainly due to the decrease in chemicals used in Hadda project by SAR 1.0 million which phased out during the nine-month period ended 30 September 2023G. Hence, chemicals decreased as a % of revenue from 3.6% in the nine-month period ended 30 September 2022G to 2.6% in the nine-month period ended 30 September 2023G.

Maintenance services, spare parts and consumables

Maintenance services, spare parts and consumables decreased by 49.0% from SAR 12.9 million in 2020G to SAR 6.6 million in 2021G as a result of the reclassification of chemicals (SAR 5.9 million) under maintenance services, spare parts and consumables in 2020G. Accordingly, maintenance services, spare parts and consumables decreased as a % of revenue from 5.6% in 2020G to 2.6% in 2021G.

Maintenance services, spare parts and consumables increased by 17.4% from SAR 6.6 million in 2021G to SAR 7.7 million in 2022G driven by the increase in maintenance costs incurred in the Hadda & Arana project by SAR 776 thousand in line with handover provisions (chemicals and spare parts replacement costs that are required to be replaced prior to the completion of the project) booked by management, starting 2018G. As such, maintenance services, spare parts and consumables increased as a % of revenue from 2.6% in 2021G to 2.8% in 2022G.

Maintenance services, spare parts and consumables decreased by 58.7% from SAR 5.1 million in the nine-month period ended 30 September 2022G to SAR 2.1 million in the nine-month period ended 30 September 2023G due to the decrease in costs incurred in the Hadda project by SAR 1.8 million as the project phased out in the nine-month period ended 30 September 2023G.This was coupled with the reversal of handover provisions booked in nine-month period ended 30 September 2023G. As a result, maintenance services, spare parts and consumables decreased as a % of revenue from 2.5% in the nine-month period ended 30 September 2022G to 0.9% in nine-month period ended 30 September 2023G.

Subcontract costs

Subcontract costs mainly comprised outsourced labor costs mainly incurred in O&M projects. The cost increased by 5.3% from SAR 9.9 million in 2020G to SAR 10.4 million in 2021G due to the commencement of Manfouha project in 2021G which contributed an increase in revenue by SAR 319 thousand. However, subcontract costs decreased as a % of revenue from 4.3% in 2020G to 4.1% in 2021G.

Subcontract costs increased by 31.1% from SAR 10.4 million in 2021G to SAR 13.6 million in 2022G driven by the further increase in outsourced labor costs incurred in the Manfouha project by SAR 3.3 million which commenced in September 2021G. Consequently, subcontract costs increased as a % of revenue from 4.1% in 2021G to 4.9% in 2022G.

Subcontract costs decreased by 51.7% from SAR 9.0 million in the nine-month period ended 30 September 2022G to SAR 4.4 million in the nine-month period ended 30 September 2023G mainly driven by the decrease in subcontract costs by SAR 4.6 million related to Hadda & Arana project as the project phased out in nine-month period ended 30 September 2023G. Accordingly, subcontract costs decreased as a % of revenue 4.3% the nine-month period ended 30 September 2022G to 1.9% in nine-month period ended 30 September 2023G.

Sludge transportation and violated treatment

Sludge transportation and violated treatment is related to the process of drying the sludges from the sewages by using chemicals which are associated with other transportation costs to treat the sludges. Sludge transportation and violated treatment costs increased by 27.0% from SAR 2.1 million in 2020G to SAR 2.7 million in 2021G mainly due to the increase in sludge extraction from Jeddah Industrial City during the same period.

Sludge transportation and violated treatment costs decreased by 19.3% from SAR 2.7 million in 2021G to SAR 2.2 million in 2022G driven by process optimisation of dryness levels of sludge.

Sludge transportation and violated treatment costs remained relatively stable at SAR 1.9 million between the nine-month period ended 30 September 2022G and nine-month period ended 30 September 2023G.

Insurance

Insurance expense is mainly related to assets, business interruption, fire risk and other general liability insurance expenses. The KKIA service concession contract includes a "Minimum Insurance Requirements" clause that requires the Group to hold the following insurance coverages: constructions all risks and delay in startup, marine cargo insurance, all risks operational property and machinery insurance, business interruption insurance, and others (general liability, workmen insurance, vehicles etc.). Similarly, the service concession in DIC and JIC require the Group to insure against: liability against third parties, professional liabilities, construction dangers, equipment, loss of documents and others.

Insurance expenses decreased by 13.8% from SAR 2.1 million in 2020G to SAR 1.8 million in 2021G driven by the decrease in KKIA insurance charges, as the insurance policy in 2020G was priced based on the fact that the plant was newly built (started the operations in 2019G) and in 2021G once the project started maturing the insurance provider was able to decrease the premium.

Insurance expenses decreased by 10.8% from SAR 1.8 million in 2021G to SAR 1.7 million in 2022G due to group and loyalty discounts provided by insurers to various insurance policies acquired by the Group.

Insurance expenses decreased by 34.2% from SAR 1.3 million in the nine-month period ended 30 September 2022G to SAR 851 thousand in nine-month period ended 30 September 2023G due to a decrease in asset insurance premiums related to discounts on the KKIA project.

Professional fees

Professional fees related to IT advisory and services cost which increased from SAR 17 thousand in 2020G to SAR 1.0 million in 2021G due to the reclassification of IT service fees (SAR 1.0 million) from cost of revenue to General and administrative expenses. Professional fees remained relatively stable at SAR 1.0 million between 2021G and 2022G.

Professional fees increased by 98.2% from SAR 983 thousand in the nine-month period ended 30 September 2022G to SAR 1.9 million in nine-month period ended 30 September 2023G driven by the increase in number of projects during the same period.

Depreciation of ROU

Depreciation of ROU increased by 29.3% from SAR 746 thousand in 2020G to SAR 964 thousand in 2021G in line with the increase in ROU additions related to house accommodation and offices in the Dammam Industrial City from SAR 935 thousand to SAR 3.9 million during the same period.

Depreciation of ROU decreased by 14.6% from SAR 964 thousand in 2021G to SAR 823 thousand in 2022G driven by the derecognition of leases related to a staff accommodation lease in Dammam Industrial City during the same year.

Depreciation of ROU increased by 18.1% from SAR 515 thousand in the nine-month period ended 30 September 2022G to SAR 609 thousand in nine-month period ended 30 September 2023G due to the addition of leases related to the newly established entity ARAHA.

Depreciation

Depreciation decreased by 14.0% from SAR 1.8 million in 2020G to SAR 1.6 million in 2021G and further by 40.9% to SAR 926 thousand in 2022G in line with the decrease in motor vehicles from SAR 1.1 million to SAR 898 thousand and further to SAR 343 thousand during the same period (accumulated depreciation as % of total cost of vehicles stood at 88% as at 31 December 2022G).

Depreciation increased by 5.2% from SAR 759 thousand in the nine-month period ended 30 September 2022G to SAR 799 thousand in nine-month period ended 30 September 2023G in line with the increase in additions that amounted to SAR 2.2 million in nine-month period ended 30 September 2023G.

Amortization of intangible assets

Amortization of intangible assets decreased from SAR 3 thousand in 2021G to SAR 1 thousand in 2022G as the intangibles allocated to projects were fully amortized during the same year (ERP software).

Amortization of intangible assets remained stable at SAR 1 thousand between the nine-month period ended 30 September 2022G and nine-month period ended 30 September 2023G.

Others

Others mainly include car and equipment rental, water transportation costs, vehicle maintenance, government expenses, lab costs, fuel expenses, office and stationery, amongst others.

Other costs decreased by 24.3% from SAR 6.9 million in 2020G to SAR 5.3 million in 2021G due to the construction costs related to the KKIA project incurred in 2020G amounting to SAR 1.9 million (which relate to the construction of the Water Treatment Station).

Other costs further decreased by 9.1% from SAR 5.3 million in 2021G to SAR 4.8 million in 2022G driven by higher provisions for penalties for minimal works made on the plant (Hadda & Arana Project) booked in 2021G (amounted to SAR 465 thousand).

Others decreased by 18.3% from SAR 4.5 million in the nine-month period ended 30 September 2022G to SAR 3.6 million due to reversal of maintenance provisions amounting to SAR 1.8 million in nine-month period ended 30 September 2023G.

Construction cost

Construction cost is a booking entry equal to the construction revenue in relation to additions made to the intangible assets arising from service concession arrangements as per the requirements of IFRIC12 Service Concession Arrangements.

Construction cost increased from SAR 15.8 million in 2020G to SAR 23.5 million in 2021G and further to SAR 23.6 million in line with addition to intangible assets arising from service concession arrangements.

Construction cost increased by 6.8% from SAR 17.7 million in the nine-month period ended 30 September 2022G to SAR 19.0 million in the nine-month period ended 30 September 2023G in line with addition to intangible assets arising from service concession arrangements.

6.7.1.6 General and administrative expenses

The following table summarizes the general and administrative expenses for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.23): General and administrative expenses

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Business development expense	13,042	15,679	14,440	20.2%	(7.9%)	5.2%	8,645	15,005	73.6%
Salaries and employee related costs	8,162	8,043	8,046	(1.5%)	0.0%	(0.7%)	6,335	7,156	12.9%
Professional fees	1,239	2,180	2,982	76.0%	36.8%	55.1%	1,616	2,196	35.9%
Depreciation of ROU	1,067	1,171	1,565	9.7%	33.7%	21.1%	860	956	11.2%
Depreciation	733	742	1,296	1.3%	74.6%	33.0%	562	1,150	104.6%
Amortization	447	483	483	8.0%	0.0%	3.9%	362	209	(42.2%)
IT cost and other utilities	1,520	467	434	(69.1%)	(7.1%)	(46.5%)	325	215	(33.7%)
Business travel	87	72	132	(17.2%)	83.2%	23.4%	92	210	128.3%
Repair and maintenance	-	-	-	na	na	na	3	3	0.0%
Subscription	-	-	-	na	na	na	6	19	216.7%
Training and seminar	-	-	-	na	na	na	17	140	723.5%
Advertising and training	548	110	48	(80.0%)	(56.3%)	(70.4%)	13	185	1321.1%
Other	785	1,435	736	82.8%	(48.7%)	(3.2%)	499	15	(97.0%)
Total	**27,630**	**30,383**	**30,162**	**10.0%**	**(0.7%)**	**4.5%**	**19,336**	**27,461**	**42.0%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Table (6.24): As a % of total revenue

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
As a percentage of Group's total revenue				Percentage points			As a percentage of Group's total revenue		Percentage points
Business development expense	5.7%	6.1%	5.2%	0.4	(0.9)	(0.5)	4.2%	6.7%	2.5
Salaries and employee related costs	3.6%	3.1%	2.9%	(0.4)	(0.2)	(0.7)	3.0%	3.2%	0.1
Professional fees	0.5%	0.9%	1.1%	0.3	0.2	0.5	0.8%	1.0%	0.2
Depreciation of ROU	0.5%	0.5%	0.6%	(0.0)	0.1	0.1	0.4%	0.4%	0.0
Depreciation	0.3%	0.3%	0.5%	(0.0)	0.2	0.1	0.3%	0.5%	0.2
Amortization	0.2%	0.2%	0.2%	(0.0)	(0.0)	(0.0)	0.2%	0.1%	(0.1)
IT cost and other utilities	0.7%	0.2%	0.2%	(0.5)	(0.0)	(0.5)	0.2%	0.1%	(0.1)
Business travel	0.0%	0.0%	0.0%	(0.0)	0.0	0.0	0.0%	0.1%	0.0
Repair and maintenance	0.0%	0.0%	0.0%	-	-	-	0.0%	0.0%	(0.0)
Subscription	0.0%	0.0%	0.0%	-	-	-	0.0%	0.0%	0.0
Training and seminar	0.0%	0.0%	0.0%	-	-	-	0.0%	0.1%	0.1
Advertising and training	0.2%	0.0%	0.0%	(0.2)	(0.0)	(0.2)	0.0%	0.1%	0.1
Other	0.3%	0.6%	0.3%	0.2	(0.3)	(0.1)	0.2%	0.0%	(1.2)
Total	**12.1%**	**11.9%**	**10.9%**	**(0.2)**	**(0.9)**	**(1.2)**	**9.3%**	**12.2%**	**2.9**

Source: Management Information.

Business development expense

Business development expense primarily consists of salaries, advisory fees, modelling costs incurred to participate in bids. It is worth noting that these expenses are usually recharged to the bid owners (off takers) upon winning the bids, the extent of recharging the expenses varies on a case-by-case basis.

Business development expenses increased by 20.2% from SAR 13.0 million in 2020G to SAR 15.7 million in 2021G due to the increase in salaries by SAR 6.1 million in line with the increase in headcount from 9 to 12 employees during the same period, however this was offset by the decrease in consulting expenses by SAR 3.5 million during the same year.

Business development expenses decreased by 7.9% from SAR 15.7 million in 2021G to SAR 14.4 million in 2022G driven by the decrease in salary expenses by SAR 1.2 million during the same period.

Business development expenses increased by 73.6% from SAR 8.6 million in the nine-month period ended 30 September 2022G to SAR 15.0 million in the nine-month period ended 30 September 2023G due to the development costs related to Hadda & Arana concession project in the nine-month period ended 30 September 2023G.

Salaries and employee related costs

Salaries and employee related costs consists of basic salaries, transportation, housing, vacation pay, and tickets paid to employees of the various departments of the head office.

Salaries and employee related costs remained relatively stable at an average of SAR 8.1 million over the 2020G-2022G period.

Salaries and employee related costs increased by 12.9% from SAR 6.3 million in the nine-month period ended 30 September 2022G to SAR 7.2 million in the nine-month period ended 30 September 2023G due to the increase in the Group's headcount from 34 to 47 during the same period.

Professional fees

Professional fees comprised mainly of audit, zakat, consultancy and other fees. Professional fees increased by 76.0% from SAR 1.2 million in 2020G to SAR 2.2 million in 2021G due to the increase in management consultant fees related to RWPC by SAR 811 thousand in relation to legal advisor costs in connection with the trade receivables' settlement agreement with GACA.

Professional fees increased further by 36.8% from SAR 2.2 million in 2021G to SAR 3.0 million in 2022G due to new corporate and finance consultant services conducted in Miahona amounting to SAR 1.0 million which related to advisory services for pipeline projects. This was partly offset by the decrease in other fees amounting to SAR 198 thousand during the same period.

Professional fees increased by 35.9% from SAR 1.6 million in the nine-month period ended 30 September 2022G to SAR 2.2 million in the nine-month period ended 30 September 2023G due to the increase in consultant fees by SAR 924 thousand driven by the increase in audit fees whereby the Group added quarterly reporting.

Depreciation of ROU

Depreciation of ROU increased by 9.7% from SAR 1.1 million in 2020G to SAR 1.2 million in 2021G and further by 33.7% to SAR 1.6 million in 2022G in line with the increase in ROU additions (SAR 935 thousand in 2020G, SAR 3.8 million in 2021G and SAR 1.1 million in 2022G) during the same period.

Depreciation of ROU increased by 11.2% from SAR 860 thousand in the nine-month period ended 30 September 2022G to SAR 956 thousand in the nine-month period ended 30 September 2023G due to the increase in additions by SAR 3.2 million during the same period.

Depreciation

Depreciation expense increased by 1.3% from SAR 733 thousand in 2020G to SAR 742 thousand in 2021G in line with the increase in overall PPE additions from SAR 1.6 million in 2020G to SAR 2.9 million during the same period.

Depreciation further increased by 74.6% from SAR 742 thousand in 2021G to SAR 1.3 million in 2022G driven by the further increase in PPE additions mainly related to furniture and fixtures.

Depreciation increased by 104.6% from SAR 562 thousand in the nine-month period ended 30 September 2022G to SAR 1.2 million in the nine-month period ended 30 September 2023G in line with PPE additions which amounted to SAR 2.2 million in the nine-month period ended 30 September 2023G.

Amortization

Amortization increased by 8.0% from SAR 447 thousand in 2020G to SAR 483 thousand in 2021G and 2022G due to the full year impact of the 2020G intangible additions which amounted to SAR 321 thousand.

Amortization amounted to SAR 362 thousand in the nine-month period ended 30 September 2022G and SAR 209 thousand in the nine-month period ended 30 September 2023G.

IT cost and other utilities

IT cost and other utilities mainly includes IT services incurred at the head office level in relation to the Group's ERP and other software.

IT costs decreased by 69.1% from SAR 1.5 million in 2020G to SAR 467 thousand in 2021G due to the reclassification of IT costs related to projects from cost of revenue to general and administrative expenses with an amount of SAR 1.0 million in 2020G. IT cost and other utilities further decreased by 7.1% from SAR 467 thousand in 2021G to SAR 434 thousand in 2022G due to the allocation assessment made by management to cost of revenue.

IT cost and other utilities amounted to SAR 325 thousand in the nine-month period ended 30 September 2022G and SAR 215 thousand in the nine-month period ended 30 September 2023G.

Business travel

Business travel decreased by 16.9% from SAR 87 thousand in 2020G to SAR 72 thousand in 2021G following decreased number of trips due to the COVID-19 lockdown restrictions.

Business travel increased by 83.2% from SAR 72 thousand in 2021G to SAR 132 thousand in 2022G in line with the lift of the COVID-19 travel restrictions.

Business travel amounted to SAR 92 thousand in the nine-month period ended 30 September 2022G and SAR 210 thousand in the nine-month period ended 30 September 2023G.

Repairs and maintenance

Repairs and maintenance remained stable at SAR 3 thousand between the nine-month period ended 30 September 2022G and the nine-month period ended 30 September 2023G.

Subscription

Subscription amounted to SAR 6 thousand in the nine-month period ended 30 September 2022G and SAR 19 thousand in the nine-month period ended 30 September 2023G.

Training and seminar

Training and seminar increased by 723.5% from SAR 17 thousand in the nine-month period ended 30 September 2022G to SAR 140 thousand in the nine-month period ended 30 September 2023G driven by additional trainings conducted.

Advertisement and training

Advertisement and training include exhibition, sponsorships and other marketing costs. Advertisement and training decreased by 80.0% from SAR 548 thousand in 2020G to SAR 110 thousand in 2021G due to one-off sponsorship costs (SAR 400 thousand) incurred in 2020G in connection to the Saudi Water Forum Event.

Advertisement and training further decreased by 56.3% from SAR 110 thousand in 2021G to SAR 48 thousand in 2022G driven by a fewer number of training sessions held.

Advertisement and training increased from SAR 13 thousand in the nine-month period ended 30 September 2022G to SAR 185 thousand in the nine-month period ended 30 September 2023G due to increase in fees paid in relation to branding.

Others

Others consisted of gifts, stationaries, government fees, telephone and others. Others increased by 82.8% from SAR 785 thousand in 2020G to SAR 1.4 million in 2021G due to one-off costs incurred related to provision for furniture disposal (SAR 150 thousand) and advances to suppliers' provision (SAR 171 thousand). Others decreased by 48.7% to SAR 736 thousand in 2022G due to the absence of the one-off costs mentioned in 2021G.

Others decreased by 97.0% from SAR 499 thousand in the nine-month period ended 30 September 2022G to SAR 15 thousand in the nine-month period ended 30 September 2023G due to reversal of excess provisions that were booked in prior periods.

6.7.1.7 Operating profit by subsidiary

The following table summarizes the operating profit by subsidiary for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.25): Operating profit by subsidiary

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Management Information)	30 September 2023G (Management Information)	Var Q3'22G-Q3'23G
Revenue:									
Industrial Cities Development and Operating Company	174,734	202,906	214,033	16.1%	5.5%	10.7%	142,167	161,987	13.9%
Riyadh Water Production Company	30,489	25,586	25,683	(16.1%)	0.4%	(8.2%)	19,267	21,927	13.8%
Al Jazzirah Environment Company	108,186	113,927	122,350	5.3%	7.4%	6.3%	93,464	91,510	(2.1%)
Miahona Company Limited	23,481	12,819	14,913	(45.4%)	16.3%	(20.3%)	11,354	20,361	79.3%

Araha Environmental Sciences Company	-	-	-	na	na	na	-	22,388	na
Total standalone revenue	**336,890**	**355,239**	**376,979**	**5.4%**	**6.1%**	**5.8%**	**266,252**	**318,172**	**19.5%**
Eliminations	(108,656)	(99,340)	(100,956)	(8.6%)	1.6%	(3.6%)	(58,227)	(92,555)	59.0%
Total revenue	228,234	255,898	276,023	12.1%	7.9%	10.0%	208,025	225,617	8.5%
Operating profit									
Industrial Cities Development and Operating Company	16,767	33,254	41,580	98.3%	25.0%	57.5%	30,425	32,966	8.4%
Riyadh Water Production Company	11,536	6,321	17,911	(45.2%)	183.4%	24.6%	11,951	15,562	30.2%
Al Jazzirah Environment Company	27,649	27,095	30,154	(2.0%)	11.3%	4.4%	21,829	30,088	37.8%
Miahona Company Limited	(9,531)	(17,341)	(17,467)	81.9%	0.7%	35.4%	(11,894)	(12,237)	2.9%
Araha Environmental Sciences Company	-	-	-	na	na	na	-	682	na
Total standalone operating profit	**46,421**	**49,329**	**72,177**	**6.3%**	**46.3%**	**24.7%**	**52,311**	**67,061**	**28.2%**
Eliminations	(522)	(530)	(530)	1.5%	0.0%	0.8%	(408)	(390)	(4.4%)
Total*	**45,899**	**48,799**	**71,647**	**6.3%**	**46.8%**	**24.9%**	**51,903**	**66,671**	**28.5%**

Source: Management Information.

* The operating profit in the table above differs from the operating profit in the consolidated statement of comprehensive income as the operating profit in the table above includes financing income from Riyadh Water Production Company and Araha Environmental Sciences Company related to finance income from concession receivables for the King Khalid International Airport project and the Hadda & Arana project, which are classified within the operating profit according to management information and reports.

Table (6.26): As a % of total revenue

SAR in 000s	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Management Information)	30 September 2023G (Management Information)	Var Q3'22G-Q3'23G
	As a percentage of revenue			Percentage points			As a percentage of standalone revenue		Percentage points
Industrial Cities Development and Operating Company	9.6%	16.4%	19.4%	6.8	3.0	9.8	21.4%	20.4%	(1.0)
Riyadh Water Production Company	37.8%	24.7%	69.7%	(13.1)	45.0	31.9	62.0%	71.0%	8.9
Al Jazzirah Environment Company	25.6%	23.8%	24.6%	(1.8)	0.9	(0.9)	23.4%	32.9%	9.5
Miahona Company Limited	(40.6%)	(135.3%)	(117.1%)	(94.7)	18.1	(76.5)	(104.8%)	(60.1%)	44.7%
Araha Environmental Sciences Company	na	na	na	na	na	na	na	3.0%	na

Source: Management Information.

Industrial Cities Development and Operating Company

Industrial Cities Development and Operating Company operating profit increased by 98.3% from SAR 16.8 million in 2020G to SAR 33.3 million in 2021G in line with the increase in revenue from SAR 174.7 million to SAR 202.9 million during the same period, following the revision of tariffs in DIC which are subject to a contractual change every 5 years whereby the tariff for (i) water services increased from SAR 4.8/M^3 in 2020G to SAR 5.2/M^3 in 2021G and (i) wastewater services increased from SAR 3.9/M^3 in 2020G to SAR 4.0/M^3 in 2021G and (ii) sewage water increased from SAR 4.5/M^3 in 2020G to SAR 5.0/M^3 in 2021G. Despite the increase in revenue by SAR 28.2 million, subcontractor costs and fees remained relatively stable at an average of SAR 72.0 million during the same period, this has increased the operating profit margin from 9.6% in 2020G to 16.4% in 2021G.

Industrial Cities Development and Operating Company's operating profit increased by 25.0% from SAR 33.3 million to SAR 41.6 million in 2022G driven by the 7.0% increase in revenue due to the increase in water volumes sold from 36.6 million M^3 in 2021G to 39.2 million M^3 in 2022G as a result of new tenants/factories that connected to the Group's plants in Dammam Industrial City, hence higher water consumption. Additionally, subcontractor costs remained relatively stable at an average of SAR 72.0 million between 2021G and 2022G leading to the increase in operating profit margin from 16.4% in 2021G to 19.4% in 2022G.

During the nine-month period ended 30 September 2022G-2023G period, Industrial Cities Development and Operating Company's operating profit increased by 8.4% from SAR 30.4 million to SAR 33.0 million due to the increase in revenue by 13.9% from SAR 142.2 million to SAR 162.0 million during the same period mainly due to the increase in construction costs by SAR 13.5 million which did not contribute any profits to ICDOC; this has resulted in a decrease in operating margin from 21.4% to 20.4% during the same period.

Riyadh Water Production Company

Riyadh Water Production Company's operating profit increased by 45.2% from SAR 11.5 million in 2020G to SAR 6.3 million in 2021G mainly due to the ECL provision allowance booked amounting to SAR 11.5 million following the settlement agreement with GACA regarding the long outstanding receivable balance.

Riyadh Water Production Company's operating profit increased by 183.4% from SAR 6.3 million in 2020G to SAR 17.9 million following the absence of the specific provision booked in 2021G amounting to SAR 11.5 million, partly offset by the impairment loss booked in 2022G regarding the modification of the concession contract from 30 years to 28 years amounting to SAR 2.0 million.

Riyadh Water Production Company's operating profit increased by 30.2% from SAR 12.0 million in the nine-month period ended 30 September 2022G SAR 15.6 million in the nine-month period ended 30 September 2023G mainly due to the increase in income generated from the KKIA project in line with the increase in tariffs as they are subject to indexation and macro-economic factors such as increase in chemical prices internationally.

Al Jazzirah Environment Company

Al Jazzirah Environment Company's operating profit decreased by 2.0% from SAR 27.6 million in 2020G to SAR 27.1 million in 2021G due to the increase in operating costs by SAR 6.3 million driven by the increase in salaries by SAR 2.8 million as a result of the growth in headcount coupled with the increase in chemical costs by SAR 1.2 million incurred in Hadda & Arana project despite the stable levels of revenue generated from the same project.

Al Jazzirah Environment Company's operating profit increased by 11.3% from SAR 27.1 million in 2021G to SAR 30.2 million in 2022G mainly due to the ramp up of the Manfouha project (revenue from Manfouha increased by SAR 6.8 million in 2021G) which commenced during 2021G, and which achieved low levels of gross margin at the beginning of the project. Hence, the operating gross margin increased from 23.8% to 24.6% during the same period.

Al Jazzirah Environment Company's operating profit increased by 37.8% from SAR 21.8 million in the nine-month period ended 30 September 2022G to SAR 30.1 million in the nine-month period ended 30 September 2023G mainly due to the cost savings realised amidst the phase out of the Hadda & Arana project namely subcontract costs which amounted to SAR 4.6 million, and chemicals amounting to SAR 1.2 million. This was coupled with the reversal of the handover provisions amounting to SAR 4.2 million in connection with the Hadda & Arana O&M project as the Group was in negotiation phase for the concession agreement which was awarded in the same year through ARAHA for a period of 10 years.

Miahona

Miahona's revenue include management, engineering, project management and consultancy revenues rendered to subsidiaries and associates in addition to other operating costs. It is worth noting that revenue rendered to subsidiaries are eliminated upon the consolidation of the Group's financial statements. Hence, Miahona generates an operating loss after the elimination adjustments (unlike its standalone results).

Miahona operating loss increased by 81.9% from SAR 9.5 million in 2020G to SAR 17.3 million in 2021G and SAR 17.4 million in 2022G mainly due to the decrease in revenue by 45.4% (SAR 10.7 million) in line with the drop in revenue generated from management and engineering services provided to the KKIA project in RWPC in light of stable levels of operating costs as the majority includes costs that are fixed in nature such as salaries and business development costs.

Miahona's operating loss increased by 2.9% from SAR 11.9 million in the nine-month period ended 30 September 2022G to SAR 12.2 million in the nine-month period ended 30 September 2023G due to the increase in bidding costs namely for Al Haer and Ras Tanura Projects (these costs are usually recharged to bid owners once awarded).

ARAHA

ARAHA's operating profit amounted to SAR 682 thousand with an operating margin amounting to 0.7% during the nine-month period ended 30 September 2022G. Revenue from ARAHA mainly related to a the newly awarded concession contract with Hadda & Arana (the client is National Water Company "NWC" which commenced in May 2023G for a period of 10 years. The concession contract includes 2 performance obligations (i) construction works in connection to the rehabilitation of the water-treatment plant in Hadda & Arana and (ii) operate and maintain the water-treatment plant. Billings are fixed in nature based on a capacity of 500,000 M^3/day.

6.7.1.8 Finance (costs) / income - net

The following table summarizes the finance (costs) / income for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.27): Finance (costs) / income

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Interest on loans and borrowings	23,826	21,874	21,832	(8.2%)	(0.2%)	(4.3%)	16,401	24,722	50.7%
Less: borrowing cost capitalized	-	(1,045)	(902)	na	(13.7%)	na	-	(700)	na
Bank charges	385	312	352	(19.0%)	12.8%	(4.4%)	203	100	(50.7%)
Interest on lease liabilities	371	422	318	13.7%	(24.6%)	(7.4%)	132	362	174.2%
Total	**24,582**	**21,563**	**21,599**	**(12.3%)**	**0.2%**	**(6.3%)**	**16,703**	**24,484**	**46.6%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Finance costs mainly comprised interest on loans and borrowings (Murabaha loans), bank charges and interest on lease liabilities. Finance costs decreased by 12.3% from SAR 24.6 million in 2020G to SAR 21.6 million in 2021G mainly driven by the decrease in interest on loans and borrowings following the settlement of the (i) equity bridge loan which sole purpose was to finance the construction of the Water Treatment Facility in KKIA airport and (ii) SIDF loan during the same year.

Finance costs increased by 46.6% from SAR 16.7 million in the nine-month period ended 30 September 2022G to SAR 24.5 million in the nine-month period ended 30 September 2023G due to the increase in interest on the term loans related to the KKIA project by SAR 4.6 million as a result of the expiration of the hedging contract in February 2023G and in line with the increase in SAIBOR rates during the same period. This was coupled with the increase in bank charges related to the new equity bridge loan in connection with Araha Environmental Sciences.

Interest on loans and borrowings

Interest on loans and borrowings decreased by 8.2% from SAR 23.8 million in 2020G to SAR 21.9 million in 2021G mainly due to the settlement of 2 loans: SIDF loan and the equity bridge loan during the same period. Interest on loans and borrowings remained stable at SAR 21.9 million between 2021G and 2022G.

Interest on loans and borrowings increased by 50.7% from SAR 16.4 million in the nine-month period ended 30 September 2022G to SAR 24.7 million in the nine-month period ended 30 September 2023G due to the increase in interest on loans and borrowings on the Murabaha loan related to the KKIA project by SAR 4.6 million as the interest rate hedging contract was terminated on February 2023G amidst the increase in SAIBOR rates during the same period.

Bank charges

Bank charges primarily relate to commission charges on bank guarantees of bids. Bank charges decreased by 19.0% from SR 385 thousand in 2020G to SAR 312 thousand in 2021G in line with the decrease in performance bid bonds during the same period. Bank charges increased by 12.8% to SAR 352 thousand in 2022G due to the increase in bids' participation during the same period.

Bank charges decreased by 50.7% from SAR 203 thousand in the nine-month period ended 30 September 2022G to SAR 100 thousand in the nine-month period ended 30 September 2023G due to the one-off charges incurred to the bank guarantees of the Manfouha project amounting to SAR 73 thousand.

Interest on lease liabilities

Interest on lease liabilities increased by 13.7% from SAR 371 thousand in 2020G to SAR 422 thousand in 2021G due to additions amounting to SAR 3.8 million made to the leased assets mainly related to a new staff accommodation rent in Dammam Industrial City during the same period.

Interest on lease liabilities decreased by 24.6% from SAR 422 thousand in 2021G to SAR 318 thousand in 2022G in line with the decrease in lease liabilities at 31 December 2022G driven by payments made during 2022G.

Interest on lease liabilities increased by 174.2% from SAR 132 thousand in the nine-month period ended 30 September 2022G to SAR 362 thousand in the nine-month period ended 30 September 2023G in line with lease additions during the same period.

6.7.1.9 Share of profit from equity accounted investees

The following table summarizes the share of profit from equity accounted investees for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.28): Share of profit from equity accounted investees

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
International Water Partners	-	2,515	4,173	na	65.9%	na	3,129	3,460	10.6%
International Water Partners 2	-	-	1,238	na	na	na	929	2,538	173.2%
Jeddah Water Service Limited	72	-	-	(100.0%)	na	na	-	-	na
Total	**72**	**2,515**	**5,411**	**3393.1%**	**115.1%**	**766.9%**	**4,058**	**5,998**	**47.8%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Share of profit of investment in associate amounted to SAR 72 thousand in 2020G and related to the investment in Jeddah Water Services Limited (liquidated on 4 August 2020G).

Share of profit of investment in associate increased by 3,393.1% from SAR 72 thousand in 2020G to SAR 2.5 million in 2021G due to the participation by contributing capital in International Water Partners Company (40% ownership) for a amount of SAR 200 thousand during 2021G. Share of profit of investment in associate increased by 115.1% from SAR 2.5 million in 2021G to SAR 5.4 million in 2022G in line with the participation in contributing capital to International Water Partners Company 2 for an amount of SAR 175 thousand during 2022G (35% ownership).

Share of profits increased by 47.8% from SAR 4.1 million in the nine-month period ended 30 September 2022G to SAR 6.0 million in the nine-month period ended 30 September 2023G due to profits arising from International Water Partners and International Water Partners 2.

6.7.1.10 Zakat expense

The following table summarizes the zakat expense for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.29): Zakat expense

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
At the beginning of the year	3,532	4,526	4,116	28.1%	(9.1%)	7.9%	4,116	5,349	30.0%
Charge for the year	3,984	4,420	5,349	10.9%	21.0%	15.9%	4,128	4,189	1.5%
Payments during the year	(2,991)	(4,830)	(4,116)	61.5%	(14.8%)	17.3%	(4,116)	(5,608)	36.3%
Total	**4,525**	**4,116**	**5,349**	**(9.1%)**	**30.0%**	**8.7%**	**4,128**	**3,930**	**(4.8%)**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Zakat expense

Zakat expense increased by 10.9% from SAR 4.0 million in 2020G to SAR 4.4 million in 2021G and further by 21.0% to SAR 5.3 million in 2022G in line with the increase in the Group's profit across the 2020G-2022G period. Zakat expense remained relatively stable at SAR 4.1 million between the nine-month period ended 30 September 2022G-202G3 period. As of 31 December 2022G, the Group entities have filed zakat declarations with ZATCA for all years up to 2022G.

For Miahona Company Limited, ZATCA raised an assessment pertaining to Zakat declaration of 2017G which is still not finalized by ZATCA. Zakat declaration for 2018G-2022G is yet to be assessed by ZATCA.

For ICDOC and JECO, ZATCA raised an assessment pertaining to Zakat declaration of 2017G and 2018G which is still not finalized by ZATCA. Zakat declaration for 2019G-2022G is yet to be assessed by ZATCA.

For RWPC, Zakat declaration for the year 2020G-2022G is yet to be assessed by ZATCA.

6.7.1.11 Profit / (loss) for the year / period and other comprehensive income

The following table summarizes the profit / (loss) for the year / period and other comprehensive income for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.30): Profit / (loss) for the year / period and other comprehensive income

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Operating profit	30,332	33,335	56,606	9.9%	69.8%	36.6%	40,515	54,841	35.4%
Finance costs	(24,582)	(21,563)	(21,599)	(12.3%)	0.2%	(6.3%)	(16,703)	(24,484)	46.6%
Finance income	15,566	15,464	15,041	(0.7%)	(2.7%)	(1.7%)	11,389	11,830	3.9%
Share of profit from equity accounted investees	72	2,515	5,411	3393.1%	115.1%	766.9%	4,058	5,998	47.8%
Profit before zakat	**21,389**	**29,752**	**55,459**	**39.1%**	**86.4%**	**61.0%**	**39,259**	**48,185**	**22.7%**
Zakat expense	(3,984)	(4,420)	(5,349)	10.9%	21.0%	15.9%	(4,128)	(4,189)	1.5%
Profit for the period	**17,404**	**25,332**	**50,110**	**45.5%**	**97.8%**	**69.7%**	**35,131**	**43,996**	**25.2%**

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Other comprehensive income									
Cash flow hedges-effective portion of changes in fair value	(2,033)	5,795	7,346	na	26.8%	na	8,325	(19)	na
Actuarial (loss) / gain on defined employee benefits obligation	414	(832)	190	na	na	(32.3%)	-	-	na
Total comprehensive income for the period.	**15,786**	**30,295**	**57,645**	**91.9%**	**90.3%**	**91.1%**	**43,456**	**43,977**	**1.2%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Table (6.31): As a % of total revenue

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
As a percentage of Group's total revenue				**Percentage points**			**As a percentage of Group's total revenue**		**Percentage points**
Net income	7.6%	9.9%	18.2%	2.3	8.3	10.5	16.9%	19.5%	2.6

Source: Management Information.

Profit for the year / period

Net profit increased by 45.5% from SAR 17.4 million in 2020G to SAR 25.3 million in 2021G (net profit margin increased from 7.6% in 2020G to 9.9% in 2021G) as a result of the increase in gross profit by 30.2% from SAR 57.1 million to SAR 74.4 million due to an increase in revenues by 12.1% from SAR 228.2 million 2020G to SAR 255.9 million in 2021G.This was coupled with the decrease in (i) electricity fees as a result of operational efficiencies, (ii) salaries and related costs following the restructuring that took place in 2021G to consolidate the human resources in the different subsidiaries as the departments under each subsidiary operated independently prior to 2021G, (iii) insurance costs and (iv) and depreciation costs. This was also coupled with the share in the profit from investment in an associate amounting to SAR 2.4 million in 2021G. This was offset by an increase in impairment losses on trade receivables amounting to SAR 10.6 million in 2021G.

Net profit increased by 97.8% from SAR 25.3 million in 2021G to SAR 50.1 million in 2022G (net profit margin increased from 9.9% in 2021G to 18.2% in 2022G) as a result of an increase in gross profit by 7.9% from SAR 74.4 million in 2021G to SAR 86.9 million in 2022G due to an increase in revenue by 7.9% from SAR 255.9 million in 2021G to SAR 276.0 million in 2022G in line with the increase in demand for water services in DIC following new tenants/factories that connected to the Group's plants in 2022G. This was also coupled with the share in the profit from investment in associates amounting to SAR 2.9 million in 2022G. This was partially offset by the modification of concession contract receivable of SAR 2.0 million in 2022G.

Net profit increased by 25.2% from SAR 35.1 million in the nine-month period ended 30 September 2022G to SAR 44.0 million in the nine-month period ended 30 September 2023G (Net profit margin increased from 16.9% in the nine-month period ended 30 September 2022G to 19.5% in the nine-month period ended 30 September 2023G) as a result of an increase in gross profit by 30.2% from SAR 61.1 million to SAR 79.6 million due to an increase in revenue by 8.5% from SAR 208.2 million in the nine-month period ended on 30 September 2022G to SAR 225.6 million in the nine-month period ended 30 September 2023G driven by the revenue generated from the new concession agreement with Hadda & Arana (ARAHA) which amounted to SAR 22.4 million. This was coupled with the drop in subcontract costs in line with the phase out of the Hadda & Arana project (before it was re-awarded as a concession agreement through ARAHA) and the reversal of handover and other maintenance provision by SAR 4.5 million in connection with the Hadda & Arana O&M project. This was partially offset by an increase in general and administrative expenses by SAR 8.1 million, and financing costs by SAR 7.8 million.

Other comprehensive income

Cash flow hedges - effective portion of changes in fair value

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the hedging reserve. The effective portion of changes in the fair value of financial derivatives that is recognized in other comprehensive income is limited to the cumulative change in the fair value of the hedged item, determined on the basis of the present value since the inception of the hedge. Any ineffective portion of changes in the fair value of financial derivatives is recognized directly in profit or loss.

Cash flow hedges- effective portion of changes in fair value amounted to a loss of SAR 2.0 million in 2020G, a gain of SAR 5.8 million in 2021G, and SAR 7.3 million in 2022G.

Cash flow hedges- effective portion of changes in fair value amounted to a gain of SAR 8.3 million in the nine-month period ended on 30 September 2022G, and a loss of SAR 19 thousand in the nine-month period ended on 30 September 2023G.

Actuarial (loss) / gain on defined employee benefits obligation

The Group's obligation in respect of a defined benefit plan is calculated by estimating the value of future benefits that employees will receive, and these benefits are considered unfunded. Defined benefit obligations to employees are calculated annually by a qualified actuary using the projected unit credit method.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Group determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Interest expense (income) and other expenses related to defined benefit plan, are recognised in profit or loss.

Actuarial (loss) / gain on defined employee benefits obligation amounted to SAR 414 thousand in 2020G, a loss amounted to SAR 832 thousand in 2021G, and a profit of SAR 190 thousand in 2022G.

6.7.2 Statement of financial position

The following table summarizes the statement of financial position as at 31 December 2020G, 2021G, 2022G and 30 September 2023G.

Table (6.32): Statement of financial position data

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Non-current assets								
Property and equipment	5,391	5, 993	8,446	11.2%	40.9%	25.2%	8,654	2.5%
Intangible assets	1,183	706	222	(40.3%)	(68.5%)	(56.7%)	12	(94.6%)
Intangible assets arising from service concession arrangements	386,804	372,151	359,494	(3.8%)	(3.4%)	(3.6%)	346,380	(3.6%)
Right-of-use assets	7,624	9,377	7,760	23.0%	(17.2%)	0.9%	10,117	30.4%
Investments in equity accounted investees	-	2,715	8,301	na	205.7%	na	12,929	55.7%
Concession contract receivables	276,682	271,995	263,967	(1.7%)	(3.0%)	(2.3%)	259,551	(1.7%)
Prepayment and advances	1,747	-	3,240	(100.0%)	na	36.2%	14,268	340.3%
Total non-current assets	**679,432**	**662,938**	**651,431**	**(2.4%)**	**(1.7%)**	**(2.1%)**	**651,911**	**0.1%**
Current assets								
Concession contract receivables	20,152	20,152	20,761	0.0%	3.0%	1.5%	31,174	50.2%
Inventories	3,970	4,239	4,500	6.8%	6.2%	6.5%	6,333	40.7%
Trade and other receivables	102,103	123,320	127,836	20.8%	3.7%	11.9%	71,498	(44.1%)
Contract assets	-	6,852	22,629	na	230.2%	na	37,548	65.9%

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Prepayments and advances	6,702	19,171	27,512	186.1%	43.5%	102.6%	32,829	19.3%
Fair value of derivative financial instruments	-	718	5,167	na	619.5%	na	4,344	(15.9%)
Cash and cash equivalents	128,276	111,235	103,177	(13.3%)	(7.2%)	(10.3%)	130,541	26.5%
Total current assets	**261,202**	**285,688**	**311,582**	**9.4%**	**9.1%**	**9.2%**	**314,268**	**0.9%**
Total assets	**940,634**	**948,626**	**963,014**	**0.8%**	**1.5%**	**1.2%**	**966,179**	**0.3%**
Equity and liabilities								
Equity								
Share capital	500	500	500	0.0%	0.0%	0.0%	500	0.0%
Additional capital contribution	160,426	160,426	160,426	0.0%	0.0%	0.0%	160,426	0.0%
Statutory reserve	250	250	250	0.0%	0.0%	0.0%	250	0.0%
Cash flow hedge reserve	(8,778)	(2,983)	4,363	(66.0%)	na	na	3,917	(10.2%)
Retained earnings	122,168	146,667	176,967	20.1%	20.7%	20.4%	220,890	24.8%
Equity attributable to the parent	**274,565**	**304,860**	**342,505**	**11.0%**	**12.3%**	**11.7%**	**385,982**	**12.7%**
Non-controlling interest	-	-	-	na	na	na	650	na
Total equity	**274,565**	**304,860**	**342,505**	**11.0%**	**12.3%**	**11.7%**	**386,633**	**12.9%**
Non-current liabilities								
Loans and borrowings	407,223	436,098	422,542	7.1%	(3.1%)	1.9%	404,386	(4.3%)
Lease liabilities	5,330	6,546	5,242	22.8%	(19.9%)	(0.8%)	7,398	41.1%
Fair value of derivative financial instruments	8,778	3,701	805	(57.8%)	(78.3%)	(69.7%)	-	(100.0%)
Defined employee benefits obligation	13,557	15,667	16,286	15.6%	4.0%	9.6%	17,609	8.1%
Other non-current liabilities	30,681	15,957	10,948	(48.0%)	(31.4%)	(40.3%)	7,782	(28.9%)
Contract liabilities	-	14,073	14,797	na	5.1%	na	15,155	2.4%
Total non-current liabilities	**465,569**	**492,042**	**470,620**	**5.7%**	**(4.4%)**	**0.5%**	**452,330**	**(3.9%)**
Current liabilities								
Loans and borrowings	95,227	38,226	39,222	(59.9%)	2.6%	(35.8%)	39,374	0.4%
Lease liabilities	2,109	2,664	2,242	26.3%	(15.9%)	3.1%	1,893	(15.6%)
Trade and other payables	98,638	106,718	103,076	8.2%	(3.4%)	2.2%	82,019	(20.4%)
Zakat payable	4,526	4,116	5,349	(9.1%)	30.0%	8.7%	3,930	(26.5%)
Total current liabilities	**200,500**	**151,724**	**149,889**	**(24.3%)**	**(1.2%)**	**(13.5%)**	**127,216**	**(15.1%)**
Total liabilities	**666,069**	**643,776**	**620,508**	**(3.3%)**	**(3.6%)**	**(3.5%)**	**579,546**	**(6.6%)**
Total equity and liabilities	**940,634**	**948,626**	**963,014**	**0.8%**	**1.5%**	**1.2%**	**966,179**	**0.3%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

The following table summarizes the key performance indicators as at 31 December 2020G, 2021G, 2022G and 30 September 2023G.

Table (6.33): Key performance indicators

KPIs	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Management Information)	Var 31 Dec 2022G-Q3'23G
Days sales outstanding (DSO) (1)	169	164	174	(2.4%)	5.7%	1.6%	122	(29.7%)
Days payables outstanding (DPO) (2)	46	50	57	9.9%	12.8%	11.4%	39	(31.2%)
Debt to equity ratio (3)	1.8	1.6	1.3	(15.0%)	(13.3%)	(14.2%)	1.1	(14.9%)
	Percentage			Percentage points			Percentage	Percentage points
Return on assets (ROA)(4)	1.9%	2.7%	5.2%	0.8	2.6	3.4	6.1%	0.8
Return on equity (ROE) (5)	6.3%	8.7%	15.5%	2.4	6.7	9.1	16.1%	0.6

Source: Management information.

1- DSO was calculated using average (gross receivables and contract assets) for the previous and current period / revenue from contracts with customers * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 270 days for the nine months period ended 30 September 2023G.

2- DPO was calculated using average trade payables for the previous and current period / total direct costs * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 270 days for the nine months period ended 30 September 2023G.

3- Debt to equity ratio was calculated using (loans) / total equity as at 31 December 2020G, 2021G, and 2022G and as at 30 September 2023G

4- ROA was calculated using (profit / (loss) year / period) / total assets for the current period as at 31 December 2020G, 2021G, 2023G and as at 30 September 2023G.

5- ROE was calculated using (profit / (loss) year / period) / total equity for the current period as at 31 December 2020G, 2021G, 2023G and as at 30 September 2023G.

Assets

Non-current assets

Non-current assets mainly comprised intangible assets arising from concession service contracts, concession contract receivables, right-of-use assets, property and equipment, investments in equity investees companies, among other assets. Non-current assets represented 72.2%, 69.9%, 67.6%, and 67.5% of total assets as at 31 December 2020G, 2021G, and 2022G, and as at 30 September 2023G, respectively.

Non-current assets decreased from SAR 679.4 million as at 31 December 2020G to SAR 662.9 million as at 31 December 2021G mainly due to a decrease in:

1- Intangible assets arising from service concession arrangements by SAR 14.7 million in line with amortization amounting to SAR 38.2 million partly offset by additions amounting to SAR 23.5 million related to the cost of the rehabilitation of water utilities in DIC 1 & 2, construction of water utilities and wastewater treatment facilities in Al Ahsa industrial city, amongst others.
2- Concession contract receivables in the amount of SAR 4.7 million due to the reclassification of an amount of SAR 20.2 million to the current portion of concession contract receivables as at 31 December 2021G, and this was partially offset by the recognition of finance income amounting to SAR 15.5 million during the same period.

The decrease was partly offset by an increase in investment in equity accounted investees by SAR 2.7 million as a result of the group's investment in International Partners for Water at a value of SAR 200 thousand, (40% ownership), which resulted in a share in the profit of SAR 2.5 million during the period.

Non-current assets decreased from SAR 662.9 million as at 31 December 2021G to SAR 651.4 million as at 31 December 2022G mainly due to a decrease in:

1- Intangible assets arising from service concession arrangements by SAR 12.7 million due to amortization amounting to SAR 36.3 million, partially offset by additions amounting to SAR 23.6 million related to the cost of the rehabilitation of water utilities in DIC 1 & 2, construction of water utilities and wastewater treatment facilities in Al Ahsa industrial city, amongst others.

2- Concession contract receivables by amount of SAR 8.0 million due to the reclassification of SAR 20.8 million to the current portion of concession contract receivables as at 31 December 2022G partially offset by the recognition of finance income amounting to SAR 15.0 million during the same period.

The decrease was offset by an increase in investments in equity investee companies by an amount of SAR 5.6 million due to the Group's investment in the International Partners Company for Water 2, amounting to SAR 175 thousand, (35% ownership). This was coupled with an increase in the share of profits from the two associate companies by SAR 5.4 million during the same period.

Non-current assets increased from SAR 651.4 million as at 31 December 2022G to SAR 651.9 million as at 31 September 2023G mainly due to the reclassification of advance payment to suppliers from current assets (an increase of SAR 14.3 million) mainly related to payments made to construction suppliers of the Hadda & Arana project. In addition, investments in equity investee companies increased by SAR 4.6 million due to profits recognized from International Partners Water Company amounting to SAR 2.5 million and International Partners Water 2 Company amounting to SAR 2.1 million.

This was offset by a decrease in Intangible assets arising from service concession arrangements amounting to SAR 13.1 million due to amortization amounting to SAR 28.4 million, partly offset by additions amounting to SAR 15.2 million related to the cost of the rehabilitation of water utilities in DIC 1 & 2, construction of water utilities and wastewater treatment facilities in Al Ahsa industrial city, amongst others.

Current assets

Current assets primarily consist of cash and cash equivalents, trade and other receivables, concession contract receivables, among other current assets. Current assets represented 27.8%, 30.1%, 32.4%, and 32.5% of total assets as at 31 December 2020G, 2021G, and 2022G, and as at 30 September 2023G, respectively.

Current assets increased from SAR 261.2 million as at 31 December 2020G to SAR 285.7 million as at 31 December 2021G mainly due to an increase in:

1- Trade and other receivables by SAR 21.2 million mainly as a result of an increase in the balance due from the General Authority of Civil Aviation by SAR 19.2 million related to the dispute over receivables related to the King Khalid International Airport project, as the balance due amounted to more than 365 days 38.6 million as at 31 December 2021G.
2- Advance payments and advance payments from SAR 6.7 million as at 31 December 2020G to SAR 19.2 million as at 31 December 2021G due to the increase in (i) bank guarantees related to the group's concession contracts by SAR 9.3 million, (ii) advances payments made to suppliers amounting to SAR 1.7 million related to suppliers of fixed assets, which were previously classified as long-term advances, and (i) other prepayments by SAR 1.4 million mainly as a result of the increase in prepaid medical insurance related to employees.
3- Contract assets from nil as at 31 December 2020G to SAR 6.9 million as at 31 December 2021G due to the reclassification of contract assets amounting to SAR 4.2 million that were classified as trade receivables as at 31 December 2020G.

This was offset by a decrease in cash and cash equivalents from SAR 128.3 million as at 31 December 2020G to SAR 111.2 million as at 31 December 2021G due to an increase in cash flows used in financing activities by SAR 29.7 million and additions to intangible assets arising from service concession arrangements amounting to SAR 23.5 million mainly related to replacing the chlorination treatment system and pump meters in Dammam Industrial City I and II. This was offset by the net cash generated from operating activities which increased by SAR 29.7 million in line with the increase in the group's profits during the same period.

Current assets increased from SAR 285.7 million as at 31 December 2021G to SAR 311.6 million as at 31 December 2022G as a result of the increase in:

1- Contract assets from SAR 6.9 million as at 31 December 2021G to SAR 22.7 million as at 31 December 2022G as a result of an increase in unbilled revenues related to the operation and maintenance contract for the Hadda & Arana project. The initial expiration date of the Hadda & Arana contract was December 2021G, however it was extended to March 2023G based on an agreement between the Group and project owner (the issuance of the purchase order or the official extension of the contract to issue invoices is still pending).
2- Advance payments and advance payments from SAR 19.2 million as at 31 December 2021G to SAR 27.5 million as at 31 December 2022G due to the increase in bank guarantees amounting to SAR 9.7 million as a result of the increase in the number of tenders, in addition to the increase in prepayment and advances by SAR 3.4 million in line with the increase in prepaid medical expenses due to the increase in the number of employees and prepaid rent related to employee accommodation during the same period.

Current assets increased from SAR 311.6 million as at 31 December 2022G to SAR 314.3 million as at 30 September 2023GG due to an increase in:

1- Cash and cash equivalents by SAR 27.4 million as a result of the increase in net cash generated from operating activities by SAR 77.6 million mainly in line with the increase in the group's profits during the period.
2- Contract assets from SAR 22.6 million as at 31 December 2022G to SAR 37.5 million as at 30 September 2023G due to the build-up of the unbilled services of the Hadda & Arana operations and management project up until April 2023.
3- Concession contract receivables by SAR 10.4 million due to the reclassification of the current portion of concession contract receivables.
4- Prepayments and advances from SAR 27.5 million as at 31 December 2022G to SAR 32.8 million as at 30 September 2023G due to the increase in bank guarantee requested amounts by the bid owners.

This was offset by the decrease in trade and other receivables by SAR 56.3 million due to collections made related to the balance due from the General Authority of Civil Aviation (King Khalid International Airport Project) amounting to SAR 77.2 million during the same period.

Equity and liabilities

Equity

Equity mainly consists of retained earnings, which represent 44.5%, 48.1%, 51.7%, and 57.2% of the total equity attributable to shareholders of the parent company as at 31 December 2020G, 2021G, and 2022G, and as at 30 September 2023G, respectively.

Equity increased from SAR 274.6 million as at 31 December 2020G to SAR 304.9 million as at 30 December 2021G due to an increase in retained earnings by SAR 24.5 million in line with the profits achieved during 2021G.

Equity increased from SAR 304.9 million as at 31 December 2021G to SAR 342.5 million as at 31 December 2022G due to an increase in retained earnings by SAR 30.3 million as a result of profits that amounted to SAR 50.1 million coupled with the decrease in the cash flow hedge reserve from a deficit of SAR 8.8 million as at 31 December 2020G to a deficit of SAR 3.0 million as at 31 December 2021G. This was partly offset by dividends paid amounting to SAR 20.0 million during 2022G.

Equity increased from SAR 342.5 million as at 31 December 2022G to SAR 386.6 million as at 30 September 2023G as a result of the increase in retained earnings by SAR 43.9 million in line with the profits achieved during the same period.

It is worth noting that equity includes additional capital contribution which amounted to SAR 160.4 million as at 31 December 2020G, 2021G, 2022G, and as at 30 September 2023G. As part of the group's acquisition of the Industrial Cities Development and Operation Company, Al Jazzirah Environment Company, and the Riyadh Water Production Company from Vision International Investment Company, the sales purchase agreement included the issuance of shares to the seller which amounted to SAR 156.8 million, SAR 3.5 million, and SAR 0.1 million in exchange for the acquisition of 100% of the shares of the Industrial Cities Development and Operation Company, 100% of the shares of Al Jazzirah Environment Company, and 1% of the shares of the Riyadh Water Production Company, respectively. As at 30 September 2023G, the Group has not issued these shares and the total amount is still recorded as an additional capital contribution. As at 20 September 2023G. The Group's shareholders approved the capitalization of the "Additional Capital Contribution" in the amount of SAR 160,425,543 to the share capital on 20 September 2023G.

Liabilities

Non-current liabilities

Non-current liabilities mainly consist of Loans and borrowings, which represent 87.5%, 88.6%, 89.8% and 89.4% of the total non-current liabilities as at 31 December 2020G, 2021G, 2022G, and as at 30 September 2023G, respectively.

Non-current liabilities increased from SAR 465.6 million as at 31 December 2020G to SAR 492.0 million as at 31 December 2021G due to an increase in loans and borrowings by SAR 28.9 million.

Non-current liabilities decreased from SAR 492.0 million as at 31 December 2021G to SAR 470.6 million as at 31 December 2022G due to a decrease in loans and borrowings by SAR 13.6 million during the same period. Other non-current liabilities also decreased from SAR 16.0 million as at 31 December 2021G to SAR 10.9 million as at 31 December 2022G during the same period.

Non-current liabilities decreased from SAR 470.6 million as at 31 December 2022G to SAR 452.3 million as at 30 September 2023G, due to a decrease in loans and borrowings by SAR 18.2 million in line with periodic settlements made over the periods.

Current liabilities

Current liabilities mainly consist of trade and other payables, Loans and borrowings, zakat payable, and the current portion of lease obligations. Current liabilities represented 30.1%, 23.6%, 24.2%, and 22.0% of the total liabilities as at 31 December 2020G, 2021G, and 2022G, and as at 30 September 2023G, respectively.

Current liabilities decreased from SAR 200.5 million as at 31 December 2020G to SAR 151.7 million as at 31 December 2021G. This is mainly due to a decrease in loans and borrowings by SAR 57.0 million in line with periodic settlements made based on the agreed repayment schedule. This was offset by an increase in trade and other payables by an amount of SAR 8.1 million due to the increase in trade payables by SAR 7.1 million related to electricity fees due to the General Authority of Civil Aviation after the balance had accumulated during the negotiation period between the two parties.

Current liabilities decreased from SAR 151.7 million as at 31 December 2021G to SAR 149.9 million as at 31 December 2022G mainly due to a decrease in:

1- Trade and other payables in the amount of SAR 3.6 million due to the payment of some balances related to related parties, specifically Abunayyan Trading Company.
2- Zakat due by SAR 1.2 million due to settlements amounting to SAR 5.3 million, offset by zakat expense provision amounting to SAR 4.1 million.

Current liabilities decreased from SAR 149.9 million as at 31 December 2022G to SAR 127.2 million as at 30 September 2023G. This is mainly due to a decrease in trade and other payables by SAR 21.1 million due to the payment of the balance due to the General Authority of Civil Aviation of SAR 18.2 million after settling the disputed amounts (receivable balance) due between the two parties.

6.7.2.1 Non-current assets

The following table summarizes the non-current assets as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.34): Non-current assets

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Property and equipment	5,391	5,993	8,446	11.2%	40.9%	25.2%	8,654	2.5%
Intangible assets	1,183	706	222	(40.3%)	(68.5%)	(56.7%)	12	(94.6%)
Intangible assets arising from service concession arrangements	386,804	372,151	359,494	(3.8%)	(3.4%)	(3.6%)	346,380	(3.6%)
Right-of-use assets	7,624	9,377	7,760	23.0%	(17.2%)	0.9%	10,117	30.4%
Investment in associate	-	2,715	8,301	na	205.7%	na	12,929	55.7%
Concession contract receivables	276,682	271,995	263,967	(1.7%)	(3.0%)	(2.3%)	259,551	(1.7%)
Prepayment and advances	1,747	-	3,240	(100.0%)	na	36.2%	14,268	340.3%
Total non-current assets	**679,432**	**662,938**	**651,431**	**(2.4%)**	**(1.7%)**	**(2.1%)**	**651,911**	**0.1%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Non-current assets mainly comprised intangible assets arising from concession service contracts, concession contract receivables, right-of-use assets, property and equipment, investments in associates, among other assets. Non-current assets represented 72.2%, 69.9%, 67.6%, and 67.5% of total assets as at 31 December 2020G, 2021G, and 2022G, and as at 30 September 2023G, respectively.

Non-current assets decreased from SAR 679.4 million as at 31 December 2020G to SAR 662.9 million as at 31 December 2021G mainly due to a decrease in:

1- Intangible assets arising from service concession arrangements by SAR 14.7 million in line with amortization amounting to SAR 38.2 million partly offset by additions amounting to SAR 23.5 million related to the cost of the rehabilitation of water utilities in DIC 1 & 2, construction of water utilities and wastewater treatment facilities in Al Ahsa industrial city, amongst others.
2- Concession contract receivables in the amount of SAR 4.7 million due to the reclassification of an amount of SAR 20.2 million to the current portion of concession contract receivables as at 31 December 2021G, and this was partially offset by the recognition of finance income amounting to SAR 15.5 million during the same period.

The decrease was partly offset by an increase in investment in associates by SAR 2.7 million as a result of the group's investment in International Partners for Water at a value of SAR 200 thousand, (40% ownership), which resulted in a share in the profit of SAR 2.5 million during the period.

Non-current assets decreased from SAR 662.9 million as at 31 December 2021G to SAR 651.4 million as at 31 December 2022G mainly due to a decrease in:

1- Intangible assets arising from service concession arrangements by SAR 12.7 million due to amortization amounting to SAR 36.3 million, partially offset by additions amounting to SAR 23.6 million related to the cost of the rehabilitation of water utilities in DIC 1 & 2, construction of water utilities and wastewater treatment facilities in Al Ahsa industrial city, amongst others.
2- Concession contract receivables by amount of SAR 8.0 million due to the reclassification of SAR 20.8 million to the current portion of concession contract receivables as at 31 December 2022G partially offset by the recognition of finance income amounting to SAR 15.0 million during the same period.

The decrease was offset by an increase in investments in associates by an amount of SAR 5.6 million due to the group's investment in the International Partners Company for Water 2, amounting to SAR 175 thousand, (35% ownership). This was coupled with an increase in the share of profits from the two associate companies by SAR 5.4 million during the same period.

Non-current assets increased from SAR 651.4 million as at 31 December 2022G to SAR 651.9 million as at 31 September 2023G mainly due to the reclassification of advance payment to suppliers from current assets (an increase of SAR 14.3 million) mainly related to payments made to construction suppliers of the Hadda & Arana project. In addition, investments in associates increased by SAR 4.6 million due to profits recognized from International Partners Water Company amounting to SAR 2.5 million and Second International Partners Water Company amounting to SAR 2.1 million.

This was offset by a decrease in intangible assets arising from service concession arrangements amounting to SAR 13.1 million due to amortization charges amounting to SAR 28.4 million, partly offset by additions amounting to SAR 15.2 million related to the cost of the rehabilitation of water utilities in DIC 1 & 2, construction of water utilities and wastewater treatment facilities in Al Ahsa industrial city, amongst others.

Prepayment and advances

Prepayment and advances consist of advance payments made to an EPC contractor as well as other advance payments made to fixed asset suppliers. Prepayment and advances suppliers represented 0.3%, 0.0%, 0.5%, and 2.2% of total current assets as at 31 December 2020G, 2021G, and 2022G, and as at 30 September 2023G, respectively.

Prepayment and advances decreased from SAR 1.7 million as at 31 December 2020G to nil as at 31 December 2021G due to the reclassification of the non-current portion of the prepayment and advances from non-current assets to current assets as at 31 December 2021G.

Prepayment and advances increased from nil as at 31 December 2021G to 3.2 million as at 31 December 2022G. This is due to the reclassification of the current portion of the prepayment and advances from current assets to non-current assets as at 31 December 2022G.

Prepayment and advances increased from SAR 3.2 million as at 31 December 2022G to SAR 14.3 million as at 30 September 2023G as a result of advance payments to the engineering, procurement, and construction contractor related to the concession contract for Hadda & Arana project that was granted to the group during the nine-month period ended on 30 September 2023G, which amounted to 9.7 million.

A- Property and equipment by type

The following table summarizes the net book value of property and equipment by type as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.35): Property and equipment net book value by type

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Leasehold improvements	673	1,125	1,033	67.2%	(8.2%)	23.9%	974	(5.7%)
Furniture and fixtures	2,362	2,119	4,831	(10.3%)	128.0%	43.0%	4,078	(15.6%)
Office equipment and computer	978	778	675	(20.4%)	(13.2%)	(16.9%)	1,157	71.4%
Machinery and equipment	487	1,173	1,033	140.9%	(11.9%)	45.6%	851	(17.6%)
Motor vehicles	890	798	874	(10.3%)	9.45%	(0.9%)	1,594	82.4%
Total	**5,391**	**5,993**	**8,446**	**11.2%**	**40.9%**	**25.2%**	**8,654**	**2.5%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Table (6.36): Table 6.29: Additions to property and equipment by type

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Leasehold improvements	260	533	13	105.0%	(97.5%)	(77.6%)	20	53.8%
Furniture and fixtures	454	274	3,644	(39.6%)	1,229.9%	183.3%	197	(94.6%)
Office equipment and computer	390	149	212	(61.8%)	42.3%	(26.3%)	682	221.7%
Machinery and equipment	328	1,149	397	250.3%	(65.4%)	10.0%	215	(45.8%)
Motor vehicles	194	807	483	316.0%	(40.1%)	57.8%	1,045	116.4%
Total	**1,626**	**2,911**	**4,749**	**79.1%**	**63.1%**	**70.9%**	**2,160**	**(54.5%)**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Accumulated depreciation of property and equipment by type

The following table summarizes the accumulated depreciation of property and equipment by type as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.37): Accumulated depreciation of property and equipment by type

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Leasehold improvements	93	174	279	87.1%	60.3%	73.2%	358	28.3%
Furniture and fixtures	5,853	6,366	7,282	8.8%	14.4%	11.5%	8,232	13.0%
Office equipment and computer	3,253	3,591	3,882	10.4%	8.1%	9.2%	4,082	5.2%

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Machinery and equipment	4,379	4,842	5,378	10.6%	11.1%	10.8%	5,776	7.4%
Pump meters	1,241	1,241	1,241	0.0%	0.0%	0.0%	1,241	0.0%
Motor vehicles	5,374	6,273	6,117	16.7%	(2.5%)	6.7%	6,442	5.3%
Total	**20,192**	**22,486**	**24,179**	**11.4%**	**7.5%**	**9.4%**	**26,130**	**8.1%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Property and equipment consist primarily of furniture and fixtures, leasehold improvements, office equipment and computer, motor vehicles, pump meters, and others. Property and equipment represented 0.8%, 0.9%, 1.3%, and 1.3% of total non-current assets as at 31 December 2020G, 2021G, and 2022G, and as at 30 September 2023G, respectively.

Property and equipment increased from SAR 5.4 million as at 31 December 2020G to SAR 6.0 million as at 31 December 2021G driven by the increase in additions by SAR 2.9 million which mainly related to machinery and equipment amounting to SAR 1.1 million, motor vehicles amounted to SAR 807 thousands, and leasehold improvements amounted to SAR 533 thousands. This was partly offset by a depreciation expense amounting to SAR 2.3 million during the same year.

Property and equipment increased from SAR 6.0 million as at 31 December 2021G to SAR 8.3 million as at 31 December 2022G due to the increase in additions by SAR 4.7 million related to an automatic meter reading which amounted to SAR 3.3 million.

Property and equipment increased to SAR 8.7 million as at 30 September 2023G due to the increase in additions by SAR 1.3 million which mainly included vehicles to be deployed in the newly attained project in Hadda & Arana.

Table (6.38): Property and equipment net book value by subsidiary

SAR in 000s	31 Dec 2020G (Management Information)	31 Dec 2021G (Management Information)	31 Dec 2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Management Information)	Var 31 Dec 2022G-Q3'23G
Al Jazzira Company	2,127	2,807	2,760	31.9%	(1.7%)	13.9%	3,258	18.0%
Industrial Cities Development and Operating	1,566	1,344	3,987	(14.2%)	196.7%	59.6%	3,216	(19.3%)
Miahona company	1,694	1,840	1,697	8.6%	(7.8%)	0.1%	2,180	28.4%
Riyadh Water & Production Company	4	2	1	(39.9%)	(36.4%)	(38.2%)	1	(43.0%)
Total	**5,391**	**5,993**	**8,446**	**11.2%**	**40.9%**	**25.2%**	**8,654**	**2.5%**

Source: Management information.

B- Intangible assets

The following table summarizes the intangible assets as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.39): Intangible assets

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
As at 1 January	**1,309**	**1,183**	**706**	**(9.6%)**	**(40.3%)**	**(26.6%)**	**222**	**(68.6%)**
Additions during the year / period	321	9	-	(97.2%)	(100.0%)	na	-	na
Amortization for the year / period	(447)	(486)	(484)	8.7%	(0.4%)	4.1%	(210)	(56.6%)
Balance at the end of the year/period	**1,183**	**706**	**222**	**(40.3%)**	**(68.6%)**	**(56.7%)**	**12**	**(94.6%)**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Intangible assets mainly include the Group's ERP software "Dynamics".

Intangible assets decreased from SAR 1.2 million as at 31 December 2020G to SAR 706 thousand as at 31 December 2021G and further to SAR 222 thousand as at 31 December 2022G in line with amortization charges amounting to SAR 486 thousand and SAR 484 thousand in 2021G and 2022G respectively.

Intangible assets further decreased to SAR 12 thousand as at 30 September 2023G due to amortization charges amounting to SAR 210 thousand during the same period.

C- Intangible assets arising from service concession arrangements

The following table summarizes the intangible assets arising from service concession arrangements as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.40): Intangible assets arising from service concession arrangements

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
As at the beginning of the year/period	**408,999**	**386,804**	**372,151**	**(5.4%)**	**(3.8%)**	**(4.6%)**	**359,494**	**(3.4%)**
Additions during the year / period	15,478	23,548	23,642	52.1%	0.4%	23.6%	15,289	(35.3%)
Amortization for the year / period	(37,653)	(38,201)	(36,299)	1.5%	(5.0%)	(1.8%)	(28,402)	(21.8%)
Write-off / disposals during the year	(20)	-	-	(100.0%)	na	na	-	na
Balance at the end of the year/ period	**386,804**	**372,151**	**359,494**	**(3.8%)**	**(3.4%)**	**(3.6%)**	**346,380**	**(3.6%)**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Intangible assets arising from service concession arrangements

Intangible assets arising from service concession arrangements arises from the Group's concession agreement in ICDOC and mainly includes:

1- The cost of the rehabilitation of water utilities and waste-water treatment facilities for the first and second industrial cities of Dammam;
2- The cost of construction of wastewater treatment facilities for the first industrial city of Al Ahsa;
3- The cost of the rehabilitation of water utilities and wastewater treatment facilities for reverse osmosis plant at the second industrial city in Dammam;
4- The cost for the rehabilitation of wastewater treatment facilities for Jeddah Industrial City (JIC).

The Group recognizes an intangible asset when it has a contractual right to charge the public for usage of the concession infrastructure. The intangible asset is recognized equal to the consideration for providing construction or upgrade services in a service concession arrangement which is measured at cost including capitalized borrowing costs, less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. Amortization is calculated to write off the cost of intangible asset using the straight-line method over the period of concession arrangement or their estimated useful lives whichever is lower and is recognised in profit or loss. Intangible assets arising from service concession arrangements represented 56.9%, 56.1%, 55.2%, and 53.1% of total non-current assets as at 31 December 2020G, 2021G, and 2022G, and as at 30 September 2023G, respectively.

Intangible assets arising from service concession arrangements decreased from SAR 386.8 million as at 31 December 2020G to SAR 372.2 million as at 31 December 2021G in line with amortization amounting to SAR 38.2 million partly offset by additions amounting to SAR 23.5 million related to the cost of the rehabilitation of water utilities in DIC 1 & 2, construction of water utilities and wastewater treatment facilities in Al Ahsa industrial city, amongst others.

Intangible assets arising from service concession arrangements further decreased from SAR 372.2 million as at 31 December 2021G to SAR 359.5 million as at 31 December 2022G due to amortization charges amounting to SAR 36.3 million, partly offset by additions which amounted to SAR 23.6 million related to the cost of the rehabilitation of water utilities in DIC 1 & 2, construction of water utilities and wastewater treatment facilities in Al Ahsa industrial city, amongst others.

Intangible assets arising from service concession arrangements further decreased to SAR 346.4 million as at 30 September 2023G due to amortization charges amounting to SAR 28.4 million, partly offset by additions amounting to SAR 16.2 million mainly related to work in progress additions which amounted SAR 15.2 million which included construction of tanks, solar plants, sewage networks, and others to cater increased demand within industrial cities.

D- Right-of-use assets

The following table summarizes the right-of-use assets as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.41): Right-of-use assets

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
At the beginning of the year / period	14,207	7,624	9,377	(46.3%)	23.0%	(18.8%)	7,760	(17.2%)
Additions during the year / period	935	3,888	1,068	315.8%	(72.5%)	6.9%	3,279	207.1%
Depreciation expense for the year / period (cost of revenue)	(746)	(1,171)	(823)	57.0%	(29.7%)	5.0%	(181)	(78.0%)
Depreciation expense for the year / period (general and administrative expenses)	(1,067)	(964)	(1,565)	(9.7%)	62.2%	21.1%	(741)	(52.7%)
Derecognition during the year / period	(5,705)	-	(297)	na	na	(77.2%)	-	na
Balance at the end of the year / period	**7,624**	**9,377**	**7,760**	**23.0%**	**(17.2%)**	**0.9%**	**10,117**	**30.4%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Right-of-use of assets comprised head office lease agreement, leased housing accommodation, cars and offices in project sites namely: KKIA (GACA project) and Dammam Industrial City 1 & 2. Right-of-use assets represented 1.1%, 1.4%, 1.2%, and 1.6% of total non-current assets as at 31 December 2020G, 2021G, and 2022G, and as at 30 September 2023G, respectively.

Right-of-use of assets increased from SAR 7.6 million as at 31 December 2020G to SAR 9.4 million as at 31 December 2021G due to additions by an amount of SAR 3.9 million related to the housing accommodation in Dammam Industrial City 2 with an amount of SAR 2.1 million and the new office rent related to Miahona Company which amounted to SAR 1.4 million. This was partly offset by depreciation amounting to SAR 2.1 million during the same period.

Right-of-use of assets decreased to SAR 7.8 million as at 31 December 2022G driven by depreciation charges by SAR 2.4 million and derecognition amounting to SAR 296 thousands during the same period due to a terminated staff accommodation lease. This was partly offset by additions amounting to SAR 1.1 million mainly related to the housing accommodation in Damam Industrial City 2.

Right-of-use of assets increased to SAR 10.1 million as at 30 September 2023G mainly due to the increase in the contract price of the accommodation lease in Dammam amounting to SAR 3.5 million. This was partly offset by amortization charges that amounted to SAR 1.2 million.

E- Investment in associate

The following table summarizes the Investment in associate as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.42): Investment in associate

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Balance at the beginning of the year / period	200	-	2,715	(100.0%)	na	268.3%	8,301	205.7%
Additions during the year / period	-	200	175	na	(12.5%)	na	-	(100.0%)
Share in profit of investment in associate	72	2,515	5,411	3393.1%	115.1%	766.9%	5,998	10.8%
Dividends received during the year/ period	(272)	-	-	na	na	na	(1,371)	na
Balance at the end of the year / period	**-**	**2,715**	**8,301**	**na**	**205.7%**	**na**	**12,929**	**55.7%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Investments in equity accounted investees represented 0.0%, 0.4%, 1.3%, and 2.0% of total non-current assets as at 31 December 2020G, 2021G, and 2022G, and as at 30 September 2023G, respectively.

Interest in associates and joint ventures is accounted for using the equity method. They are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures is recognized as a reduction in the carrying amount of the investment. Investment in associate included a 40% stake in International Water Partners Company and a 35% stake in International Water Partners Company 2. Investment in associate increased from nil as at 31 December 2020G to SAR 2.7 million as at 31 December 2021G due to the new green field project through a 40% stake in International Water Partners Company amounting to SAR 200 thousands which generated a share in profit amounting to SAR 2.5 million during the same year.

Investment in associate increased from SAR 2.7 million as at 31 December 2021G to SAR 8.3 million as at 31 December 2022G due to the 35% ownership stake in International Water Partners Company 2 by an amount of SAR 175 thousand during the same year. This was coupled with the increase in share of profits from International Water Partner amounting to SAR 5.4 million in 2022G. It is worth noting that no dividends were received during 2021G and 2022G.

Investment in associate increased from SAR 8.3 million at 31 December 2022G to SAR 12.9 million as at 30 September 2023G due to profits recognized from International Water Partner amounting to SAR 2.5 million and International Water Partners 2 amounting to SAR 2.1 million during the same period.

F- Concession contract receivables

The following table summarizes the concession contract receivables as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.43): Concession contract receivables

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Balance at the beginning of the year	296,170	296,834	292,147	0.2%	(1.6%)	(0.7%)	284,728	(2.5%)
Modification	-	-	(1,983)	na	na	0.0%	-	na
Finance income	15,566	15,464	15,041	(0.7%)	(2.7%)	(1.7%)	11,830	(21.3%)
Additions	5,250	-	-	(100.0%)	na	na	15,654	na
Concession receivable amortization	(20,152)	(20,152)	(20,477)	0.0%	1.6%	0.8%	(21,341)	4.2%
Allowance for ECL	-	-	-	na	na	na	(146)	na
Total	**296,834**	**292,147**	**284,728**	**(1.6%)**	**(2.5%)**	**(2.1%)**	**290,725**	**2.1%**
Non-current portion of the concession contract receivables	276,682	271,995	263,967	(1.7%)	(3.0%)	(2.3%)	259,551	(1.7%)
Current portion of the concession contract receivables	20,152	20,152	20,761	0.0%	3.0%	1.5%	31,174	50.2%

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

The Group has entered a concession service contract with the General Authority of Civil Aviation to build, operate, and transfer a new water treatment station at King Khalid International Airport. Under this agreement, the Group shall construct, operate, and maintain the water treatment station and receive the operational rights for the concession period (28 years). The Group will supply the King Khalid International airport with potable water based on the agreed tariff whereby the consideration to be received by the Group will recover the costs incurred to construct the water treatment station. The balance is subject to a financing component given at a rate of 5% annually, and the group shall recover the balance based on the agreed repayment schedule. At the end of the operating period, the new water treatment station and water facilities are transferred to the grantor without any consideration, as per the contract terms. Concession contract receivables constituted 40.7%, 41.0%, 40.5%, and 39.8% of total non-current assets as at 31 December 2020G, 2021G, and 2022G, and as at 30 September 2023G, respectively.

The non-current portion of concession contract receivables related to the contract asset balance arising from the construction of the new water station at King Khalid International Airport (General Authority of Civil Aviation project). The cost of construction of the station amounting to SAR 299.1 million was transferred from contract assets to concession contract receivables during 2020G,after the station became operational. The balance is subject to a financing component at an interest rate of 5.0% annually, and it is expected to be fully settled by 2047G.

Concession contract receivables (non-current portion) decreased from SAR 276.7 million as at 31 December 2020G to SAR 272.0 million as at 31 December 2021G due to the reclassification of SAR 20.2 million to current portion of concession contract receivables as at 31 December 2021G as the balance is due for collection in less than 1 year, partly offset by the recognition of finance income by an amount of SAR 15.5 million during the same period.

Concession contract receivables (non-current portion) further decreased from SAR 272.0 million at 31 December 2021G to SAR 264.0 million as at 31 December 2022G due to the reclassification of SAR 20.8 million to current portion of concession contract receivables as at 31 December 2022G as the balance is due for collection in less than 1 year, partly offset by the recognition of finance income amounting to SAR 15.0 million during the same period.

Concession contract receivables (non-current portion) decreased from SAR 264.0 million as at 31 December 2022G to SAR 259.6 million as at 30 September 2023G due to the reclassification of SAR 15.6 million to the current portion, partly offset by finance income amounting to SAR 11.8 million during the same period.

Concession contract receivables (current portion) represents the balance that is due to General Authority of Civil Aviation, as per agreed-upon payment schedule.

Concession contract receivables (current portion) remained stable between 31 December 2020G and 31 December 2022G as the balance is transferred to trade receivables for collection and a reclassification is made from the non-current portion in relation to the balance that is due in less than a year for the same amount.

Concession contract receivables increased from SAR 20.8 million as at 31 December 2022G to SAR 31.2 million as at 30 September 2023G due to the reclassification of the current portion from the non-current portion of concession contract receivables during the period. It is worth noting that amortization of concession contract receivables increased from SAR 20.5 million in 2022G to SAR 21.3 million in the nine-month period ended 30 September 2023G due to the additions amounting to SAR 15.7 million in connection with the new concession contract in Hadda and Arana which was granted to the Group through Araha Environmental Serivces Company during the same period.

6.7.2.2 Working capital

The following table summarizes the working capital as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.44): Working capital

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Current assets								
Concession contract receivables-current portion	20,152	20,152	20,761	0.0%	3.0%	1.5%	31,174	50.2%
Inventories	3,970	4,239	4,500	6.8%	6.2%	6.5%	6,333	40.7%
Trade and other receivables	102,103	123,320	127,836	20.8%	3.7%	11.9%	71,498	(44.1%)
Contract assets	-	6,852	22,629	na	230.2%	na	37,548	65.9%
Prepayments and advances	6,702	19,171	27,512	186.1%	43.5%	102.6%	32,829	19.3%
Fair value of derivative financial instruments-assets	-	718	5,167	na	619.5%	na	4,344	(15.9%)
Cash and cash equivalents	128,276	111,235	103,177	(13.3%)	(7.2%)	(10.3%)	130,541	26.5%
Total current assets	**261,202**	**285,688**	**311,582**	**9.4%**	**9.1%**	**9.2%**	**314,268**	**0.9%**
Current liabilities								
Loans and borrowings	95,227	38,226	39,222	(59.9%)	2.6%	(35.8%)	39,374	0.4%
Lease liabilities	2,109	2,664	2,242	26.3%	(15.9%)	3.1%	1,893	(15.6%)
Trade and other payables	98,638	106,718	103,076	8.2%	(3.4%)	2.2%	82,019	(20.4%)
Zakat payable	4,526	4,116	5,349	(9.1%)	30.0%	8.7%	3,930	(26.5%)
Total current liabilities	**200,500**	**151,724**	**149,889**	**(24.3%)**	**(1.2%)**	**(13.5%)**	**127,216**	**(15.1%)**
Working capital (1)	**60,702**	**133,964**	**161,694**	**120.7%**	**20.7%**	**63.2%**	**187,052**	**15.7%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

1- Net working capital = total current assets – total current liabilities as at 31 December 2020G, 2021G, 2022G, and as at 30 September 2023G

Working capital increased from SAR 60.7 million as at 31 December 2020G to SAR 134.0 million as at 31 December 2021G driven by an increase in trade and other receivables amounting to SAR 21.2 million and an increase in prepayments and advances from SAR 6.7 million as at 31 December 2020G to SAR 19.2 million as at 31 December 2021G due to the increase in bank guarantees related to the group's concession contracts (an increase of SAR 9.3 million). This was coupled with a decrease in the current portion of loans and borrowings by SAR 57.0 million during the same period.

Working capital increased from SAR 134.0 million as at 31 December 2021G to SAR 161.7 million as at 31 December 2022G mainly due to an increase in contract assets by SAR 15.8 million and prepayments and advances by SAR 8.3 million during the same period.

Working capital increased from SAR 161.7 million as at 31 December 2022G to SAR 187.1 million as at 30 September 2023G driven by an increase in cash and cash equivalents by SAR 27.4 million, in line with the decrease in trade and other receivables by SAR 56.3 million during the same period.

6.7.2.3 Current assets

The following table summarizes the current assets as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.45): Current assets

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-’21G	Var ‹21G-’22G	CAGR ‹20G-’22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3’23G
Concession contract receivables-current portion	20,152	20,152	20,761	0.0%	3.0%	1.5%	31,174	50.2%
Inventories	3,970	4,239	4,500	6.8%	6.2%	6.5%	6,333	40.7%
Trade and other receivables	102,103	123,320	127,836	20.8%	3.7%	11.9%	71,498	(44.1%)
Contract assets	-	6,852	22,629	na	230.2%	na	37,548	65.9%
Prepayments and advances	6,702	19,171	27,512	186.1%	43.5%	102.6%	32,829	19.3%
Fair value of derivative financial instruments-assets	-	718	5,167	na	619.5%	na	4,344	(15.9%)
Cash and cash equivalents	128,276	111,235	103,177	(13.3%)	(7.2%)	(10.3%)	130,541	26.5%
Total current assets	**261,202**	**285,688**	**311,582**	**9.4%**	**9.1%**	**9.2%**	**314,268**	**0.9%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Current assets primarily consists of cash and cash equivalents, trade and other receivables, concession contract receivables, among other current assets. Current assets represented 27.8%, 30.1%, 32.4%, and 32.5% of total assets as at 31 December 2020G, 2021G, and 2022G, and as at 30 September 2023G, respectively.

Current assets increased from SAR 261.2 million as at 31 December 2020G to SAR 285.7 million as at 31 December 2021G mainly due to an increase in:

1- Trade and other receivables by SAR 21.2 million mainly as a result of an increase in the balance due from the General Authority of Civil Aviation by SAR 19.2 million related to the dispute over receivables in connection with the King Khalid International Airport project, as the balance due more than 365 days amounted to 38.6 million as at 31 December 2021G.

2- Advance payments and prepayments from SAR 6.7 million as at 31 December 2020G to SAR 19.2 million as at 31 December 2021G due to the increase in (i) bank guarantees related to the group's concession contracts by SAR 9.3 million, (ii) advances payments made to suppliers amounting to SAR 1.7 million related to suppliers of fixed assets, which were previously classified as long-term advances, and (i) other prepayments by SAR 1.4 million mainly as a result of the increase in prepaid medical insurance related to employees.

3- Contract assets from nil as at 31 December 2020G to SAR 6.9 million as at 31 December 2021G due to the reclassification of contract assets amounting to SAR 4.2 million that were classified as trade receivables as at 31 December 2020G.

This was offset by a decrease in cash and cash equivalents from SAR 128.3 million as at 31 December 2020G to SAR 111.2 million as at 31 December 2021G due to an increase in cash flows used in financing activities by SAR 29.7 million and additions to intangible assets arising from service concession arrangements amounting to SAR 23.5 million mainly related to replacing the chlorination treatment system and pump meters in Dammam Industrial City I and II. This was offset by the net cash generated from operating activities which increased by SAR 29.7 million in line with the increase in the group's profits during the same period.

Current assets increased from SAR 285.7 million as at 31 December 2021G to SAR 311.6 million as at 31 December 2022G as a result of the increase in:

1- Contract assets from SAR 6.9 million as at 31 December 2021G to SAR 22.7 million as at 31 December 2022G as a result of an increase in unbilled revenues related to the operation and maintenance contract for the Hadda & Arana project. The initial expiration date of the Hadda & Arana contract was December 2021G, however it was extended to March 2023G based on an agreement between the Group and project owner (the issuance of the purchase order or the official extension of the contract to issue invoices is still pending).
2- Advance payments and advance payments from SAR 19.2 million as at 31 December 2021G to SAR 27.5 million as at 31 December 2022G due to the increase in bank guarantees amounting to SAR 9.7 million as a result of the increase in the number of tenders, in addition to the increase in prepayment and advances by SAR 3.4 million in line with the increase in prepaid medical expenses due to the increase in the number of employees and prepaid rent related to employee accommodation during the same period.

Current assets increased from SAR 311.6 million as at 31 December 2022G to SAR 314.3 million as at 30 September 2023GG due to an increase in:

1- Cash and cash equivalents by SAR 27.4 million as a result of the increase in net cash generated from operating activities by SAR 77.6 million mainly in line with the increase in the group's profits during the period.
2- Contract assets from SAR 22.6 million as at 31 December 2022G to SAR 37.5 million as at 30 September 2023G due to the build-up of the unbilled services of the Hadda & Arana operations and management project up until April 2023.
3- Concession contract receivables by SAR 10.4 million due to the reclassification of the current portion of concession contract receivables.
4- Prepayments and advances from SAR 27.5 million as at 31 December 2022G to SAR 32.8 million as at 30 September 2023G due to the increase in bank guarantee requested amounts by the bid owners.

This was offset by the decrease in trade and other receivables by SAR 56.3 million due to collections made related to the balance due from the General Authority of Civil Aviation (King Khalid International Airport Project) amounting to SAR 77.2 million during the same period.

A- Inventories

The following table summarizes the inventories as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.46): Inventories

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Spare parts	2,197	2,190	2,549	(0.3%)	16.4%	7.7%	3,437	34.8%
Consumables	1,201	1,409	1,487	17.3%	5.5%	11.3%	2,106	41.7%
Chemicals and other	1,007	1,075	900	6.7%	(16.3%)	(5.5%)	1,226	36.3%
Gross inventories	**4,406**	**4,675**	**4,936**	**6.1%**	**5.6%**	**5.8%**	**6,769**	**37.1%**
Provision for obsolete inventory	(436)	(436)	(436)	0.0%	0.0%	0.0%	(436)	0.0%
Total	**3,970**	**4,239**	**4,500**	**6.8%**	**6.2%**	**6.5%**	**6,333**	**40.7%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Inventories are measured at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value comprises estimated selling price in the ordinary course of business, less further costs to completion and appropriate selling and distribution costs. Inventory mainly consists of spare parts, consumables, and other chemicals used in the maintenance and operation of projects. It is worth noting that, due to the nature of the Group's operations and activities, the Group does not require maintaining relatively significant levels of inventory, and therefore inventory is not considered an essential component of the group's working capital.

Inventories increased from SAR 4.0 million as at 31 December 2020G to SAR 4.2 million as at 31 December 2021G due to the increase in consumables by SAR 208 thousand in line with the new project in Manfouha.

Inventories further increased from SAR 4.2 million to SAR 4.5 million as at 31 December 2022G due to the increase in spare parts by SAR 359 thousand in line with the commencement of new projects namely King Salman Energy City project "Spark".

Inventories increased to SAR 6.3 million as at 30 September 2023G due to the ramp up of the new projects in Manfouha and Spark which require consumables and spare parts to be deployed on their respective sites.

Provision for obsolete inventory

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging and current condition, and current and future expectations with respect to operation and maintenance services as per the customer contracts. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales from service. The provision for obsolete inventory amounted to SAR 436 thousand as at 31 December 2020G, 2021G, 2022G, and as at 30 September 2023G

B- Trade and other receivables

The following table summarizes the trade and other receivables breakdown as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.47): Trade and other receivables

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Trade receivables	105,391	125,185	137,767	18.8%	10.1%	14.3%	66,544	(51.7%)
Less: Allowance for ECL	(8,745)	(19,535)	(19,239)	123.4%	(1.5%)	48.3%	(3,545)	(81.6%)
Net trade receivables	**96,646**	**105,651**	**118,528**	**9.3%**	**12.2%**	**10.7%**	**62,999**	**(46.8%)**
Due from related parties	837	10,597	8,905	1166.1%	(16.0%)	226.2%	8,305	(6.7%)
Staff and other receivables	4,620	7,073	403	53.1%	(94.3%)	(70.5%)	194	(51.9%)
Total	**102,103**	**123,320**	**127,836**	**20.8%**	**3.7%**	**11.9%**	**71,498**	**(44.1%)**
DSO (1)	**169**	**164**	**174**	**(3.0%)**	**6.1%**	**1.5%**	**122**	**(29.9%)**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

1- DSO was calculated using average (gross receivables and contract assets) for the previous and current period / revenue from contracts with customers * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 270 days for the nine months period ended 30 September 2023G.

Table (6.48): Aging of trade receivables and contract assets as at 30 September 2023G

SAR in 000s	Not due	1-90 Days	91-180 Days	181-360 Days	< 360 Days	Total
Total trade receivables and contract assets	36,349	29,087	5,671	13,128	19,856	104,091

Source: Management Information.

Trade and other receivables mainly comprised trade receivables, impairment allowance on trade receivables, due from related parties, staff receivables and others. The credit terms for the various ongoing projects vary between 30-120 days.

Trade and other receivables increased from SAR 102.1 million as at 31 December 2020G to SAR 123.3 million as at 31 December 2021G due to the increase in trade receivables by an amount of SAR 19.8 million mainly driven by the increase in the balance due from the General Authority of Civil Aviation SAR 19.2 million related to the O&M of the Riyadh Airports (KKIA).

Trade and other receivables increased from SAR 123.3 million to SAR 127.8 million as at 31 December 2022G primarily driven by the increase in increase in the balance due from the General Authority of Civil Aviation which amounted to SAR 16.2 million arising from the KKIA O&M services.

Trade and other receivables decreased SAR 71.5 million as at 30 September 2023G due to the collections made in relation to the receivable balance from GACA KKIA project by SAR 77.2 million coupled with write-offs amounting to SAR 15.5 million as a result of the settlement between the two parties. This was offset by the increase in (i) receivables due from DIC and JIC tenants by SAR 6.8 million in line with the increase in water and wastewater services revenue,(ii) Hadda & Arana new contract amounting to SAR 11.6 million, and (iii) King Salman Energy City project (SPARK) by an amount of SAR 2.9 million in connection with the new O&M contract that commenced in during the nine-month period ended 30 September 2023G.

Trade receivables

Trade receivables mainly comprised balances due from (i) GACA for KKIA project amounting to SAR 20.0 million, (ii) DIC and JIC customers amounting to SAR 31.1 million representing water consumption receivables, amongst other receivables from O&M projects amounting to SAR 15.4 million.

Trade receivables increased from SAR 105.4 million as at 31 December 2020G to SAR 125.2 million as at 31 December 2021G and further to SAR 137.8 million as at 31 December 2022G driven by the growth in GACA receivables by SAR 19.2 million and SAR 16.6 million during the same period respectively. The increase in GACA receivable is in line with the build-up of billings in connection to operations and maintenance services coupled with the slow-down in collection of long outstanding receivables whereby the long outstanding balance exceeding 365 days increased from SAR 38.0 million as at 31 December 2021G to SAR 87.7 million as at 31 December 2022G. It is worth noting that the ECL provision booked in connection to the outstanding balance due from GACA amounted to SAR 15.8 million as at 31 December 2022G.

Trade receivables decreased to SAR 66.5 million at 30 September 2023G due to the partial settlement of the receivable balance due from GACA amounting to SAR 77.2 million coupled with write-offs by an amount of SAR 15.5 million as a result of the settlement between the two parties. This was partly offset by the increase in receivable due from (i) Hadda & Arana project amounting to SAR 11.6 million in connection with the new concession agreement signed in the nine-month period ended 30 September 2023G and (ii) DIC and JIC customers amounting to SAR 6.8 million.

Provision for impairment of trade receivables

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost and contract assets. Management calculates provision for impairment of trade receivables in accordance with IFRS 9 which is done on an annual basis and reviewed by the legal auditors. It is worth noting that during the nine-month period ended 30 September 2023G the Group began conducting an expected credit losses assessment (ECL assessment) on a quarterly basis.

Provision for impairment of trade receivables increased from SAR 8.7 million as at 31 December 2020G to SAR 19.5 million as at 31 December 2021G in line with the additional provision booked by SAR 11.5 million related to the outstanding balance due from GACA after conducting negotiations in connection to the payment terms and reaching a settlement agreement that required the mentioned provision.

Provision for impairment of trade receivables decreased from SAR 19.5 million as at 31 December 2021G to SAR 19.2 million as at 31 December 2022G due to reversals of the provision for impairment of trade receivables which amounted to SAR 244 thousand related to previously provisioned balances that were recovered during 2022G. During the nine-month period ended 30 September 2023G, management has written off the provisions related to GACA receivables amounting to SAR 15.5 million.

Due from related parties

The following table summarizes due from related parties breakdown as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.49): Due from related parties

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
International Water Partners 2	-	-	5,003	na	na	na	3,853	(23.0%)
Thabat Construction Company	-	-	2,910	na	na	na	3,340	14.8%
Middle East Paper Company	509	526	566	3.3%	7.6%	5.5%	557	(1.6%)
Toleda Arabia Company	204	204	204	0.0%	(0.0%)	(0.0%)	204	0.0%
International Water Partners	-	9,808	199	na	(98.0%)	na	328	64.8%
Suez Environment	-	13	23	na	76.9%	na	23	0.0%
Beatona Company Limited	44	44	-	0.0%	(100.0%)	0.0%	-	na
Vision International Investment Company	72	-	-	(100.0%)	na	0.0%	-	na
Jeddah Water Services	8	-	-	(100.0%)	na	0.0%	-	na
Total	**837**	**10,597**	**8,905**	**1,166.1%**	**(16.0%)**	**226.2%**	**8,305**	**(6.7%)**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Due from related parties amounted to SAR 8.3 million as at 30 September 2023G, and mainly included balances due from:

- **International Water Partners 2** amounting to SAR 3.9 million as at 30 September 2023G, mainly represents a loan receivable with an amount of SAR 3.5 million that is charged at a fixed rate and payable on demand, in addition to other receivables amounting to SAR 1.5 million related to services rendered by the Group.
- **Thabat Construction Company** amounting to SAR 3.3 million as at 30 September 2023G is the subsidiary of the shareholder of the parent company and the balance relates to operations and maintenance services provided to the Manfouha plant.
- **Middle East Paper Company** amounting to SAR 556 thousand as at 30 September 2023G, which represents receivables due from wastewater services rendered by the Group.
- **Toledo Arabia Company** amounting to SAR 204 thousand as at 30 September 2023G and is a long outstanding balance.
- **International Water Partners** amounting to SAR 328 thousand as at 30 September 2023G, and is an associate with 40% ownership. The balance represents expenses paid by the Group on behalf of International Water Partners.
- **Suez Environment** amounting to SAR 23 thousand as at 30 September 2023G. The balance represents expenses paid by the Group on behalf of Suez Environment.

Staff and other receivables

Staff and other receivables represent advances paid to the Group's employees and amounted to SAR 4.6 million as at 31 December 2020G. Staff and other receivables balance includes contract assets amounting to SAR 4.2 million which were reclassified to staff and other receivables as at 31 December 2020G.

Staff and other receivables amounted to SAR 7.1 million as at 31 December 2021G, which includes trade receivables due from the National Water Company amounting to SAR 6.9 million that were classified from trade receivables during the same year.

Staff receivables decreased from SAR 7.1 million as at 31 December 2021G to SAR 403 thousand as at 31 December 2022G due to the reclassification of the balance from staff receivables with an amount of SAR 6.9 million to trade receivables during the same year.

Staff and other receivables amounted to SAR 194 thousand as at 30 September 2023G.

C- Contract assets

The following table summarizes the contract assets as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.50): Contract assets

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Opening balance	-	4,173	6,852	na	64.2%	na	22,629	230.2%
Unbilled amount during the year/ period	-	25,950	25,464	na	(1.9%)	na	36,928	45.0%
Billed amount during the year/ period	-	(23,271)	(9,687)	na	(58.4%)	na	(22,009)	127.2%
Total	**-**	**6,852**	**22,629**	**na**	**230.2%**	**na**	**37,548**	**65.9%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

The following table summarizes the contract assets by project as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.51): Contract assets by project

SAR in 000s	31 Dec 2020G (Management information)	31 Dec 2021G (Management information)	31 Dec 2022G (Management information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Management information)	Var 31 Dec 2022G-Q3'23G
Hadda & Arana (O&M)	-	6,852	22,281	na	225.2%	na	30,840	38.4%
Manfouha Project	-	-	348	na	na	na	348	0.0%
KKIA project	-	-	-	na	na	na	816	na
Hadda & Arana Concession (Araha)	-	-	-	na	na	na	2,772	na
ICDOC	-	-	-	na	na	na	2,772	na
Total	**-**	**6,852**	**22,629**	**na**	**230.2%**	**na**	**37,548**	**65.9%**

Source: Management Information.

Contract assets comprised unbilled revenue primarily from operation, maintenance and construction services. As per the agreement, the Group issues the invoice to the project owner upon receiving the signed purchase order from the client or upon completion of construction of the project.

Contract assets increased from nil as at 31 December 2020G to SAR 6.9 million as at 31 December 2021G due to the reclassification of contract assets amounting to SAR 4.2 million to trade receivables as at 31 December 2020G.

Contract assets increased from SAR 6.9 million at 31 December 2021G to SAR 22.6 million as at 31 Dec 2022G as a result of the increase in unbilled revenues related to the operation and maintenance contract for the Hadda & Arana project (National Water Company). The initial expiration date of the operation and maintenance contract for the Hadda & Arana project ended during December 2021G, and the period of operation and maintenance work was extended by National Water Company to April 2023G based on an agreement between the two parties (pending the issuance of the purchase order or the official extension of the contract to issue invoices).

Contract assets increased from SAR 22.6 million as at 31 December 2022G to SAR 37.5 million as at 30 September 2023G due to the build-up of the unbilled services of the Hadda & Arana O&M project up until April 2023. The group continued to provide services for the operation and maintenance of the Hadda & Arana project after the completion of the contract in accordance with the extension terms agreed upon between the two parties. This was coupled with the increase in contract assets related to other projects, such as the Hadda and Arana concession contract project by SAR 2.7 million, Industrial Cities Development and Operation Company projects (Dammam Industrial City and Jeddah Industrial City projects) by SAR 2.7 million, and the King Khalid International Airport project by SAR 816 thousand.

D- Prepayments and advances

The following table summarizes prepayments and advances as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.52): Prepayments and advances

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Amount paid as margins for bank guarantees	-	9,326	19,026	na	104.0%	na	23,852	25.4%
Prepayments and other current assets	3,758	5,154	8,485	37.1%	64.6%	50.3%	6,680	(21.3%)
Advances to suppliers	2,944	4,692	-	59.4%	(100.0%)	0.0%	2,297	na
Total	**6,702**	**19,171**	**27,511**	**186.1%**	**43.5%**	**102.6%**	**32,829**	**19.3%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Prepayments and advances consisted of amounts paid as margins for bank guarantees, advances to suppliers and other prepayments and advances.

Prepayments and advances increased from SAR 6.7 million as at 31 December 2020G to SAR 19.2 million as at 31 December 2021G due to the increase in (i) margins paid for bank guarantees by an amount of SAR 9.3 million related to bank guarantees projects bidding, (ii) advances made to suppliers amounting to SAR 1.7 million in connection to fixed asset suppliers previously classified from long-term advances as at 31 December 2021G and (iii) prepayments and other current assets amounting to SAR 1.4 million due to the increase in medical insurance for employees.

Prepayment and advances further increased from SAR 19.2 million at 31 December 2021G to SAR 27.5 million 31 December 2022G following the increase in prepaid margin amounts paid for bank guarantees by an amount of SAR 9.7 million following the increase in bid participation, coupled with the increase in prepayments and other current assets by SAR 3.3 million in line with the increase in (i) prepaid medical expenses as a result of the increase in overall headcount and (ii) prepaid rent in connection with staff accommodation during the same year.

Prepayments and advances increased from SAR 27.5 million as at 31 December 2022G to SAR 32.8 million as at 30 September 2023G due to the increase in prepaid margins for bank guarantees by SAR 4.8 million following the increase in bank guarantee requested amounts by the bid owners by SAR 4.8 million. This was offset by the decrease in (i) advances to suppliers by SAR 2.4 million due to the implementation of construction works and other required services, and (ii) prepayments and other assets by SAR 1.8 million namely prepaid insurance by SAR 595 thousand and prepaid rent by SAR 432 thousand in line with amortization of the mentioned expenses.

Amount paid as margins for bank guarantees

Amount paid as margins for bank guarantees relate to margins paid on the outstanding bank guarantees related to bidding.

The balance increased from nil as at 31 December 2020G to SAR 9.3 million as at 31 December 2021G due to the absence of outstanding bank guarantees related to bid participation as at 31 December 2020G.

Amount paid as margins for bank guarantees further increased to SAR 19.0 million as at 31 December 2022G and to SAR 23.9 million as at 30 September 2023G in line with the increase in outstanding bank guarantees following the increase in bid participation.

Prepayments and other current assets

Prepayments and other current assets comprised prepaid health insurance, asset insurance, iqama fees, housing, amongst others.

Prepayments and other current assets increased from SAR 3.8 million as at 31 December 2020G to SAR 5.2 million as at 31 December 2021G in line with the general increase in various prepayments namely asset insurance by SAR 428 thousand related to DIC and JIC projects, prepaid iqama expenses by SAR 185 thousand, prepaid health insurance by SAR 120 thousand.

Prepayments and other current assets further increased from SAR 5.2 million as at 31 December 2021G to SAR 8.5 million as at 31 December 2022G following the increase in general prepaid expenses namely prepaid rent by SAR 432 million for JECO employees, prepaid health insurance by an amount of SAR 230 thousand, and other receivables related to VAT receivables by an amount of SAR 811 thousand.

Prepayments and other current assets decreased from SAR 8.5 million as at 31 December 2022G to SAR 6.7 million as at 30 September 2023G due to the decrease in prepaid insurance by SAR 595 thousand and rent by SAR 432 thousand in line with amortization of the mentioned expenses.

Advances to suppliers

Advances to suppliers include advance payments made to construction suppliers, subcontractors, consultants and others.

The balance increased from SAR 2.9 million as at 31 December 2020G to SAR 4.7 million as at 31 December 2021G driven by the increase in advances paid related to the spare parts suppliers of Dammam Industrial City 1 and 2 projects.

Advances to suppliers decreased from SAR 4.7 million as at 31 December 2021G to nil as at 31 December 2022G due to the reclassification of the balance made to non-current assets during the same period.

Advances to suppliers increased from nil at 31 December 2022G to SAR 2.3 million at 30 September 2023G due to the reclassification of the balance made to non-current assets in 31 December 2022G.

E- Fair value of derivative financial instruments

The following table summarizes fair value of derivative financial instruments as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.53): Fair value of derivative financial instruments

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Fair value of derivative financial instruments- assets	-	718	5,167	na	619.5%	na	4,344	(15.9%)
Fair value of derivative financial instruments- liabilities	(8,778)	(3,701)	(805)	(57.8%)	(78.3%)	(69.7%)	-	(100.0%)
Total	**(8,778)**	**(2,983)**	**4,363**	**(66.0%)**	**(246.3%)**	**na**	**4,344**	**(0.4%)**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Fair value of derivative financial instruments determined at level 3 represents derivate financial liability/ (assets). The fair value is calculated as the present value of estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash flow are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark rate used by market participants for this purpose when pricing interest rate swaps.

The fair value of derivative financial instruments - liabilities amounted to SAR 8.8 million and SAR 3.0 million as at 31 December 2020G and 2021G, while the fair value of derivative financial instruments - assets amounted to SAR 4.4 million and SAR 4.3 million as at 31 December 2022G. and September 2023G, respectively.

F- Bank balances and cash

The following table summarizes the bank balances and cash as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.54): Bank balances and cash

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Cash in hand	78	63	109	(19.2%)	73.0%	18.2%	529	385.3%
Cash at bank - current accounts	124,280	111,172	103,069	(10.5%)	(7.3%)	(8.9%)	130,012	26.1%

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Cash at bank - margin deposit account	3,917	-	-	(100.0%)	na	na	-	na
Less: term deposits with original maturities of more than three months	-	-	(35,356)	na	na	na	(56,576)	60.0%
Total	**128,276**	**111,235**	**67,822**	**(13.3%)**	**(39.0%)**	**(27.3%)**	**73,965**	**9.1%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Cash and cash equivalents mainly included cash at banks-current accounts, short-term deposits and cash at hand.

Cash and cash equivalents represented 13.6%, 11.7%, 10.7% and 13.5% of total assets as at 31 December 2020G, 2021G, 2022G and as at 30 September 2023G, respectively.

Cash and cash equivalents decreased from SAR 128.3 million as at 31 December 2020G to SAR 111.2 million as at 31 December 2021G and further to SAR 103.7 million as at 31 December 2022G. It is worth noting that, as at 31 December 2022G, cash and cash equivalents include short-term bank deposits (time deposits with original maturities of more than three months) amounting to SAR 35.4 million.

Cash and cash equivalents amounted to SAR 74.0 million as at 30 September 2023G. It is worth noting that as at 30 September 2023G, cash and cash equivalents include short-term bank deposits (time deposits with original maturities of more than three months) amounting to SAR 56.6 million.

6.7.2.4 Equity

The following table summarizes the equity as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.55): Table 6.48: Equity

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Share capital	500	500	500	0.0%	0.0%	0.0%	500	0.0%
Additional capital contribution	160,426	160,426	160,426	0.0%	0.0%	0.0%	160,426	0.0%
Statutory reserve	250	250	250	0.0%	0.0%	0.0%	250	0.0%
Cash flow hedge reserve	(8,778)	(2,983)	4,363	(66.0%)	na	na	3,917	(10.2%)
Retained earnings	122,168	146,667	176,967	20.1%	20.7%	20.4%	220,890	24.8%
Equity attributable to the parent	**274,565**	**304,860**	**342,505**	**11.0%**	**12.3%**	**11.7%**	**385,982**	**12.7%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Equity mainly consists of retained earnings, which represent 44.5%, 48.1%, 51.7%, and 57.2% of the total equity attributable to shareholders of the Parent Company as at 31 December 2020G, 2021G, and 2022G, and as at 30 September 2023G, respectively.

Equity increased from SAR 274.6 million as at 31 December 2020G to SAR 304.9 million Saudi riyals as at 31 December 2021G due to an increase in retained earnings by SAR 24.5 million in line with the profits recognized during the 2021G.

Equity increased from SAR 304.9 million as at 31 December 2021G to SAR 342.5 million as at 31 December 2022G due to an increase in retained earnings by SAR 30.3 million as a result of profits amounting to SAR 50.1 million, partially offset by dividends of 20.0 million during 2022G.

Equity increased from SAR 342.5 million as at 31 December 2022G to SAR 386.6 million as at 30 September 2023G as a result of the increase in retained earnings by SAR 43.9 million, in line with the profits recognized during the same period.

It is also worth noting that equity includes the balance of the additional capital contribution. The additional contribution to the capital amounted to SAR 160.4 million as at 31 December 2020G, 2021G, 2022G and as at 30 September 2023G. As part of the Company's acquisition of ICDOC, JECO and RWPC from Vision International Investment Company "VIIC", the sales purchase agreement included an issuance of shares to the seller amounting to SAR 156.8 million, SAR 3.5 million and SAR 0.1 million against the acquisition of 100% of the shares of ICDOC, 100% of the shares of JECO and 1% of the shares of RWPC respectively.

Statutory reserve

Statutory Reserve According to the Saudi Companies Law, the group must transfer 10% of net profit to the statutory reserve until this reserve reaches 30% of the paid-up capital. This reserve is not available for distribution to the partner in the group. The statutory reserve amounted to SAR 250 thousand as at 31 December 2020G, 2021G, and 2022G, and as at 30 September 2023G.

Retained earnings

Retained earnings increased from SAR 122.2 million as at 31 December 2020G to SAR 146.7 million as at 31 December 2021G in line with profits recognized amounting to SAR 25.3 million during 2021G.

Retained earnings further increased from to SAR 146.7 million as at 31 December 2021G to SAR 177.0 million as at 31 December 2022G attributable to profits amounting to SAR 50.1 million, partly offset by dividends paid amounting to SAR 20.0 million during 2022G.

Retained earnings increased from SAR 177.0 million as at 31 December 2022G to SAR 220.9 million as at 30 September 2023G in line with the Group's total net income amounting to SAR 44.0 million during the same period.

A- Share capital

The following table summarizes the share capital as at 31 December 2020G, 2021G, 2022G and as at 30 September 2023G:

Table (6.56): Share capital

SAR in 000s	No. of shares	30 September 2023G
Vision International Investment Company	4,750	95%
Estydama Projects Company	250	5%
Total	**5,000**	**100%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G.

The capital consists of 5,000 shares with a value of SAR 100 per share, and amounted to SAR 500 thousand as at 31 December 2020G, 2021G, 2022G, and as at September 2023G.

B- Additional share capital contribution

The following table summarizes the additional share capital contribution as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.57): Equity

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Acquisition of ICDOC	156,774	156,774	156,774	0.0%	0.0%	0.0%	156,774	0.0%
Acquisition of JECO	3,543	3,543	3,543	0.0%	0.0%	0.0%	3,543	0.0%
Acquisition of RWPC	108	108	108	0.0%	0.0%	0.0%	108	0.0%
Total	**160,426**	**160,426**	**160,426**	**0.0%**	**0.0%**	**0.0%**	**160,426**	**0.0%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and Management Information.

The additional contribution to the capital amounted to SAR 160.4 million as at 31 December 2020G, 2021G, 2022G and as at 30 September 2023G. As part of the Company's acquisition of ICDOC, JECO and RWPC from Vision International Investment Company "VIIC", the sales purchase agreement included an issuance of shares to the seller amounting to SAR 156.8 million, SAR 3.5 million and SAR 0.1 million against the acquisition of 100% of the shares of ICDOC, 100% of the shares of JECO and 1% of the shares of RWPC respectively.

On 20 September 2023G, the partners in the company agreed to capitalize the "Additional Capital Contribution" in the amount of SAR 160,425,543 to the "Capital". On 31 October 2023G, the Ministry of Commerce approved the capitalization.

Acquisition of ICDOC

On 1 January 2015G and 1 January 2018G, the Company acquired 90% and 10% shares of ICDOC, a Limited Liability Company incorporated in the Kingdom of Saudi Arabia, respectively. However, the related legal formalities of such acquisition are not completed as at 31 December 2022. As per the sale purchase agreement, the Company has acquired ICDOC from Vision International Investment Company (VIIC). The purchase consideration is to be settled by issuing shares of the Company amounting to SAR 138.3 million and SAR 18.6 million to VIIC for the shares in ICDOC acquired at 1 January 2015G and 1 January 2018G respectively. However, as at 31 December 2022G, the Company has not issued those shares and the amount is shown as additional capital contribution.

Acquisition of JECO

On 1 January 2015G and 1 January 2018G, the Company has acquired 99% and 1% shares of JECO, a Limited Liability Company incorporated in the Kingdom of Saudi Arabia, respectively. However, the related legal formalities of such acquisition are not completed as at 31 December 2022G. The shares in JECO acquired in 2015G, have been acquired by the Company in exchange for consideration in cash amounting to SAR 1,1 million and issuing shares of the Company amounting to SAR 3.4 million. The shares in JECO acquired in 2018 have been acquired by the Company in exchange for issuing shares of the Company amounting to SAR 126,8 million. However, as at 31 December 2022, the Company has not issued those shares and the amount is shown as additional capital contribution.

Acquisition of RWPC

On 1 January 2018G, the company purchased a 1% stake in Riyadh Water Production Company, a limited liability company established in the Kingdom of Saudi Arabia. Under the sale and purchase agreement, the company will purchase the Riyadh Water Production Company from Vision International Investment Company. The purchase price is settled upon issuing shares to the company in the amount of SAR 107.9 million to Vision International Investment Company. However, the company did not issue these shares as at 30 September 2023G, and the amount appears as an additional contribution to the capital.

C- Cash flow hedge reserve

The following table summarizes the Cash flow hedge reserve as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.58): Cash flow hedge reserve

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Balance at the beginning of the year/ period	(6,745)	(8,778)	(2,983)	30.1%	(66.0%)	(33.5%)	4,363	na
Fair value of derivative financial instruments - liabilities	(2,033)	5,795	7,346	(385.0%)	26.8%	na	(446)	na
Total cash flow hedge reserve	**(8,778)**	**(2,983)**	**4,363**	**(66.0%)**	**na**	**na**	**3,917**	**(10.2%)**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and Management Information.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Cash flow hedge reserve increased from a loss of SAR 8.8 million as at 31 December 2020G to a loss of SAR 3.0 million as at 31 December 2021G and further to profit of SAR 4.4 million as at 31 December 2022G and profit of SAR 3.9 million as at 30 September 2023G.

6.7.2.5 Non-current liabilities

The following table summarizes the non-current liabilities as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.59): Non-current liabilities

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Loans and borrowings	407,223	436,098	422,542	7.1%	(3.1%)	1.9%	404,386	(4.3%)
Lease liabilities	5,330	6,546	5,242	22.8%	(19.9%)	(0.8%)	7,398	41.1%
Fair value of derivative financial instruments- liabilities	8,778	3,701	805	(57.8%)	(78.3%)	(69.7%)	-	(100.0%)

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Defined employee benefits obligation	13,557	15,667	16,286	15.6%	4.0%	9.6%	17,609	8.1%
Other non-current liabilities	30,681	15,957	10,948	(48.0%)	(31.4%)	(40.3%)	7,782	(28.9%)
Contract liabilities	-	14,073	14,797	na	5.1%	0.0%	15,155	2.4%
Total non-current liabilities	**465,569**	**492,042**	**470,620**	**5.7%**	**(4.4%)**	**0.5%**	**452,330**	**(3.9%)**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Non-current liabilities mainly consisted of loans and borrowings, which represent 87.5%, 88.6%, 89.8% and 89.4% of the total non-current liabilities as at 31 December 2020G, 2021G, 2022G, and as at 30 September 2023G, respectively.

Non-current liabilities increased from SAR 465.6 million as at 31 December 2020G to SAR 492.0 million as at 31 December 2021G due to an increase in loans and borrowings by SAR 28.9 million.

Non-current liabilities decreased from SAR 492.0 million as at 31 December 2021G to SAR 470.6 million as at 31 December 2022G due to a decrease in loans and borrowings by SAR 13.6 million during the same period. Other non-current liabilities also decreased from SAR 16.0 million as at 31 December 2021G to SAR 10.9 million as at 31 December 2022G during the same period.

Non-current liabilities decreased from SAR 470.6 million as at 31 December 2022G to SAR 452.3 million as at 30 September 2023G, due to a decrease in loans and borrowings by SAR 18.2 million in line with periodic settlements made over the periods

Other non-current liabilities

Other non-current liabilities mainly consisted of balances payable to Modon as the Group was asked to operate and maintain a water facility plant that was not built by the Group. As such, the Group has booked a provision amounting to the total construction cost of the plant amounting to SAR 41.0 million payable to Modon through the transfer of 30% of the proceeds generated from the operations of the mentioned plant on an annual basis until the end of the concession period.

Other non-current liabilities decreased from SAR 30.7 million as at 31 December 2020G to SAR 16.0 million as at 31 December 2021G due to the reclassification of contract liabilities, to a separate line item on the balance sheet, relating to life cycle deferred revenue (KKIA project) and advances received from customers related to connection services amounted to SAR 14.1 million.

Other non-current liabilities decreased from SAR 16.0 million at 31 December 2021G to SAR 10.9 million as at 31 December 2022G and further to SAR 7.8 million as at 30 September 2023G in line with payments made to Modon amounting to SAR 3.1 million during the same period.

A- Loans and borrowings

The following table summarizes the loans and borrowings as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.60): Loans and borrowings

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Murabaha term loan 1	214,015	256,630	247,780	19.9%	(3.4%)	7.6%	213,970	(13.6%)
Murabaha term loan 2	228,866	224,381	219,505	(2.0%)	(2.2%)	(2.1%)	216,677	(1.3%)
SIDF	9,000	-	-	(100.0%)	na	na	-	na
Equity bridge loan	58,856	-	-	(100.0%)	na	na	18,960	na
Senior debt facility - upfront fees	-	-	-	na	na	na	(1,140)	na

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Gross loans	**510,738**	**481,011**	**467,285**	**(5.8%)**	**(2.9%)**	**(4.3%)**	**448,468**	**(4.0%)**
Less: Borrowing cost subject to amortization	(8,288)	(6,687)	(5,521)	(19.3%)	(17.4%)	(18.4%)	(4,708)	(14.7%)
Total	**502,450**	**474,324**	**461,764**	**(5.6%)**	**(2.6%)**	**(4.1%)**	**443,760**	**(3.9%)**
Less: current portion of term loans	(95,227)	(38,226)	(39,222)	(59.9%)	2.6%	(35.8%)	(39,374)	0.4%
Total non-current portion	**407,223**	**436,098**	**422,542**	**7.1%**	**(3.1%)**	**1.9%**	**404,386**	**(4.3%)**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

The following table summarizes the loans and borrowings as at 30 September 2023G:

Table (6.61): Loans and borrowings

Company	Granting bank	Facility limit (SAR in 000s)	Outstanding balance as at 30-Sep-23	Margin	Repayment	Duration (in months)	Tenor in months
Riyadh Water & Production Company	Saudi Awwal Bank and Saudi National Bank	243,786	216,677	SAIBOR + 1.9%	Semi-annually	252	30 November 2038G
Industrial Cities Development and Operating Company (1)	Riyad Bank	230,000	123,970	SAIBOR + 2.0%	Semi-annually	96	28 February 2026G
Industrial Cities Development and Operating Company (2)	Riyad Bank	90,000	90,000	SAIBOR + 2.0%	Bullet payment	58	27 August 2025G
Araha company	Riyad Bank	18,960	17,821	SAIBOR + 1.85%	Bullet payment	109	14 February 2026G
Araha company	Riyad Bank	65,114	-	SAIBOR + 1.3%	Quarterly	120	19 February 2023G
Less: the cost of borrowing subject to amortization	na	na	(4,708)	na	na	na	na
Total		**647,860**	**443,760**				

Source: Management Information.

The Group's Loans and borrowings consist of the following financing agreements as at 30 September 2023G:

1- The group signed a Murabaha term loan facility agreement in the amount of 243.8 million Saudi riyals with a consortium of local banks for the purpose of financing the construction of a water treatment plant related to the King Khalid International Airport project. The loan is secured by the site's mortgage, which is represented by the concession contract receivables in the statement of financial position (non-recourse financings). The commission on this loan is calculated at a variable rate based on the prevailing Saudi interbank interest rates (SIBOR) plus a profit margin. The loan is repaid in semi-annual installments. The first installment was paid as at 30 November 2018G, and the last installment will be paid as at 30 November 2038G. The financing agreement is subject to several conditions, the most important of which are maintaining a minimum tangible net value: SAR 120.0 million and maintaining a debt service coverage ratio of 1:1.15 as a minimum. As at 30 September 2023G, the Group was in compliance with all stipulated loan covenants.

2- Murabaha facility from a local bank in the form of term loans in the amount of SAR 320.0 million. The facility is guaranteed by an irrevocable and unconditional waiver of proceeds from the Dammam and Jeddah projects (non-recourse financing). These facilities carry financing costs based on SIBOR leverage plus a margin. The facilities will be repaid in semi-annual installments of unequal value until their expiration, i.e. 28 February 2026G. The financing agreement is subject to several conditions, the most important of which are maintaining the debt-to-equity ratio of 20:80 as a maximum and maintaining the debt service coverage ratio of 1:1.20 as a minimum. As at 30 September 2023G, the Group was in compliance with all commitments stipulated in the agreement.

3- As at 14 February 2023G, the Group signed a bridge equity loan facility agreement from long-term partners with a total amount of SAR 19.0 million in relation to the concession agreement for the Hadda & Arana project contract. The commission on this loan is calculated at a variable rate based on the prevailing Saudi interbank interest rates (SIBOR) plus a profit margin. The loan will be repaid in one installment on 14 February 2026G. The Group entered into an interest rate hedging contract to reduce its exposure to floating commission rate risk.

4- During the period, the group concluded a financing agreement with a local bank amounting to SAR 65.1 million. The Group also entered into an interest rate hedging contract to reduce its exposure to floating commission rate risks. The Group has not used the facility granted as of the date of this prospectus.

The Group has interest rate hedging contracts with several banks to hedge the fluctuations in interest rates on loans for a notional amount of SAR 208.0 million, SAR 262.9 million, SAR 246.3 million, and SAR 117.8 million as at 31 December 2020G, 31 December 2021G, 31 December 2022G, and 30 September 2023G respectively. The hedging contracts are based on the swap between the Group and the banks of fixed rates against floating rates on the original loan amounts every three months. All derivatives as at 31 December 2020G, 31 December 2021G, 31 December 2022G and 30 September 2023G are classified as cash flow hedges. Derivatives are classified as non-current assets and as non-current liabilities depending on the expiration date of the financial instruments.

Parent debt to total capital and parent net debt to capital

The Group's consolidated financial statements include non-recourse debt of ring-fenced projects, who service their debt from their own cash flows with no guarantees from Miahona. Accordingly, the Management uses internal metrics to review the Company's Parent-level debt, which exclude such non-recourse liabilities.

Table (6.62): Parent debt to total capital and parent net debt to capital

SAR in 000s	31 Dec 2020G (Management information)	31 Dec 2021G (Management information)	31 Dec 2022G (Management information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Management information)	Var 31 Dec 2022G-Q3'23G
Parent company debts	58,856	-	-	(100.0%)	na	na	13,272	na
Parent company's net debt / (net cash)	23,845	(14,872)	(5,686)	na	(61.8%)	na	(34,539)	507.4%
Ownership rights belonging to the group	274,565	304,860	342,505	11.0%	12.3%	11.7%	385,982	12.7%
Total capital	333,421	304,860	342,505	(8.6%)	12.3%	1.4%	399,254	16.6%
The parent company's debts to capital	17.6%	-	-	(17.6)	-	(17.6)	3.4%	3.4
Parent company's net debt/(net cash) to capital	8.0%	(4.9%)	(1.7%)	(12.9)	3.2	(9.7)	(9.0%)	(7.3)

Source: Management Information.

Parent Company Debt

In measuring its parent-level net debt, the Company takes into consideration its off-balance sheet equity commitments in addition to its on-balance sheet recourse debt, net of cash on hand at the end of the respective period (for further discussion, refer to Section 9 "Capitalization and Indebtedness of the Company"). For this purpose, the Company's off-balance sheet equity commitments mainly consist of the guarantees in relation to the Company's EBLs and equity LCs in addition to the equity-related guarantees on behalf of its subsidiaries and associates (for its portion of the equity commitment). Most of the Company's consolidated debt consists of project finance instruments, which are non-recourse to the Company at the parent level. Further, the Company excludes other commitments, such as guarantees in the form of DSRA LCs, performance guarantees, development security, etc., as the management doesn't expect that the Company will reach a situation where these guarantees will be called by the counterparty and thus doesn't expect a cash outflow due to these. As such the management considers only the EBLs, equity LC and equity commitment-related guarantees as those with recourse to the parent as a more representative measure of the Company's leverage profile given all these will convert to cash outflows in due course.

B- Lease liabilities

The following table summarizes the lease liabilities as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.63): Lease liabilities

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
At the beginning of the year/ period	14,107	7,439	9,211	(47.3%)	23.8%	(19.2%)	7,484	(18.7%)
Additions during the year/period	935	3,888	1,068	315.8%	(72.5%)	6.9%	3,922	268.4%
Payments	(2,212)	(2,538)	(2,798)	14.7%	10.2%	12.5%	(2,490)	(11.0%)
Interest on lease obligations	371	422	318	13.7%	(24.6%)	(7.4%)	375	13.7%
Derecognition during the year/ period	(5,762)	-	(314)	na	na	(76.7%)	-	na
Total	**7.439**	**9.211**	**7.484**	**23.8%**	**(18.9%)**	**0.3%**	**9.291**	**24.1%**
The current portion of lease liabilities	2,109	2,664	2,242	26.3%	(15.9%)	3.1%	1,893	(15.6%)
The non-current portion of lease liabilities	5,330	6,546	5,242	22.8%	(19.9%)	(0.8%)	7,398	41.1%

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and Management Information.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Lease liabilities increased from SAR 7.4 million as at 31 December 2020G to SAR 9.2 million as at 31 December 2021G in line with additions related to the housing accommodation in Dammam Industrial City 2 amounting to SAR 2.1 million and the new office rent related to Miahona Company amounting to SAR 1.4 million. This was partly offset by payments amounting to SAR 2.5 million during the same period.

Lease liabilities decreased from SAR 9.2 million as at 31 December 2021G to SAR 7.5 million as at 31 December 2022G as a result of payments amounting to SAR 2.8 million during the same period, partly offset by additions amounting to SAR 1.1 million mainly related to housing in the second industrial city in Dammam.

Lease liabilities increased from SAR 7.5 million as at 31 December 2022G to SAR 9.3 million as at 30 September 2023G increase in the value of the housing lease in the in the Second Dammam Industrial City by SAR 3.5 million.

C- Employees' end of service benefits

The following table summarizes the employees' end of service benefits as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.64): Employees' end of service benefits

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Management information)	Var 31 Dec 2022G-Q3'23G
Balance at beginning of year	12,673	13,557	15,667	7.0%	15.6%	11.2%	16,286	4.0%
Included in Profit and Loss								
Current Service Cost	2,319	2,212	2,504	(4.6%)	13.2%	3.9%	2,184	(12.8%)
Interest Cost	397	313	450	(21.2%)	43.8%	6.5%	-	(100.0%)
Total	**2,716**	**2,525**	**2,954**	**(7.0%)**	**17.0%**	**4.3%**	**2,184**	**(26.1%)**
Included in Other Comprehensive Income								
Actuarial (gain) / loss on defined employee benefits obligation	(414)	832	(190)	na	na	(32.3%)	-	na
Others								
Benefit Paid	(1,788)	(1,248)	(2,143)	(30.2%)	71.7%	9.5%	(861)	(59.8%)
Transferred from related parties	371	-	(2)	(100.0%)	na	na	-	(100.0%)
Balance at end of year	**13,557**	**15,667**	**16,286**	**15.6%**	**4.0%**	**9.6%**	**17,609**	**8.1%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and Management Information.

The Group is committed to the following un-funded post-employment defined benefit plan:

In Kingdom of Saudi Arabia, the plan entitles an employee who completed over two but less than five years of service, to receive a payment equal to one-third of their final monthly salary for each completed year of service. Similarly, an employee who completed over five but less than ten years of service, to receive a payment equal to two-third of their final monthly salary for each completed year of service. Further, an employee who completed over ten years of service, to receive a payment equal to their final salary for each completed year of service.

Defined employee benefits obligation increased from SAR 13.6 million at 31 December 2020G to SAR 15.7 million as at 31 December 2021G as a result of the increase in current service cost and interest cost by SAR 2.5 million in line with the increase in discount rate and weighted average future salary increase from 2.20% to 2.75% during the same period. This was partly offset by benefits paid to resigned employees amounting to SAR 1.2 million.

Defined employee benefits obligation increased further from SAR 15.7 million as at 31 December 2021G to SAR 16.3 million as at 31 December 2022G due to the increase in current service and interest cost by SAR 3.0 million in line with the further increase in discount rate and weighted average future salary increase from 2.75% to 4.75% during the same period. This was partly offset by benefits paid to resigned employees by SAR 2.1 million.

Defined employee benefits obligation increased from SAR 16.3 million as at 31 December 2022G to SAR 17.6 million as at 30 September 2023G due to current service costs amounting to SAR 2.2 million in line with the increase in the overall headcount, partly offset by employee benefits obligations paid amounting to SAR 861 thousand.

D- Deferred revenue and contract liabilities

The following table summarizes the deferred revenue and contract liabilities as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.65): Deferred revenue and contract liabilities

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Deferred revenues from the Industrial Cities Development and Operation Company	-	8,823	8,823	na	0.0%	na	8,742	(0.9%)
Contract liabilities of Al Jazzira Company Limited	-	5,250	5,975	na	13.8%	na	6,412	7.3%
Total	**-**	**14,073**	**14,797**	**na**	**5.1%**	**na**	**15,155**	**2.4%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Deferred revenue and contract liabilities include deferred revenues arising from the Group's connection services under the service concession contract in addition to contract liabilities that include advance considerations received from customers in connection with life cycle activities related to the KKIA project.

Deferred revenue from the Group's connectivity services arises under the concession services contract where advance consideration for the connection services has been received. Accordingly, the consideration received in relation to the connection services is recognized as deferred revenue and is recognized as revenue on a straight-line basis over the term of the concession contract.

Deferred revenues and contract liabilities increased from nil as at 31 December 2020G to SAR 14.1 million as at 31 December 2021G due to the classification of contract liabilities amounting to SAR 11.0 million as at 30 December 2020G as other non-current liabilities.

Deferred revenue and contract liabilities increased from SAR 14.1 million as at 31 December 2021G to SAR 14.8 million as at 31 December 2022G following the increase in advances from customers due to deferred life cycle activities related to the KKIA project which amounted to SAR 1.8 million. This was offset by the decrease in deferred revenue due to connection services rendered during the same period by SAR 886 thousand.

Deferred revenue and contract liabilities increased from SAR 14.8 million as at 31 December 2022G to SAR 15.2 million as at 30 September 2023G following the increase in advances from customers due to deferred life cycle activities related to the KKIA project which amounted to SAR 1.3 million. This was offset by the decrease in deferred revenue due to connection services rendered during the same period by SAR 706 thousand.

6.7.2.6 Current liabilities

The following table summarizes the current liabilities as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.66): Current liabilities

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Loans and borrowings	95,227	38,226	39,222	(59.9%)	2.6%	(35.8%)	39,374	0.4%
Lease liabilities	2,109	2,664	2,242	26.3%	(15.8%)	3.1%	1,893	(15.6%)
Trade and other payables	98,638	106,718	103,076	8.2%	(3.4%)	2.2%	82,019	(20.4%)
Zakat payable	4,526	4,116	5,349	(9.1%)	30.0%	8.7%	3,930	(26.5%)
Total current liabilities	**200,500**	**151,724**	**149,889**	**(24.3%)**	**(1.2%)**	**(13.5%)**	**127,216**	**(15.1%)**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Current liabilities mainly consist of trade and other payables, loans and borrowings, zakat payable, and the current portion of lease obligations. Current liabilities represented 30.1%, 23.6%, 24.2%, and 22.0% of the total liabilities as at 31 December 2020G, 2021G, and 2022G, and as at 30 September 2023G, respectively.

Current liabilities decreased from SAR 200.5 million as at 31 December 2020G to SAR 151.7 million as at 31 December 2021G mainly due to a decrease in loans and borrowings by SAR 57.0 million in line with periodic settlements made based on the agreed repayment schedule. This was offset by an increase in trade and other payables by an amount of SAR 8.1 million due to the increase in trade payables by SAR 7.1 million related to electricity fees due to the General Authority of Civil Aviation after the balance had accumulated during the negotiation period between the two parties.

Current liabilities decreased from SAR 151.7 million as at 31 December 2021G to SAR 149.9 million as at 31 December 2022G mainly due to a decrease in:

1- Trade and other payables in the amount of SAR 3.6 million due to the payment of some balances related to related parties, namely Abunayyan Trading Company.
2- Zakat payable by SAR 1.2 million due to settlements amounting to SAR 5.3 million, offset by zakat expense provision amounting to SAR 4.1 million.

Current liabilities decreased from SAR 149.9 million as at 31 December 2022G to SAR 127.2 million as at 30 September 2023G due to a decrease in trade and other payables by SAR 21.1 million due to the payment of the balance due to the General Authority of Civil Aviation of SAR 18.2 million after settling the disputed amounts (receivable balance) due between the two parties.

A- Trade and other payables

The following table summarizes the trade and other payables as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.67): Trade and other payables

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Trade payables	21,427	28,541	30,198	33.2%	5.8%	18.7%	11,974	(60.3%)
Accrued expenses	54,321	53,914	54,525	(0.7%)	1.1%	0.2%	55,696	2.1%
Due to related parties	17,050	16,877	11,256	(1.0%)	(33.3%)	(18.7%)	6,420	(43.0%)
Retention payable	846	1,227	1,301	45.0%	6.1%	24.0%	1,469	12.9%
Advance from customer	1,033	1,033	200	(0.0%)	(80.6%)	(56.0%)	338	69.0%
Other	3,961	5,126	5,597	29.4%	9.2%	18.9%	6,124	9.4%
Total	**98,638**	**106,718**	**103,076**	**8.2%**	**(3.4%)**	**4.5%**	**82,021**	**(20.4%)**
Days payables outstanding (DPO) (1)	46	50	57	8.7%	14.0%	11.3%	39	(31.6%)

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

1- DPO was calculated using average trade payables for the previous and current period / total direct costs * 365 days for the years ended 31 December 2020G, 2021G, and 2022G; whereas it was calculated based on 270 days for the nine months period ended 30 September 2023G.

Trade and other payables mainly comprised trade payables, accrued expenses namely accrued concession charges, accrued bank charges, accrued fees payable to Ministry of Environment, Water and Agriculture and due to related parties, amongst others.

Trade and other payables increased from SAR 98.6 million as at 31 December 2020G to SAR 106.7 million as at 31 December 2021G due to the increase in trade payable balance by SAR 7.1 million mainly related to the General Civil Aviation Authority following the build-up of the balance as the Group holds a long outstanding receivable balance from the same party.

Trade and other payables decreased from SAR 106.7 million as at 31 December 2021G to SAR 103.1 million as at 31 December 2022G as a result of the partial settlement of the outstanding balance due to Abunayyan Company amounting to SAR 6.1 million which relate to engineering, procurement and contracting services. This was partly offset by the increase in accrued expenses amounting to SAR 611 thousand in line with the increase in accrued royalty charges payable to Modon consisting of 20% of water and waste-water services revenue from DIC, and other trade payable balance amounting to SAR 1.7 million mainly related to the increase in the due to General Civil Aviation Authority due to the further build-up of the balance.

Trade and other payables decreased from SAR 103.1 million as at 31 December 2022G to SAR 82.0 million in line with the decrease in trade payables by SAR 18.2 million following the settlement of the outstanding balance due to General Civil Aviation Authority as the Group has collected the outstanding receivable balance due from the same customer.

Trade payables

Trade payables mainly included balances payable to General Civil Aviation Authority in relation to electricity charges payable, Water Secret Contracting Company related to chemical supply, amongst other water suppliers, chemical distributors and other vendors.

Trade payables increased from SAR 21.4 million as at 31 December 2020G to SAR 28.5 million as at 31 December 2021G in line with the increase in the balance payable to General Civil Aviation Authority by SAR 7.9 million due to the dispute between the two parties.

Trade payables further increased from SAR 28.5 million at 31 December 2021G to SAR 30.2 million as at 31 December 2022G due to the further increase in balance payable to General Civil Aviation Authority by SAR 3.4 million due to the increase in electricity charges incurred while no payments were made during 2022G. This was partly offset by the settlement of the balance due to other suppliers.

Trade payables decreased from SAR 30.2 million at 31 December 2022G to SAR 12.0 million as at 30 September 2023G due to the payments made to General Civil Aviation Authority after reaching a settlement regarding the disputed balance between both parties.

Accrued expenses

Accrued expenses mainly included accrued employee charges, accrued Modon charges (accrued royalty expenses paid to Modon based on 20% of revenue generated from DIC), accrued interest charges, accrued water charges, accrued electricity, and others.

Accrued expenses decreased from SAR 54.3 million as at 31 December 2020G to SAR 53.9 million as at 31 December 2021G due to the reversal of accrued electricity charges amounting to SAR 3.0 million related to GACA as the Group was previously provisioning for electricity based on high indexation levels which were higher than the actual invoice. This was partly offset by the increase in accrued utilities by SAR 1.5 million due to the commencement of Manfouha project coupled with handover provision amounting to SAR 970 thousand in connection with the Hadda & Arana project.

Accrued expenses increased from SAR 53.9 million as at 31 December 2021G to SAR 54.5 million as at 31 December 2022G due to the increase in accrued Modon charges by SAR 1.5 million in line with the increase in revenue generated from Dammam Industrial City.

Accrued expenses increased from SAR 54.5 million as at 31 December 2022G to SAR 55.7 million as at 30 September 2023G due to the increase in accrued finance cost by SAR 2.6 million in line with the new equity bridge loan granted to ARAHA. This was coupled with the increase in accrued audit and zakat fees by SAR 2.0 million in line with the increase in audit fees due to quarterly reporting. This was partly offset by the reversal of construction accruals related to the new water station in KKIA with an amount of SAR 4.3 million during the same period.

Due to related parties

The following table summarizes due to related parties as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.68): Due to related parties

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Thabat Construction Company	-	-	-	na	na	na	2,861	na
Vision International Investment Company	-	1,435	2,212	na	54.2%	na	2,179	(1.5%)

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Water Treatment and Environment Company	1,759	1,285	1,345	(27.0%)	4.7%	(12.6%)	1,328	(1.3%)
Abunayyan Trading Company	15,282	13,895	7,699	(9.1%)	(44.6%)	(29.0%)	52	(99.3%)
Etihad Energy International	-	262	-	na	(100.0%)	na	-	na
Acciona Aqua	3	-	-	(100.0%)	na	na	-	na
Saudi Tumpane Company	6	-	-	(100.0%)	na	na	-	na
Total	**17,050**	**16,877**	**11,256**	**(1.0%)**	**(33.3%)**	**(18.7%)**	**6,420**	**(43.0%)**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

The balance due to related parties of SAR 6.4 million as at 30 September 2023G consists of balances due to:

- **Thabat Construction Company** amounting to SAR 2.9 million, is a subsidiary of the shareholder of the parent company and the balance relates to success fees and other project development expenses payable (related to Hadda & Arana concession).
- **Vision International Investment Company** amounting to SAR 2.2 million, the balance related to lease payable for head office (based on the agreement dated 4 May 2018G).
- **Water Treatment and Environment Company** amounting to SAR 1.3 million and is a subsidiary of the parent company and the balance pertains to services rendered to the Group in connection with chemical purchases.
- **Abunayyan Trading Company** amounting to SAR 52 thousand.

Retention payable

Retention payable mainly includes amounts retained by the Group in connection to various capex projects such as solar panel system installations and others. Retention payables increased from SAR 846 thousand as at 31 Dec 2020G to SAR 1.2 million as at 31 December 2021G due to amounts retained by the Group by SAR 330 thousand for construction works in DIC.

Retention payables remained stable at SAR 1.3 million between 31 December 2021G and 31 December 2022G whereby it increased to SAR 1.5 million as at 30 September 2023G due to additional amounts retained by the Group mainly related to solar panel system installation which amounted to SAR 650 thousands partly offset by release of retained balances by SAR 476 thousand during the same period.

Advance from customer

Advance from customer represent prepayments made by the tenants of DIC and JIC related to water consumption. Advance from customers remained stable at SAR 1.0 million between 31 December 2020G and 31 December 2021G whereby it decreased to SAR 200 thousand as at 31 December 2022G due to the transfer of unidentified deposits to trade receivables and were adjusted after identifying the customers of these deposits which amounted to SAR 984 thousands during the same year.

The balance increased from SAR 200 thousand at 31 December 2022G to SAR 338 thousand at 30 September 2023G due to additional advances received from DIC tenants during the same period.

Others

Others mainly include VAT payable, provisions for advances, provisions for fire instances, provision for fixed asset stock obsolescence and others.

Other payables increased from SAR 4.0 million as at 31 December 2020G to SAR 5.1 million as at 31 December 2021G mainly due to the increase in asset replacement cost provision by SAR 1.6 million related to the Hadda & Arana project.

Others increased from to SAR 5.6 million as at 31 December 2022G due to provisions booked related to deductions from Modon amounting to SAR 500 thousand.

Others increased from SAR 5.6 million as at 31 December 2022G to SAR 6.1 million as at 30 September 2023G mainly due to the increase VAT payables by SAR 741 thousand during the same period.

B- Zakat

The following table summarizes zakat as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.69): Zakat

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-’21G	Var ‹21G-’22G	CAGR ‹20G-’22G	30 September 2023G (Management information)	Var 31 Dec 2022G-Q3’23G
At the beginning of the year / period	3,532	4,526	4,116	28.1%	(9.1%)	7.9%	5,349	30.0%
Charge for the year / period	3,984	4,420	5,349	10.9%	21.0%	15.9%	4,189	(21.7%)
Payments during the year / period	(2,991)	(4,830)	(4,116)	61.5%	(14.8%)	17.3%	(5,608)	36.2%
At the end of the year / period	**4,526**	**4,116**	**5,349**	**(9.0%)**	**30.0%**	**8.7%**	**3,930**	**(26.5%)**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and Management Information.

The zakat due amounted to SAR 4.5 million as at December 31 2020G, SAR 4.1 million as at December 31 2021G,SAR 5.3 million as at December 31 2022G, and SAR 3.9 million as at September 30 2023G.

As at 31 December 2022G, the Group submitted zakat returns to the Zakat, Tax and Customs Authority for all years until the year 2022G:

For Miahona Company Limited, ZATCA raised an assessment pertaining to Zakat declaration of 2017G which is still not finalized by ZATCA. Zakat declaration for 2018G-2022G is yet to be assessed by ZATCA.

For ICDOC and JECO, ZATCA raised an assessment pertaining to Zakat declaration of 2017G and 2018G which is still not finalized by ZATCA. Zakat declaration for 2019G-2022G is yet to be assessed by ZATCA.

For RWPC, Zakat declaration for the year 2020G-2022G is yet to be assessed by ZATCA.

6.7.3 Statement of cash flows

The following table summarizes the statement of cash flows for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.70): Statement of cash flows data

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-’21G	Var ‹21G-’22G	CAGR ‹20G-’22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3’22G-Q3’23G
Cash flows from operating activities									
Profit for the year	17,404	25,332	50,110	45.6%	97.8%	69.7%	35,131	43,996	25.2%
Adjustments to cash flows from operating activities									
Depreciation of property and equipment	2,554	2,307	2,222	(9.7%)	(3.7%)	(6.7%)	1,321	1,949	47.5%
(Gain) / Loss on disposal of property and equipment	11	(1)	(130)	(109.1%)	12,900.0%	na	-	-	na
Amortization of intangible assets	447	486	484	8.7%	(0.4%)	4.1%	363	210	(42.1%)

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-’21G	Var ‹21G-’22G	CAGR ‹20G-’22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3’22G-Q3’23G
Amortization of intangible arising from service concession arrangements	37,653	38,201	36,299	1.5%	(5.0%)	(1.8%)	26,618	28,402	6.7%
Loss on write-off / disposal of intangible assets arising from concession arrangements	20	-	1,983	(100.0%)	na	895.7%	1,983	-	na
Depreciation of right of use assets	1,813	2,135	2,388	17.8%	11.9%	14.8%	1,375	1,565	13.8%
Gain on derecognition of right of use assets	(57)	-	(18)	na	na	(43.8%)	-	-	na
Interest on lease liabilities	371	422	318	13.7%	(24.6%)	(7.4%)	255	375	47.1%
Share of profit of investment in associate	(72)	(2,515)	(5,411)	3,393.1%	115.1%	766.9%	(4,058)	(5,998)	47.8%
Impairment loss on trade receivables	167	10,790	(244)	6,322.6%	(102.3%)	na	-	319	na
Employee defined benefits obligation	2,716	2,525	2,954	(7.0%)	17.0%	4.3%	2,086	2,184	4.7%
Amortization of the upfront fees	-	1,601	1,166	na	(27.2%)	na	874	814	(6.9%)
Finance costs	24,211	21,141	21,282	(12.7%)	0.7%	(6.2%)	16,449	24,109	46.6%
Finance income	-	(15,464)	(15,041)	na	(2.7%)	0.0%	(11,389)	(11,830)	3.9%
Zakat expense	3,984	4,420	5,349	10.9%	21.0%	15.9%	4,128	4,189	1.5%
Amortization of concession contract receivables	-	-	-	na	na	na	15,259	21,341	39.9%
Income on term deposits	-	-	-	na	na	na	-	(2,616)	na
Net of adjustments to cash flows from operating activities	**91,223**	**91,378**	**103,710**	**0.2%**	**13.5%**	**6.6%**	**90,394**	**109,009**	**20.6%**
Working capital changes:									
Inventories	(489)	(269)	(261)	(45.0%)	(3.0%)	(26.9%)	(759)	(1,834)	141.6%
Trade and other receivables	(5,496)	(30,860)	(17,490)	461.5%	(43.4%)	78.4%	(27,648)	41,245	(249.2%)
Prepayments and advances	(201)	(10,723)	(13,063)	5,234.8%	21.8%	706.2%	(37)	(16,344)	44,073%
Other long-term liabilities	(1,532)	(651)	(4,285)	(57.5%)	558.2%	67.2%	(2,495)	(2,809)	12.6%

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Trade and other payables	10,604	8,083	(1,219)	(23.8%)	(115.1%)	na	4,648	(22,456)	(583.1%)
Cash generated from operating activities	**94,108**	**56,959**	**67,391**	**(39.5%)**	**18.3%**	**(15.4%)**	**64,104**	**106,812**	**66.6%**
Defined employee benefits paid	(1,788)	(1,248)	(2,143)	(30.2%)	71.7%	9.5%	(525)	(861)	64.0
Finance costs paid	(24,211)	(21,141)	(21,282)	(12.7%)	0.7%	(6.2%)	(15,812)	(22,710)	43.6%
Zakat paid	(2,991)	(4,830)	(4,116)	61.5%	(14.8%)	17.3%	(4,116)	(5,608)	36.2%
Net cash generated from operating activities	**65,118**	**29,741**	**39,851**	**(54.3%)**	**34.0%**	**(21.8%)**	**43,651**	**77,633**	**77.8%**
Cash flows from financing activities									
Acquisition of property and equipment	(1,626)	(2,911)	(4,749)	79.0%	63.1%	70.9%	(1,015)	(2,157)	113.5%
Proceeds from sale of property and equipment	-	-	205	na	na	na	-	-	na
Proceeds of term deposits including accrued interest on term deposits	-	-	-	na	na	na	-	54,397	na
Acquisition of intangible assets	(321)	(9)	-	(97.2%)	na	na	-	-	na
Acquisition of intangible assets arising from concession arrangements	(15,478)	(23,548)	(23,642)	52.1%	0.4%	23.6%	(15,939)	(15,289)	(4.1%)
Concession contract receivable	(664)	20,152	20,477	(3,134.9%)	1.6%	na	-	(15,654)	na
Acquisition of investment in associate	-	(200)	(175)	na	(12.5%)	na	(175)	-	na
Shareholders loan to associate	-	(8,000)	(3,500)	na	(56.3%)	na	-	-	na
Maturity if investment in short-term deposits	49,500	-	-	(100.0%)	na	na	-	-	na
Placement of term deposits	-	-	-	-	-	-	-	(73,000)	na
Dividends received from investment in associate	272	-	-	(100.0%)	na	na	-	1,371	na

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Net cash (used in) / generated from investing activities	**31,682**	**(14,516)**	**(11,385)**	**(145.8%)**	**(21.6%)**	**na**	**(17,128)**	**(50,332)**	**193.8%**
Cash flows from investing activities									
Repayment of loan and borrowings	(21,508)	(95,227)	(38,226)	342.8%	(59.9%)	33.3%	(35,910)	(37,778)	5.2%
Proceeds from loans and borrowings	-	65,500	24,500	na	(62.6%)	na	24,500	18,960	(22.6%)
Dividends paid to shareholder	(10,000)	-	(20,000)	na	na	41.4%	(10,000)	-	na
Acquisition of non-controlling interest	-	-	-	-	-	-	-	150	na
Payment of lease liabilities	(2,212)	(2,538)	(2,798)	14.7%	10.2%	12.5%	(1,407)	(2,490)	77.0%
Net cash used in financing activities	**(33,721)**	**(32,265)**	**(36,523)**	**(4.3%)**	**13.2%**	**4.1%**	**(22,817)**	**(21,157)**	**(7.3%)**
Net increase in cash and cash equivalents	**63,080**	**(17,041)**	**(8,058)**	**(127.0%)**	**(52.7%)**	**na**	**3,706**	**6,144**	**65.8%**
Cash and cash equivalents at the beginning of the year	65,196	128,276	111,235	96.8%	(13.3%)	30.6%	95,878	67,821	(29.3%)
Cash and cash equivalents at the end of the year	**128,276**	**111,235**	**103,177**	**(13.3%)**	**(7.2%)**	**(10.3%)**	**99,584**	**73,965**	**(25.7%)**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Net cash generated from operating activities

Cash flows generated from operating activities decreased from SAR 65.1 million in 2020G to SAR 29.7 million in 2021G as a result of an increase in trade receivables by SAR 30.9 million due to a slowdown in collections of the balance due from the General Authority of Civil Aviation, mainly in addition to zakat payments amounting to SAR 4.8 million during the same period.

Cash flows generated from operating activities increased from SAR 29.7 million in 2021G to SAR 39.9 million in 2022G due to the growth in the group's profit for the year from SAR 25.3 million in 2021G to 50.1 million in 2022G. This was offset by a decrease in adjustments to the allowance for expected credit losses for trade receivables and concession contract receivables amounting to SAR 11.0 million in 2022G.

Cash flows generated from operating activities increased from SAR 43.7 million in the nine-month period ended on 30 September 2022G to SAR 77.6 million in the nine-month period ended on 30 September 2023G due to the growth in the group's profit for the period from SAR 35.1 million in the nine-month period ended on 30 September 2022G to SAR 44.0 million in the nine-month period ended 30 September 2022G, and a decrease in trade and other payables by SAR 41.2 million as a result of collections from the General Authority of Civil Aviation during the same period. This was offset by an increase in trade and other payables by SAR 22.5 million during the same period.

Net cash (used in) / generated from investing activities

Cash flows generated from investment activities decreased from SAR 31.7 million in 2020G to cash flows used in investment activities of SAR 14.5 million in 2021G due to a decrease in short-term deposits by SAR 49.5 million.

Cash flows used in investing activities decreased from SAR 14.5 million in 2021G to SAR 11.4 million in 2022G as a result of a decrease in the loans to associates by SAR 4.5 million. This was offset by an increase in the purchase of property and equipment by SAR 1.8 million during the same period.

Cash flows used in investing activities increased from SAR 17.1 million in the nine-month period ended 30 September 2022G to SAR 50.3 million in the nine-month period ended 30 September 2023G due to an increase in term deposits amounting to SAR 73.0 million during the same period. This was coupled with additions to concession contract receivables by SAR 15.3 million in relation to the concession contract in Hadda & Arana. This was offset by an increase in proceeds from time deposits by SAR 54.4 million during the same period.

Net cash used in financing activities

Cash flows used in financing activities decreased from SAR 33.7 million in 2020G to SAR 32.3 million in 2021G due to a decrease in dividends paid, which amounted to 10.0 million in 2020G. This was offset by an increase in net repayments of loans by SAR 8.2 million during the same period.

Cash flows used in financing activities increased from SAR 32.3 million in 2021G to SAR 36.5 million in 2022G as a result of dividends, which amounted to SAR 20.0 million in 2022G. This was offset by a decrease in net payments of loans by SAR 16.0 million during the same period.

Cash flows used in financing activities decreased from SAR 22.8 million in the nine-month period ended 30 September 2022G to SAR 21.2 million in the nine-month period ended 30 September 2023G due to the decrease in dividends paid, which amounted to SAR 10.0 million in the nine-month period ended 30 September 2022G. This was offset by an increase in net repayments of loans by SAR 7.4 million during the same period.

Free cash flow available to shareholders

The Group measures the cash flow available to equity holders as a measure of performance given that the accounting for capacity tariff may result in its recognition during the construction / rehabilitation period versus the actual payment of the tariff which occurs over the life of the contract. This may result in a mismatch between the accounting profit versus the actual cash generated.

Table (6.71): Free cash flow available to shareholders

SAR in 000s	31 Dec 2020G (Management information)	31 Dec 2021G (Management information)	31 Dec 2022G (Management information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Management information)	30 September 2023G (Management information)	Var 31 Dec 2022G-Q3'23G
Free cash flow available to shareholders	73,080	(17,041)	11,942	na	na	(56,6)	na	6,144	na

Source: Management Information.

6.7.4 Commitments and contingencies

The following table summarizes the commitments and contingencies as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.72): Commitments and contingencies

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Existing performance guarantees	13,926	21,134	30,383	51.8%	43.8%	47.7%	49,316	62.3%
Bid bonds	-	-	-	na	na	na	35,049	na
Capital commitments	-	-	13,125	na	na	na	89,098	578.8%
Total	**13,926**	**21,134**	**43,508**	**51.8%**	**105.9%**	**76.8%**	**173,463**	**298.7%**

Source: The consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed consolidated financial statements for the nine-month period ended 30 September 2023G and Management Information.

Contingent commitments and liabilities include outstanding performance guarantees for the Group's concession contracts, bid bonds for participation in tenders and capital commitments relating to construction works.

Contingent commitments and liabilities include: (1) outstanding performance guarantees related to the Group's concession contracts issued to the bid owners as performance guarantees, (in the event that the performance liabilities agreed upon between the two are not satisfied). These guarantees expire when the concession contracts are completed; (2) Bid bonds for participation in tenders, and (3) capital commitments related to construction work.

The Group's capital commitments amounted to 89.1 million SAR as at September 30, 2023, and are expected to be paid over two years mainly in relation to the concession contract awarded in Hadda and Arana in addition to the maintenance and development of the current facilities operated under concession contracts in the industrial cities and the General Authority of Civil Aviation. It is worth noting that these capital commitments will be financed through loans.

6.8 Material subsidiaries analysis

The Industrial Cities Development and Operation Company, Al Jazeera Environment Company, Riyadh Water Production Company, and Araha Environmental Sciences Company have been identified as significant subsidiaries based on their contribution to the revenues, net profit/(loss), assets, and liabilities of the Group as shown in the analyzes below.

The audited financial statements of the material subsidiaries for the financial years ending on December 31, 2020, 2021, and 2022, and the accompanying notes, were prepared in accordance with international financial reporting standards. The unaudited interim condensed financial statements for the nine-month financial period ending on September 30, 2023G and the accompanying notes were prepared in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

6.8.1 Industrial Cities Development and Operating Company

6.8.1.1 Statement of comprehensive income

The following table summarizes the Industrial Cities Development and Operating Company statement of comprehensive income for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.73): Statement of comprehensive income data

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Revenue	174,734	202,906	214,033	16.1%	5.5%	10.7%	159,899	161,987	1.3%
Cost of revenue	(148,615)	(162,104)	(162,385)	9.1%	0.2%	4.5%	(122,678)	(121,282)	(1.1%)
Gross profit	**26,119**	**40,802**	**51,648**	**56.2%**	**26.6%**	**40.6%**	**37,221**	**40,704**	**9.4%**
Other income	1,283	530	601	(58.7%)	13.3%	(31.6%)	396	1,286	224.7%
General & administrative expenses	(10,485)	(8,828)	(11,009)	(15.8%)	24.7%	2.5%	(7,192)	(8,869)	23.3%

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Reversal of impairment loss on trade receivables	(150)	750	340	(600.0%)	(54.6%)	na	-	(155)	na
Operating profit	**16,767**	**33,254**	**41,580**	**98.3%**	**25.0%**	**57.5%**	**30.425**	**32,966**	**8.4%**
Finance cost	(9,341)	(7,329)	(9,338)	(21.5%)	27.4%	(0.0%)	(7,961)	(9,905)	24.4%
Profit / (loss) before Zakat for the year / period	**7,425**	**25,925**	**32,242**	**249.1%**	**24.4%**	**108.4%**	**22,464**	**23,061**	**2.7%**
Zakat expense	(918)	(833)	(1,351)	(9.3%)	62.3%	21.3%	(1,013)	(1,464)	44.5%
Profit / (loss) for the year	**6,508**	**25,092**	**30,891**	**285.6%**	**23.1%**	**117.9%**	**21,451**	**21,596**	**0.7%**
Other comprehensive income statement items that may not be reclassified subsequently to profit or loss (net of tax):									
Actuarial (loss) / gain on defined employee benefits obligation	470	(376)	(156)	(180.0%)	(58.6%)	na	-	-	na
Cash flow hedges - effective portion of changes in fair value	-	718	4,449	0.0%	519.6%	0.0%	4,410	(2,248)	(151.0%)
Total comprehensive income / (loss) for the year / period	**6,978**	**25,434**	**35,184**	**264.5%**	**38.3%**	**124.6%**	**25,861**	**19,349**	**(25.2%)**

Source: The audited financial statements of Industrial Cities Development and Operating Company for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed financial statements for the nine-month period ended 30 September 2023G and Management Information.

The following table summarizes the key performance indicators for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.74): Key performance indicators

As a % revenue	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Management Information)	30 September 2023G (Management Information)	Var Q3'21G-'22G
	As a percentage of total revenue			Percentage point			As a percentage of total revenue		Percentage point
Gross margin	14.9%	20.1%	24.1%	5.2	4.0	9.2	23.3%	25.1%	1.9
General and administrative expenses	6.0%	4.4%	5.1%	(1.6)	0.8	(0.9)	4.5%	5.5%	1.0
Operating profit margin	9.6%	16.4%	19.4%	6.8	3.0	9.8	19.0%	20.4%	1.3
Net Profit/ (loss) margin	**3.7%**	**12.4%**	**14.4%**	**8.6**	**2.1**	**10.7**	**13.4%**	**13.3%**	**(0.1)**

Source: Management information.

The main activity of the Company is to engage in the constructing, operating and maintaining of water desalination stations for industrial cities, water and wastewater networks, torrents networks, developing and operating industrial cities, constructing and operating of electricity stations for industrial cities, purchase of lands for constructions, developing and investing in buildings for sale and rent.

Revenue

Industrial Cities Development and Operations Company "ICDOC" recognizes revenue in accordance with IFRS 15 Revenue from Contracts with Customers. Revenue- the amount of consideration to which ICDOC is entitled to by providing the services to the public- is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement the Grantor is not obliged to make any payment to the Company and the Company earns revenue by providing services to the Public and charging them for the same. Accordingly, the revenue earned from construction services is recognized as an intangible asset under IFRIC 12.

Industrial Cities Development and Operations Company "ICDOC" revenue is mainly generated through a rehabilitation contract related to a sewage treatment plant in : (i) Dammam Industrial City 1, 2 and Al Ahsa, and (ii) Jeddah Industrial City, in addition to the O&M contract related to Dammam Industrial City 3.The concession agreement requires ICDOC to rehabilitate, operate and manage water and sanitation industrial facilities in the Damam and Jeddah Industrial Cities which are owned by MODON (The Saudi Authority for Industrial Cities and Technology Zones).

ICDOC's revenue is mainly generated through billings made to tenants of the industrial cities through the consumption of water, wastewater and recycled water. In addition, construction revenue is recognized based on the spare parts replacement and civil works done to operate the water facilities in Dammam Industrial City and Jeddah Industrial City.

Revenue increased by 16.1% from SAR 174.7 million in 2020G to SAR 202.9 million in 2021G mainly driven by the increase in tariffs in DIC as the Group revised its tariffs in DIC in 2021G as they are subject to a contractual change every 5 years namely (i) water services from SAR 4.8/M^3 to SAR 5.2/M^3, (ii) water recycling from SAR 3.9/M^3 to SAR 4.0/M^3 and (iii) wastewater services from SAR 4.5/M^3 to SAR 5.0/M^3.

Revenue further increased by 5.5% from SAR 202.9 million in 2021G to SAR 214.0 million in 2022G due to the increase in water consumed by 8.7% from 36.6 million M^3 in 2021G to 39.2 million M^3 in 2022G following the new tenants/factories that connected to the Group's plants in Dammam Industrial City during the same period.

Revenue increased by 1.3% from SAR 159.9 million in the nine-month period ended 30 September 2022G. to SAR 162.0 million in the nine-month period ended 30 September 2023G driven by the exceptional revenue generated from the processing of sewage after the Hajj season in JIC through the contract with the Islamic Development Bank that amounted to SAR 3.2 million in the nine-month period ended 30 September 2023G.

Cost of revenue

Cost of revenue mainly consisted of subcontractors' costs and fees, amortization of intangibles arising from services concession arrangements, royalties paid to Modon, construction cost, amongst insurance and others.

Cost of revenue increased by 9.1% from SAR 148.6 million in 2020G to SAR 162.1 million in 2021G mainly due to the increase in construction costs from SAR 15.5 million to SAR 23.5 million during the same period following the additional civil works and spare part installations made as per the technical assessment of the assets' life cycle in the water treatment plant. This was coupled with the increase in royalty fees paid to Modon in line with the increase in revenue generated in Dammam and Al Ahsa industrial cities from SAR 106.5 million in 2020G to SAR 125.1 million in 2021G (royalties are set at 20% of waste-water services revenue generated from the Modon contract in DIC).

Cost of revenue increased by 0.2% from SAR 162.1 million in 2021G to SAR 162.4 million in 2022G driven by the increase in royalty fees from SAR 25.6 million to SAR 27.1 million in line with the increase in revenue generated in Dammam and Al Ahsa industrial cities from SAR 125.1 million in 2021G to SAR 131.3 million in 2022G. This was partially offset by the decrease in amortization of intangibles arising from service concession arrangements by SAR 2.0 million as some intangible assets (from concession contracts) were fully amortized during the same year, hence lower amortization.

Cost of revenue decreased by 1.1% from SAR 122.7 million in the nine-month period ended 30 September 2022G to SAR 121.3 million in the nine-month period ended 30 September 2023G driven by the decrease in construction cost by SAR 4.3 million. This was partially offset by the increase in amortization of intangibles arising from concessions by SAR 1.8 million.

Gross profit

Gross profit increased by 56.2% from SAR 26.1 million in 2020G to SAR 40.8 million in 2021G (GM% increased from 14.9% in 2020G to 20.1% in 2021G) following the increase in revenue by 16.1% namely water and wastewater service revenue with an amount of SAR 20.8 million given the stable level of subcontractor costs and fees (paid to JECO, a related party) which averaged at SAR 71.0 million between 2020G and 2021G. As such, subcontractor costs and fees decreased from 40.6% as a % of revenue in 2020G to 35.9% as % of revenue in 2021G.

Gross profit further increased by 26.6% from SAR 40.8 million in 2021G to SAR 51.6 million in 2022G (GM% increased from 20.1% in 2021G to 24.1% in 2022G) as a result of the increase in revenue by 5.5% driven by the increase in the total volumes sold from 36.1 million M^3 to 39.2 million M^3 following the new tenants/factories that connected to the Group's plants in Dammam Industrial City. This was coupled with the decrease in (i) amortization of intangibles arising from service concessions by SAR 2.0 million as some assets were fully amortized during the same period.

Gross profit increased by 9.4% from SAR 37.2 million in the nine-month period ended 30 September 2022G to SAR 40.7 million in the nine-month period ended 30 September 2023G given the increase in revenue by 1.3% driven by the one-off revenue generated from the processing of sewage after the Hajj season in JIC.

Other income

Other income mainly comprised interest income on bank deposits and others. Other income decreased by 58.7% from SAR 1.3 million in 2020G to SAR 530 thousand in 2021G driven by the decrease in interest income by SAR 556 thousand as a result of the maturity of the margin deposit account during the same period.

Other income increased by 13.3% from SAR 530 thousand in 2021G to SAR 601 thousand in 2022G due to the increase in finance income generated from term deposits.

Other income increased by 224.3% from SAR 396 thousand in the nine-month period ended 30 September 2022G to SAR 1.3 million in the nine-month period ended 30 September 2023G mainly due to the increase in interest income by SAR 890 thousand arising from term deposits.

General and administrative expenses

General and administrative expenses mainly consisted of employee costs, management fee, consultant fees, IT expenses, amongst others.

General and administrative expenses decreased by 15.8% from SAR 10.5 million in 2020G to SAR 8.8 million in 2021G mainly due to the decrease in employee costs by SAR 1.2 million due to the transfer of the CEO's salary to Miahona (for 6 months) and to RWPC (for 6 months) during the same year.

General and administrative expenses increased by 24.7% from SAR 8.8 million in 2021G to SAR 11.0 million in 2022G primarily driven by the increase in employee cost by SAR 1.6 million in line with the increase in headcount from 13 employees to 18 employees during the same period.

General and administrative expenses increased by 23.3% from SAR 7.2 million in the nine-month period ended 30 September 2022G to SAR 8.9 million in the nine-month period ended 30 September 2023G mainly due to the increase in employee cost by SAR 806 thousand as the administrative employees' salaries are recharged to other entities based on the allocation assessment done by management, coupled with the increase in depreciation of PPE by SAR 606 thousand during the same period.

Reversal of impairment loss on trade receivables

Reversal of impairment loss on trade receivables increased from a loss of SAR 150 thousand in 2020G to a profit of SAR 750 thousand in 2021G additional provisions made on long outstanding balance due from DIC and JIC tenants as per the ECL assessment conducted by management. During 2022G, reversal of impairment loss on trade receivables decreased to SAR 340 thousand due to the provisions booked as be the ECL assessment made by management. Reversal of impairment loss on trade receivables amounted to SAR 155 thousand in the nine-month period ended 30 September 2023G due to reversals made to previously provisioned balances as per the ECL assessment conducted by management.

Finance costs

Finance costs mainly comprised of interest on loans and borrowings, bank charges and interest on lease liabilities.

Finance costs decreased by 21.5% from SAR 9.3 million in 2020G to SAR 7.3 million in 2021G mainly driven by the decrease in interest on loans and borrowings by SAR 1.0 million.

Finance cost increased by 27.4% from SAR 7.3 million in 2021G to SAR 9.3 million in 2022G due to the increase in interest on loans and borrowings by SAR 2.0 million following the settlement of the SIDF loan during the same year.

Finance costs increased by 24.4% from SAR 8.0 million in in the nine-month period ended 30 September 2022G to SAR 10.0 million in in the nine-month period ended 30 September 2023G mainly due to the increase in interest on loans and borrowings on existing loans in line with the increase in SAIBOR rates during the same period.

Zakat expense

Zakat expense decreased from SAR 918 thousand in 2020G to SAR 833 thousand in 2021G, then increased to SAR 1.4 million in 2022G in line with the increase in the Company's zakatable profit across the 2020G-2022G period.

Zakat expense increased from SAR 1.0 million in in the nine-month period ended 30 September 2022G to SAR 1.5 million in in the nine-month period ended 30 September 2023G.

For ICDOC, ZATCA raised an assessment pertaining to Zakat declaration of 2017G and 2018G which is still not finalized by ZATCA. Zakat declaration for 2019G-2022G is yet to be assessed by ZATCA.

6.8.1.2 Statement of financial position

The following table summarizes the Industrial Cities Development and Operating Company statement of financial position as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.75): Statement of financial position data

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Non-current assets								
Property and equipment	1,566	1,344	3,987	(14.2%)	196.7%	59.6%	3,216	(19.3%)
Intangible assets arising from service concession arrangements	386,804	372,151	359,494	(3.8%)	(3.4%)	(3.6%)	346,380	(3.6%)
Right-of-use assets	488	328	168	(32.8%)	(48.8%)	(41.3%)	47	(72.0%)
Advances to suppliers	1,747	-	3,240	(100.0%)	na	36.2%	5,646	74.3%
Total non-current assets	**390,605**	**373,823**	**366,889**	**(4.3%)**	**(1.9%)**	**(3.1%)**	**355,290**	**(3.2%)**
Current assets								
Trade and other receivables	35,247	39,723	41,968	12.7%	5.7%	9.1%	29,198	(30.4%)
Prepayments and advances	2,820	5,687	2,732	101.7%	(52.0%)	(1.6%)	1,373	(49.7%)
Fair value of derivative financial instruments	-	718	5,167	na	619.6%	0.0%	2,920	(43.5%)
Contract assets	-	-	-	na	na	0.0%	2,772	na

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Cash and cash equivalents	38,113	45,155	52,916	18.5%	17.2%	17.8%	52,717	(0.4%)
Total current assets	**76,180**	**91,283**	**102,784**	**19.8%**	**12.6%**	**16.2%**	**88,979**	**(13.4%)**
Total assets	**466,785**	**465,106**	**469,673**	**(0.4%)**	**1.0%**	**0.3%**	**444,269**	**(5.4%)**
Equity and liabilities								
Equity								
Share capital	66,600	66,600	66,600	0.0%	0.0%	0.0%	66,600	0.0%
Statutory reserve	17,565	20,074	20,074	14.3%	0.0%	6.9%	20,074	0.0%
Cash flow hedge reserve	-	718	5,167	na	619.5%	0.0%	2,920	(43.5%)
Retained earnings	87,989	55,196	66,931	(37.3%)	21.3%	(12.8%)	88,527	32.3%
Total equity	**172,154**	**142,589**	**158,773**	**(17.2%)**	**11.4%**	**(4.0%)**	**178,121**	**12.2%**
Non-current liabilities								
Loans and borrowings	187,145	220,531	212,029	17.8%	(3.9%)	6.4%	(178,520)	(15.8%)
Lease liabilities	214	85	-	(60.3%)	(100.0%)	(100.0%)	-	na
Defined employee benefits obligation	3,104	3,511	3,939	13.1%	12.2%	12.7%	(4,471)	13.5%
Other non-current liabilities	27,930	24,781	10,948	(11.3%)	(55.8%)	(37.4%)	(7,782)	(28.9%)
Deferred revenue	-	-	8,823	na	na	0.0%	(8,743)	(0.9%)
Total non-current liabilities	**218,393**	**248,908**	**235,738**	**14.0%**	**(5.3%)**	**3.9%**	**(199,515)**	**(15.4%)**
Current liabilities								
Loans and borrowings	31,885	33,350	33,810	4.6%	1.4%	3.0%	34,040	0.7%
Lease liabilities	164	146	66	(11.0%)	(54.8%)	(36.6%)	72	9.1%
Trade and other payables	43,205	39,449	39,935	(8.7%)	1.2%	(3.9%)	31,358	(21.5%)
Zakat payable	984	664	1,351	(32.5%)	103.5%	17.2%	1,162	(14.0%)
Total current liabilities	**76,238**	**73,609**	**75,162**	**(3.4%)**	**2.1%**	**(0.7%)**	**66,632**	**(11.3%)**
Total liabilities	**294,631**	**322,517**	**310,900**	**9.5%**	**(3.6%)**	**2.7%**	**266,148**	**(14.4%)**
Total equity and liabilities	**466,785**	**465,106**	**469,673**	**(0.4%)**	**1.0%**	**0.3%**	**444,269**	**(5.4%)**

Source: The audited financial statements of Industrial Cities Development and Operating Company for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed financial statements for the nine-month period ended 30 September 2023G and Management Information.

Non-current assets

Property and equipment

Property and equipment mainly comprised of furniture, office equipment and motor vehicles.

Property and equipment decreased from SAR 1.6 million as at 31 December 2020G to SAR 1.3 million as at 31 December 2021G driven by the depreciation charge amounting to SAR 263 thousand.

Property and equipment increased from SAR 1.3 million as at 31 December 2021G to SAR 4.0 million as at 31 December 2022G mainly due to additions related to furniture and office equipment amounting to SAR 3.4 million related to an automatic meter reading SAR 3.3 million with the purpose of internal management use. This was partly offset by a depreciation expense amounting to SAR 728 thousand during the same year.

Property and equipment decreased to SAR 3.2 million as at 30 September 2023G mainly due to the depreciation charge amounting to SAR 771 thousand during the same period.

Intangible assets arising from service concession arrangements

Intangible assets arising from service concession arrangements arises from the Group's concession agreement in ICDOC and mainly includes:

- The cost of the rehabilitation of water utilities and waste-water treatment facilities for the first and second industrial cities of Dammam;
- The cost of construction of water utilities and wastewater treatment facilities for the first industrial city of Al Ahsa;
- The cost of the rehabilitation of water utilities and wastewater treatment facilities for reverse osmosis plant at the second industrial city in Dammam;
- The cost for the rehabilitation of wastewater treatment facilities for Jeddah Industrial City (JIC).

Intangible assets arising from service concession arrangements decreased from SAR 386.8 million as at 31 December 2020G to SAR 372.2 million as at 31 December 2021G in line with amortization amounting to SAR 38.2 million partly offset by additions amounting to SAR 23.5 million related to the cost of the rehabilitation of water utilities in DIC (1 & 2), construction of water utilities and wastewater treatment facilities in Al Ahsa industrial city, amongst others.

Intangible assets arising from service concession arrangements decreased from SAR 372.2 million as at 31 December 2021G to SAR 359.5 million as at 31 December 2022G due to amortization charges amounting to SAR 36.3 million, partly offset by additions which amounted to amounted to SAR 23.6 million related to the cost of the rehabilitation of water utilities in DIC (1 & 2), construction of water utilities and wastewater treatment facilities in Al Ahsa industrial city, amongst others.

Intangible assets arising from service concession arrangements further decreased to SAR 346.6 million as at 30 September 2023G due to amortization charges amounting to SAR 28.4 million, partly offset by additions amounting to SAR 985 thousand coupled with capex additions amounting to SAR 15.2 million related to construction of tanks, solar plants, sewage networks, and others in connection to the capacity increase in Dammam Industrial City.

Right-of-use of assets

Right-of-use of assets pertained to offices rent in Dammam and Jeddah Industrial Cities. Right-of-use of assets decreased from SAR 488 thousand as at 31 December 2020G to SAR 328 thousand as at 31 December 2021G due to the depreciation charges amounting to SAR 160 thousand during the same period.

Right-of-use of assets decreased from SAR 328 thousand as at 31 December 2021G to SAR 168 thousand as at 31 December 2022G and further to SAR 47 thousand as at 30 September 2023G driven by the depreciation charges amounting to SAR 160 thousand and SAR 120 thousand respectively during the same period.

Advances to suppliers

Advances to suppliers mainly comprised of long-term advance payments made to fixed asset suppliers which were previously classified under prepayments and advances.

Advances to suppliers decreased from SAR 1.7 million as at 31 December 2020G to nil as at 31 December 2021G due to the execution of the requested construction and other services.

Advances to suppliers increased to SAR 3.2 million as at 31 December 2022G and further to SAR 5.6 million at 30 September 2023G as a result of the increase in advances paid to spare part suppliers.

Current assets

Trade and other receivables

Trade and other receivables mainly comprised of trade receivables (DIC and JIC customers/tenants) generated from water and waste-water services billings, impairment loss on trade receivables, due from related parties, staff and other receivables.

Trade and other receivables increased from SAR 35.2 million as at 31 December 2020G to SAR 39.7 million as at 31 December 2021G due to the increase in trade receivables by SAR 2.6 million in line with the increase in water and wastewater services revenue generated from DIC and JIC which amounted to SAR 19.8 million, coupled with the increase in due from related parties by SAR 1.7 million namely RWPC by SAR 1.7 million in relation to expenses paid by ICDOC on behalf of RWPC.

Trade and other receivables increased from SAR 39.7 million as at 31 December 2021G to SAR 42.0 million as at 31 December 2022G primarily driven by the increase in trade receivables by SAR 1.3 million in line with the increase in water and wastewater revenue from SAR 178.7 million to SAR 189.5 million during the same period. This was coupled with the increase in the balance due from RWPC by SAR 851 thousand in connection with expenses paid by ICDOC on behalf of RWPC.

Trade and other receivables decreased to SAR 29.2 million as at 30 September 2023G in line with the decrease in due from related parties by SAR 20.1 million driven by the collection of the outstanding balance due from RWPC during the same period. This was partially offset by the increase in trade receivables by SAR 7.3 million in line with the increase in revenue from SAR 159.9 million at 30 September 2022G to SAR 162.0 million at 30 September 2022G.

Prepayments and advances

Prepayments and advances consisted of prepayments and inventory.

Prepayments and advances increased from SAR 2.8 million as at 31 December 2020G to SAR 5.7 million as at 31 December 2021G given the increase in advances to suppliers by SAR 2.3 million due to the increase in advances paid to construction suppliers in connection with the spare parts for intangible asset arising from service concessions.

Prepayments and advances decreased to SAR 2.7 million as at 31 December 2022G due to the reclassification of advances to suppliers during the same period.

Prepayments and advances decreased from SAR 2.7 million as at 31 December 2022G to SAR 1.4 million as at 30 September 2023G as a result of the decrease in advances by SAR 3.7 million due to the receipt of the assets requested from the suppliers through the advances previously paid.

Fair value of derivative financial instruments

Fair value of derivative financial instruments primarily includes interest rate hedging contracts with local banks to hedge the fluctuations in interest rates on loans.

Fair value of derivative financial instruments increased from nil as at 31 December 2020G to SAR 718 thousand as at 31 December 2021G and further to SAR 5.2 million as at 31 December 2022G due to the increase in the effective portion of the change in fair value recorded in other comprehensive income from a loss of SAR 2.1 million as at 31 December 2020G to SAR 5.8 million as at 31 December 2021G and further to SAR 7.3 million as at 31 December 2022G.

Fair value of derivative financial instruments decreased from SAR 7.3 million as at 31 December 2022G to SAR 2.9 million as at 30 September 2023G due to the decrease in the effective portion of the change in fair value which stood at a loss of SAR 2.2 million as at 30 September 2023G.

Contract assets

Contract assets relates to unbilled invoices in connection with the last 6 days of the period ended 30 September 2023G as the billing is made on the 25th day of each month. Contract assets amounted to SAR 2.8 million as at 30 September 2023G.

Cash and cash equivalents

Cash and cash equivalents mainly included cash at banks-current accounts, short-term deposits and cash in hand.

Cash and cash equivalents increased from SAR 38.1 million as at 31 December 2020G to SAR 45.2 million at 31 December 2021G mainly due to the increase in net cash generated from operating activities by SAR 16.7 million mainly as a result of the increase in ICDOC's profitability. This was partly offset by cash outflows arising from the acquisitions of intangible assets arising from service concession arrangements with an amount of SAR 23.5 million and the repayment of loans and borrowings amounting to SAR 31.9 million.

Cash and cash equivalents increased from SAR 45.2 million as at 31 December 2021G to SAR 53.0 million at 31 December 2022G mainly as a result of the increase in net cash generated from operating activities by SAR 12.1 million mainly driven by the increase in ICDOC's profitability. This was partially offset by cash outflows used in investing activities arising from the acquisition of intangible assets arising from service concession arrangements amounting to SAR 23.6 million, coupled with the net cash outflows used in financing activities namely the repayment of loans and borrowings amounting to SAR 33.4 million.

Cash and cash equivalents decreased from SAR 53.0 million as at 31 December 2022G to SAR 52.7 million as at 30 September 2023G mainly driven by the decrease in net cash generated from operating activities by SAR 14.8 million. This was partially offset by the cash generated from investing activities amounted to SAR 5.6 million.

Equity

Share capital

Share capital consisted of 666,000 shares of SAR 100 each and remained stable at SAR 66.6 million as at 31 December 2020G,2021G,2022G, and as 30 September 2023G

Statutory reserve

Statutory reserve increased from SAR 17.6 million as at 31 December 2020G to SAR 20.1 as at 31 December 2021G and remained relatively stable at the same amount as at 31 December 2022G and 30 September 2023G.

Cash flow hedge reserve

Cash flow hedge reserve pertains to the interest rate swap derivative. Cash flow hedge reserve increased from nil at as at 31 December 2020G to SAR 718 thousand as at 31 December 2021G and further to SAR 5.2 million at as at 31 December 2022G due to the change in fair value recognized in other comprehensive income amounting to SAR 718 thousand and SAR 4.4 million in 2021G and 2022G respectively.

Cash flow hedge reserve decreased from SAR 5.2 million as at as at 31 December 2022G to SAR 3.0 million at 30 September 2023G in line with the change in fair value recognized in other comprehensive income amounting to a loss of SAR 2.2 million in the nine-month period ended 30 September 2023G

Retained earnings

Retained earnings decreased from SAR 88.0 million as at 31 December 2020G to SAR 55.2 million as at 31 December 2021G in line with dividends distributed which amounted to SAR 55.0 million during 2021G.

Retained earnings increased from SAR 55.2 million as at 31 December 2021G to SAR 67.0 million as at 31 December 2022G attributable to profits amounting to SAR 35.2 million, partly offset by dividends distributed which amounted to SAR 19.0 million during 2022G.

Retained earnings increased further increased from to SAR 67.0 million as at 31 December 2022G to SAR 88.5 million as at 30 September 2023G driven by the profit recognized during the same period.

Non-current liabilities

Loans and borrowings

Loans and borrowings comprised of Murabaha term-loans from a local bank amounting to SAR 256.6 million which was partially utilized to pay back the outstanding loan from another bank. This facility is secured by irrevocable and unconditional assignment of proceeds from Dammam and Jeddah projects, carrying finance costs based on enhanced SAIBOR plus margins and repayable in unequal semi-annual instalments up until 28 February 2026G.

ICDOC has fully repaid the Saudi Industrial Development Fund "SIDF" loans on 17 March 2021G.

The non-current portion of loans and borrowings amounted to SAR 187.1 million as at 31 December 2020G, SAR 220.5 million as at 31 December 2021G, SAR 212.0 million as at 31 December 2022G, and SAR 178.5 million as at 30 September 2023G.

Lease liabilities

Lease liabilities decreased from SAR 377 thousand as at 31 December 2020G to SAR 231 thousand as at 31 December 2021G in line with lease payments amounting to SAR 167 thousand during the same period.

Lease liabilities decreased further to SAR 66 thousand at 31-Dec-22 as a result of payments amounting to SAR 167 thousand during the same period. Lease liabilities increased to SAR 72 thousand as at 30 September 2023G.

Defined employee benefits obligation

Defined employee benefits obligation increased from SAR 3.1 million as at 31 December 2020G to SAR 3.5 million as at 31 December 2021G as a result of the increase in discount rate and weighted average future salary increase from 2.20% to 2.75% during the same period. This was partly offset by benefits paid to resigned employees with an amount of SAR 434 thousand.

Defined employee benefits obligation increased further to SAR 4.0 million as at 31 December 2022G due to the further increase in discount rate and weighted average future salary from 2.75% to 4.75% during the same period. This was partly offset by benefits paid to resigned employees amounting to SAR 381 thousand.

Defined employee benefits obligation increased to SAR 4.5 million as at 30 September 2023G mainly driven by increase in current service costs during the same period.

Other non-current liabilities

Other non-current liabilities mainly consisted of balance payables to Modon pursuant to an amendment to the original concession contract with Modon (a reverse osmosis plant for water utilities and wastewater treatment facilities in DIC 2) and the consideration payable was recognized as a non-current liability.

Other non-current liabilities decreased from SAR 28.0 million as at 31 December 2020G to SAR 24.8 million as at 31 December 2021G due to payments made to Modon amounting to SAR 3.8 million.

Other non-current liabilities decreased to SAR 11.0 million as at 31 December 2022G and further to SAR 7.8 million as at 30 September 2023G in line with payments made to Modon.

Deferred revenue

Deferred revenue arises from ICDOC's connection services under service concession contract. Connection services consideration is received upfront, accordingly, the consideration received in respect of connection services is recognized as a deferred revenue and is recognized as revenue on a straight-line basis over the term of the concession arrangement.

Deferred revenue remined relatively stable at an average of SAR 8.8 million over the 2022G to September 2023G period.

Current liabilities

Loans and borrowings

Loans and borrowings comprised of Murabaha term-loans from a local bank amounting to SAR 256.6 million which was partially utilized to pay back the outstanding loan from another bank. This facility is secured by irrevocable and unconditional assignment of proceeds from Dammam and Jeddah projects, carrying finance costs based on enhanced SAIBOR plus margins and repayable in unequal semi-annual instalments up until 28 February 2026G.

ICDOC has fully repaid the Saudi Industrial Development Fund "SIDF" loans on 17 March 2021G.

The current portion of loans and borrowings amounted to SAR 31.9 million as at 31 December 2020G, SAR 33.4 million as at 31 December 2021G, SAR 33.8 million as at 31 December 2022G, and SAR 34.0 million as at 30 September 2023G.

Trade and other payables

Trade and other payables mainly comprised of trade payables, accrued expenses, accrued concession charges, retention payable, and advances from customers.

Trade and other payables decreased from SAR 43.2 million at 31 December 2020G to SAR 39.4 million at 31 December 2021G due to the decrease in balances due to related parties by SAR 13.9 million following the payment made to JECO by SAR 9.4 million which relate to subcontractor costs and fees. This was partially offset by the increase in accrued expenses by SAR 8.6 million, related to accrued subcontractor costs payable to JECO.

Trade and other payables increased to SAR 40.0 million at 31 December 2022G as a result of the increase in due to related party balance by SAR 9.6 million due to JECO related to subcontractor costs. This was partly offset by the decrease in accrued expenses by SAR 8.5 million in line with billing of subcontractor costs payable to JECO.

Trade and other payables decreased to SAR31.4 million at 30 September 2023G driven by the decrease in due to related parties by SAR 10.0 million in line with the settlement of the balance due to JECO. This was partially offset by the increase in accrued concession charge by SAR 2.1 million during the same period which relate royalty charges payable to Modon.

Zakat payable

Zakat payable decreased from SAR 984 thousand as at 31 December 2020G to SAR 664 thousand as at 31 Dec 2021G mainly due to payments amounting to SAR 1.2 million, partly offset by the additional zakat provisions amounting to SAR 832 thousand.

The balance increased to SAR 1.4 million as at 31 December 2022G due to additional charges amounting to SAR 1.4 million, partly offset by payments amounting to SAR 664 thousand.

Zakat payable decreased to SAR 1.2 million as at 30 September 2023G driven by payments made during the period by an amount of SAR 1.3 million, partly offset by additions amounting to SAR 1.5 million.

6.8.1.3 Statement of cash flows

The following table summarizes Industrial Cities Development and Operating Company statement of cash flows for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.76): Statement of cash flows data

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Cash flows from operating activities									
Profit before tax for the period	6,508	25,092	30,891	285.6%	23.1%	117.9%	21,451	21,596	0.7%
Adjustments to cash flows from operating activities									
Depreciation of PPE	263	236	728	(10.1%)	208.3%	66.4%	170	771	353.5%
Amortization of intangible assets arising from service concession arrangements	37,653	38,201	36,299	1.5%	(5.0%)	(1.8%)	26,618	28,402	6.7%
Depreciation of ROU	160	160	160	0.0%	0.0%	0.0%	120	120	0.0%
Finance costs	9,320	7,309	9,336	(21.6%)	27.7%	0.1%	7,945	9,890	24.5%
Interest on lease liabilities	21	21	1	0.0%	(95.2%)	(78.2%)	16	15	(6.3%)
Amortization of upfront loan fees	-	1,236	808	na	(34.6%)	0.0%	606	531	(12.3%)
(Reversal of impairment) / loss on trade receivables	150	(750)	(340)	(600.0%)	(54.6%)	na	-	155	na
Gain on sale of PPE	-	0.348	0.375	na	7.8%	0.0%	-	-	na

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Loss on write-off intangible assets arising from service concession arrangements	20	-	-	(100.0%)	Na	0.0%	-	-	na
Income on term deposits	-	-	-	na	Na	0.0%	-	(895)	na
Defined employee benefits obligation	735	556	653	(24.3%)	17.4%	(5.7%)	651	561	(13.8%)
Zakat expense	918	833	1,351	(9.3%)	62.3%	21.3%	1,013	1,464	44.5%
Working capital changes									
Trade and other receivables	(4,341)	(3,725)	(2,510)	(14.2%)	(32.6%)	(24.0%)	(4,691)	9,843	(309.8%)
Prepayments and advances	1,349	(2,867)	(769)	(312.6%)	(73.2%)	Na	(269)	(1,047)	289.2%
Trade and other payables	(5,058)	(3,848)	1,576	(23.9%)	(141.0%)	Na	7,824	(5,402)	169.0%
Other non-current liabilities	(3,368)	(1,402)	(5,011)	(58.4%)	257.3%	22.0%	(3,348)	(3,246)	(3.0%)
Cash generated from operating activities	**44,329**	**61,051**	**73,174**	**37.7%**	**19.9%**	**28.5%**	**58,105**	**62,760**	**8.0%**
Defined employee benefits paid	(180)	(434)	(381)	141.0%	(12.2%)	45.5%	(437)	(29)	(93.3%)
Finance costs paid	(9,320)	(7,309)	(9,336)	(21.6%)	27.7%	0.1%	(8,584)	(13,064)	52.2%
Zakat paid	(1,192)	(1,152)	(664)	(3.3%)	(42.4%)	(25.4%)	(664)	(1,653)	149.0%
Net cash generated from operating activities	**33,637**	**52,156**	**62,792**	**55.1%**	**20.4%**	**36.6%**	**48,420**	**48,013**	**(0.8%)**
Cash flows from investing activities									
Acquisition of PPE	(95)	(14)	(3,371)	(85.3%)	23,978.6%	495.7%	(13)	-	(100.0%)
Acquisition of intangible assets arising from service concession arrangements	(15,478)	(23,548)	(23,642)	52.1%	0.4%	23.6%	(15,939)	(15,289)	(4.1%)

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Maturity of short-term bank deposits	49,500	-	-	(100.0%)	na	0.0%	-	20,895	na
Net cash flows used in investing activities	33,926	(23,562)	(27,014)	(169.5%)	14.6%	na	(15,952)	5,606	(135.1%)
Cash flows from financing activities									
Proceeds from loans and borrowings	-	65,500	24,500	na	(62.6%)	0.0%	24,500	-	(100.0%)
Repayment of loans and borrowings (net)	(17,280)	(31,885)	(33,350)	84.5%	4.6%	38.9%	(33,350)	(33,810)	1.4%
Dividends paid to shareholders	(20,000)	(55,000)	(19,000)	175.0%	(65.5%)	(2.5%)	(19,000)	-	(100.0%)
Payment of lease liabilities	(193)	(167)	(167)	(13.3%)	0.0%	(6.9%)	(175)	(9)	(94.6%)
Net cash flows (used in) / from financing activities	**(37,473)**	**(21,552)**	**(28,017)**	**(42.5%)**	**30.0%**	**(13.5%)**	**(28,025)**	**(33,819)**	**20.7%**
Net increase in cash and cash equivalents	**30,091**	**7,042**	**7,762**	**(76.6%)**	**10.2%**	**(49.2%)**	**4,443**	**19,800**	**345.7%**
Cash and cash equivalents at the beginning of the year	8,022	38,113	45,155	375.1%	18.5%	137.3%	45,155	32,916	(27.1%)
Cash and cash equivalents at the end of the year	**38,113**	**45,155**	**52,917**	**18.5%**	**17.2%**	**17.8%**	**49,597**	**52,717**	**6.3%**

Source: The audited financial statements of Industrial Cities Development and Operating Company for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed financial statements for the nine-month period ended 30 September 2023G and Management Information.

Cash flows from operating activities

Cash flows generated from operational activities increased from SAR 33.6 million in 2020G to SAR 52.2 million in 2021G, due to the increase in the profit of the Industrial Cities Development and Operation Company, which increased by SAR 18.6 million during the same period.

Cash flows resulting from operating activities increased from SAR 52.2 million in 2021G to SAR 62.8 million in 2022G due to an additional increase in the profit of the Industrial Cities Development and Operation Company by SAR 5.8 million during the same period.

Cash flows generated from operating activities decreased from SAR 48.4 million in the nine-month period ended 30 September 2022G to SAR 48.0 million in the nine-month period ended 30 September 2023G due to an increase in finance costs paid by SAR 4.5 million during the same period.

Cash flows from investing activities

Cash flows from investing activities decreased from SAR 33.9 million in 2020G to cash flows used in investing activities of SAR 23.6 million in 2021G due to the cash arising from the maturity of short-term deposits amounting to SAR 49.5 million in 2020G, in addition to the acquisition of intangible assets arising from concession service contracts, which amounted to SAR 23.5 million in 2021G.

Cash flows used in investing activities increased to SAR 27.0 million in 2022G due to the acquisition of property and equipment worth SAR 3.4 million mainly related to pumps that amounted to SAR 3.2 million in 2022G.

Cash flows used in investing activities increased from SAR 16.0 million in the nine-month period ended 30 September 2022G to cash flows generated from investing activities of SAR 5.6 million in the nine-month period ended 30 September 2023G due to cash proceeds from term deposits including the interest on term deposit's amounting to SAR 20.9 million in the nine-month period ended 30 September 2023G.

Cash flows from financing activities

Cash flows used in financing activities decreased from SAR 37.5 million in 2020G to SAR 21.6 million in 2021G due to proceeds from loans and borrowings amounting to SAR 65.5 million, partially offset by repayments of loans and borrowings amounting to SAR 31.9 million and dividends paid to the shareholders which amounted to SAR 55.0 million during the same year.

Cash flows used in financing activities increased from SAR 21.6 million in 2021G to SAR 28.0 million in 2022G due to repayments from loans and borrowings amounting to SAR 33.4 million, and dividends paid to the shareholders amounting to SAR 19.0 million during the same year. This was offset by proceeds from loans and borrowings amounting to SAR 24.5 million during the same year.

Cash flows used in financing activities increased from SAR 28.0 million in the nine-month period ended 30 September 2022G to SAR 33.8 million in the nine-month period ended 30 September 2023G due to the absence of proceeds from loans and borrowings during the same period.

6.8.2 Riyadh Water and Production Company

6.8.2.1 Statement of comprehensive income

The following table summarizes the Riyadh Water & Production Company statement of comprehensive income for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.77): Statement of comprehensive income data

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Revenue	30,489	25,586	25,683	(16.1%)	0.4%	(8.2%)	19,122	21,927	14.7%
Cost of revenue	(31,309)	(18,695)	(17,702)	(40.3%)	(5.3%)	(24.8%)	(14,274)	(16,600)	16.3%
Gross profit	**(820)**	**6,891**	**7,981**	**(940.4%)**	**15.8%**	**na**	**4,848**	**5,326**	**9.9%**
General and administrative expenses	(3,193)	(4,496)	(3,128)	40.8%	(30.4%)	(1.0%)	(2,448)	(2,127)	(13.1%)
Impairment loss on trade receivables	(17)	(11,540)	-	67,782.4%	(100.0%)	(100.0%)	-	(164)	na
Impairment loss on concession receivable	-	-	(1,983)	na	na	0.0%	(1,983)	-	(100.0%)
Operating profit	**(4.030)**	**(9.144)**	**2.870**	**126.9%**	**(131.4%)**	**na**	**418**	**3,035**	**919.4%**
Other income	-	2	-	na	(100.0%)	0.0%	-	1,226	na

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Finance cost	(15,082)	(14,146)	(12,217)	(6.2%)	(13.6%)	(10.0%)	(8,512)	(13,146)	54.4%
Finance income	15,566	15,464	15,041	(0.7%)	(2.7%)	(1.7%)	11,389	11,301	(0.8%)
Profit / (loss) before Zakat for the year / period	**(3.545)**	**(7.825)**	**5.694**	**120.7%**	**(172.8%)**	**na**	**3,295**	**2,416**	**(26.7%)**
Zakat expenses	(895)	(1,098)	(1,344)	22.7%	22.4%	22.6%	(1,008)	(959)	(4.8%)
Income for the year / period	**(4,440)**	**(8,923)**	**4,350**	**101.0%**	**(148.8%)**	**na**	**2,287**	**1,456**	**(36.3%)**
Other comprehensive income that may not be reclassified to profit and loss in subsequent periods (net of tax):									
Cash flow hedges - effective portion of changes in fair value	(2,033)	5,077	2,896	(349.7%)	(43.0%)	na	3,915	805	(79.4%)
Actuarial (loss) / gain on defined employee benefits obligation	(126)	184	(16)	(246.0%)	(108.7%)	(64.4%)	-	-	na
Total comprehensive income for the year / period	**(6,599)**	**(3,661)**	**7,231**	**(44.5%)**	**(297.5%)**	**na**	**6,202**	**2,261**	**(63.5%)**

Source: The audited financial statements of Riyadh Water & Production Company for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed financial statements for the nine-month period ended 30 September 2023G and Management Information.

The following table summarizes the key performance indicators for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.78): Key performance indicators

As a % of revenue	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var '20G-'21G	Var '21G-'22G	CAGR '20G-'22G	30 September 2022G (Management Information)	30 September 2023G (Management Information)	Var Q3'21G-'22G
	As a percentage of total revenue			**Percentage point**			**As a percentage of total revenue**		**Percentage point**
Gross margin	(2.7%)	26.9%	31.1%	29.6	4.1	33.8	25.4%	24.3%	(1.1)
General and administrative expenses	10.5%	17.6%	12.2%	7.1	(5.4)	1.7	12.8%	9.7%	(3.1)
Operating profit margin	37.8%	24.7%	69.7%	(13.1)	45.0	31.9	61.7%	71.0%	9.2
Net income margin	(14.6%)	(34.9%)	16.9%	(20.3)	51.8	31.5	12.0%	6.6%	(5.3)

Source: Management information.

Revenue

Revenue is mainly generated from concession contract with GACA whereby RWPC has to remediate, operate, and maintain the existing water facility in the King Khalid International Airport (KKIA) and construct a new water facility then provide the relevant operations and maintenance services. RWPC also has to provide water services to the airport.

Riyadh Water Production Company "RWPC" recognizes revenue in accordance with IFRS15 Revenue from Contracts with Customers. Revenue-the amount of consideration to which RWPC expects to be entitled from the Grantor for the services provided- is recognized when (or as) the performance obligations are satisfied. Under the terms of the arrangement RWPC is obliged to Build-Operate-Transfer a Water treatment Station (WTS") for 28 years (previously 30 years) and to Rehabilitate-Operate-Transfer the existing WTS during the construction period.

The total expected consideration receivable over 28 years (previously 30 years) is allocated to the performance obligations based on the relative standalone selling prices of the construction services and operation and maintenance services, taking in to account the significant financing component as follows:

1- For construction service, RWPC estimates the relative stand-alone selling price by reference to the forecast cost plus 5 percent.
2- For operation and maintenance services, RWPC estimates the relative stand-alone selling price by reference to the forecast cost plus 7.7 per cent.
3- The implied interest rate, of 5.2% is assumed to be the rate that would be reflected in a financing transaction between RWPC and the Grantor.

Revenue is recognized over time.

Revenue decreased by 16.1% from SAR 30.5 million in 2020G to SAR 25.6 million in 2021G mainly due to the absence of construction revenue in 2021G which amounted to SAR 5.3 million in 2020G and related to the construction of the new water facility in the KKIA airport. Revenue remained relatively stable at SAR 25.6 million between 2021G and 2022G.

Revenue increased by 14.7% from SAR 19.1 million in the nine-month period ended 30 September 2022G to SAR 21.9 million in for the nine-month period ended 30 September 2023G mainly due to the increase in water consumption tariffs which are subject to indexation and macro-economic factors, which led to an increase in revenues by SAR 2.7 million.

Cost of revenue

Cost of revenue mainly consisted of operation and maintenance fee and plant electricity expense.

Cost of revenue decreased by 40.3% from SAR 31.3 million in 2020G to SAR 18.7 million in 2021G mainly due to the decrease in construction cost by SAR 12.0 million which related to the new water-treatment stations (construction was completed in 2019G).

Cost of revenue further decreased by 5.3% from SAR 18.7 million in 2021G to SAR 17.7 million in 2022G driven by the decrease in electricity expense by SAR 1.7 million due to operational efficiencies.

Cost of revenue increased by 16.3% from SAR 14.3 million in the nine-month period ended 30 September 2022G to SAR 16.6 million in the nine-month period ended 30 September 2023G due to the increase in electricity expense by SAR 2.0 million due to additional electricity provisions booked in connection with the additional water well operated by the Group during the same period.

Gross profit

Gross profit increased from a loss of SAR 820 thousand in 2020G to SAR 6.9 million in 2021G (GM% increased from loss of 2.7% in 2020G to profit of 26.9% in 2021G) following the decrease in cost of revenue in line with the drop in construction cost.

Gross profit further increased by 15.8% from SAR 6.9 million in 2021G to SAR 8.0 million in 2022G (GM% increased from 26.9% in 2021G to 31.1% in 2022G) driven by the decrease in cost of revenue in line with the decrease in plant electricity expense.

Gross profit increased by 9.9% from SAR 4.8 million in the nine-month period ended 30 September 2022G to SAR 5.3 million in nine-month period ended 30 September 2023G whereby the gross margin decreased from 25.4% in the nine-month period ended 30 September 2022G to 24.3% in in the nine-month period ended 30 September 2023G mainly driven by the increase in plant electricity expenses.

General and administrative expenses

General and administrative expenses consisted of supervision expenses allocated from related party, employee costs, consultation fees, amongst others.

General and administrative expenses increased by 40.8% from SAR 3.2 million in 2020G to SAR 4.5 million in 2021G mainly due to the increase in consultation fees by SAR 704 thousand in relation to legal advisory costs (related to the settlement agreement with GACA), coupled with the increase in employee costs by SAR 288 thousand and other expenses by SAR 312 thousand during the same year.

General and administrative expenses decreased by 30.4% from SAR 4.5 million in 2021G to SAR 3.1 million in 2022G primarily driven by the decrease in (i) consultation fees by SAR 701 thousand due to due to the absence of the one-off legal costs related to the settlement agreement with GACA, and (ii) employee costs amounting to SAR 345 thousand.

General and administrative expenses decreased by 13.1% from SAR 2.4 million in the nine-month period ended 30 September 2022G to SAR 2.1 million in the nine-month period ended 30 September 2023G due reversal of insurance on asset provision amounting to SAR 600 thousand in the nine-month period ended 30 September 2023G.

Impairment loss on trade receivables

Impairment loss on trade receivables include the provision expense booked based on excepted credit loss calculations based on the requirements of IFRS9.

Impairment loss on trade receivables increased from SAR 17 thousand in 2020G to SAR 11.5 million in 2021G due to the partial provisioning of balance due from GACA (KKIA project) regarding the disputed receivable balance amounting to SAR 40 million whereby the Group and GACA reached a settlement agreement which requires the Group to provide a discount on the receivable amounting to SAR 15.0 million and the remaining SAR 25.0 million will be collected subsequently. As such, the Group booked an additional SAR 11.5 million provision in 2021G given that a provision for GACA amounting to SAR 4.2 million was booked prior to 2020G.

Impairment loss on concession receivables

Impairment loss on concession contract receivables amounted to SAR 2.0 million in 2022G and solely related to the GACA contract which witnessed a modification whereby the operation and maintenance services period was reduced by 2 years (from 30 years to 28 years) due to the delay in the commercial operation date of the KKIA project by the off taker. The contract was modified to 28 years, hence the loss arising from the modification amounted to SAR 2.0 million in 2022G.

Other income

Other income amounted to SAR 2 thousand in 2021G and SAR 1.2 million in the nine-month period ended 30 September 2023G and mainly comprised interest income on deposits.

Finance costs

Finance costs mainly comprised interest on loans and borrowings and bank charges. Finance costs decreased by 6.2% from SAR 15.1 million in 2020G to SAR 14.1 million in 2021G mainly driven by the decrease in interest on loans and borrowings by SAR 936 thousand in line with the repayment schedule.

Finance costs further decreased by 13.6% to SAR 12.2 million in the nine-month period ended 30 September 2022G as a result of the decrease in interest on loans and borrowings by SAR 2.0 million in line with the repayment schedule.

Finance cost increased by 54.4% from SAR 8.5 million in the nine-month period ended 30 September 2022G to SAR 13.1 million in the nine-month period ended 30 September 2023G increase in interest on loans on borrowings on the Murabaha loan related to the KKIA project amounting SAR 4.6 million as the interest rate hedging contract was terminated on February 2023G amidst the increase in SAIBOR rates during the same period.

Finance income

Finance income solely relates to interest income recognized from concession contract receivables. The income remained relatively stable at SAR 15.5 million between the 2020G and 2021G period.

Finance income decreased by 2.7% from SAR 15.6 million in 2021G to SAR 15.0 million in 2022G in line with the decrease in contract receivable balance from SAR 292.1 million as at 31 December 2021G to SAR 284.7 million as at 31 December 2022G.

Finance income remained relatively stable at SAR 11.3 million between million in the nine-month period ended 30 September 2022G and in the nine-month period ended 30 September 2023G.

Zakat expense

Zakat expense increased from SAR 895 thousand in 2020G to SAR 1.1 million in 2021G and further to SAR 1.3 million in 2022G in line with the increase in profits.

Zakat expenses remained relatively stable at SAR 1.0 million during the nine-month period ended 30 September 2022G and 2023G period.

For RWPC, Zakat declaration for the year 2019G and 2022G are yet to be assessed by ZATCA.

6.8.2.2 Statement of financial position

The following table summarizes the Riyadh Water and Production Company statement of financial position as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.79): Statement of financial position data

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Non-current assets								
Concession contract receivables	276,682	271,995	263,967	(1.7%)	(3.0%)	(2.3%)	259,551	(1.7%)
Property and equipment	4	2	1	(50.0%)	(50.5%)	(50.5%)	1	(0.0%)
Total non-current assets	276,686	271,997	263,969	(1.7%)	(3.0%)	(2.3%)	259,552	(1.7%)
Current assets								
Concession contract receivables	20,152	20,152	20,761	0.0%	3.0%	1.5%	20,761	0.0%
Trade receivables	72,744	80,368	96,980	10.5%	20.7%	15.5%	19,998	(79.4%)
Prepayments and advances	425	671	1,484	58.0%	121.2%	86.9%	2,315	56.0%
Contract asset	-	-	-	na	na	0.0%	816	na
Cash and cash equivalents	42,628	46,896	41,052	10.0%	(12.5%)	(1.9%)	18,346	(55.3%)
Total current assets	135,948	148,087	160,277	8.9%	8.2%	8.6%	62,236	(61.2%)
Total assets	**412,634**	**420,084**	**424,245**	**1.8%**	**1.0%**	**1.4%**	**321,788**	**(24.2%)**
Equity and liabilities								
Equity								
Share capital	500	500	500	0.0%	0.0%	0.0%	500	0.0%
Proposed share capital increase	-	58,856	58,856	na	0.0%	0.0%	58,856	0.0%
Statutory Reserve	250	250	250	0.0%	0.0%	0.0%	250	0.0%
Cash flow hedge reserves	(8,778)	(3,701)	(805)	(57.8%)	(78.2%)	(69.7%)	-	(100.0%)

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Unaudited)	Var 31 Dec 2022G-Q3'23G
Retained Earnings	33,499	24,761	29,095	(26.1%)	17.5%	(6.8%)	30,552	5.0%
Total equity	**25,471**	**80,666**	**87,897**	**216.7%**	**9.0%**	**85.8%**	**90,158**	**2.6%**
Non-current liabilities								
Loans and borrowings	220,078	215,567	210,513	(2.0%)	(2.3%)	(2.2%)	208,025	(1.2%)
Fair value of derivative financial instruments	8,778	3,701	805	(57.8%)	(78.3%)	(69.7%)	-	(100.0%)
Defined employee benefits obligations	887	192	272	(78.3%)	41.7%	(44.6%)	293	7.7%
Total non-current liabilities	**229,743**	**219,460**	**211,590**	**(4.5%)**	**(3.6%)**	**(4.0%)**	**208,318**	**(1.5%)**
Current liabilities								
Loans and borrowings	63,342	4,876	5,412	(92.3%)	11.0%	(70.8%)	5,334	(1.4%)
Trade and other payables	93,033	113,985	118,002	22.5%	3.5%	12.6%	17,131	(85.5%)
Zakat payable	1,044	1,096	1,344	5.0%	22.6%	13.5%	847	(37.0%)
Total current liabilities	**157,419**	**119,957**	**124,758**	**(23.8%)**	**4.0%**	**(11.0%)**	**23,312**	**(81.3%)**
Total liabilities	**387,163**	**339,418**	**336,348**	**(12.3%)**	**(0.9%)**	**(6.8%)**	**231,630**	**(31.1%)**
Total equity and liabilities	**412,634**	**420,084**	**424,245**	**1.8%**	**1.0%**	**1.4%**	**321,788**	**(24.2%)**

Source: The audited financial statements of Riyadh Water & Production Company for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed financial statements for the nine-month period ended 30 September 2023G and Management Information.

Non-current assets

Concession contract receivables

Concession contract receivables (non-current portion) relates to the contract assets balance arising from the construction services made in connection to KKIA (GACA BOOT project). The balance related to the KKIA project was transferred to concession contract receivables during 2020G upon completion of the construction of the water treatment facility which amounted to SAR 299.1 million as the consideration for the plant will be repaid over the life of the concession (28 years). The balance is subject to a financing component given it is settled over 30 years carrying an interest rate of 5.0% and is expected to be fully settled by 2047G.

Concession contract receivables (non-current portion) increased upon the recognition of the annual finance income by 5.0% and settled through billings (transfers to account receivables) which amount to SAR 20.8 million every year.

Concession contract receivables (non-current portion) decreased from SAR 276.7 million as at 31 December 2020G to SAR 272.0 million as at 31 December 2021G due to the reclassification of SAR 20.2 million to current portion of concession contract receivables as at 31 December 2021G (as the balance is due for collection in less than 1 year), partly offset by the recognition of finance income amounting to SAR 15.5 million during the same period.

Concession contract receivables (non-current portion) further decreased to SAR 264.0 million as at 31 December 2022G due to the reclassification of SAR 20.8 million to current portion of concession contract receivables as at 31 December 2022G, partly offset by the recognition of finance income amounting to SAR 15.0 million during the same period.

Concession contract receivables (non-current portion) decreased to SAR 259.5 million as at 30 September 2023G due to the reclassification of SAR 11.5 million to the current portion, partly offset by finance income amounting to SAR 11.8 million.

Property and equipment

Property and equipment mainly comprised furniture and office equipment.

Property and equipment decreased from SAR 4 thousand as at 31 December 2020G to SAR 2 thousand as at 31 December 2021G and to SAR 1 thousand as at 31 December 2022G and 30 September 2023G driven by depreciation charges.

Contract assets

Contract assets amounted to SAR 816 thousand as at 30 September 2023G.

Concession contract receivables

Concession contract receivables (current portion) represents the balance that is due for billing (to GACA) as per the agreed payment schedule.

Concession contract receivables (current portion) remained stable between 31 December 2020G and 31 December 2022G as the balance is transferred to trade receivables (upon billing) then a reclassification is made from the non-current portion in relation to the balance that is due in less than a year.

Concession contract receivables (current portion) increased to SAR 20.8 million as at 30 September 2023G driven by the reclassification made from the non-current portion of concession contract receivables.

Trade and other receivables

Trade and other receivables mainly comprised of receivable from billings made to GACA (KKIA project) and impairment loss on trade receivables.

Trade and other receivables increased from SAR 72.7 million as at 31 December 2020G to SAR 80.4 million as at 31 December 2021G due to the increase in receivable from GACA SAR 19.2 million mainly driven by the increase in the balance due from the General Authority of Civil Aviation related to the O&M project in Riyadh Airport (KKIA). This was partially offset by the increase in impairment loss on trade receivable by SAR 11.5 million.

Trade and other receivables further increased to SAR 97.0 million as at 31 December 2022G primarily driven by the increase in receivable from GACA by SAR 16.6 million following the progression in the KKIA O&M project.

Trade and other receivables decreased to SAR 20.0 million as at 30 September 2023G mainly due to the collection received from GACA amounting to SAR 76.4 million following the settlement agreement between both parties, coupled with the write-off of impairment on trade receivables amounting to SAR 15.7 million.

Prepayments and advances

Prepayments and advances consisted of prepayments and other current assets, and advances to suppliers. Prepayment and advances increased from SAR 425 thousand as at 31 December 2020G to SAR 671 thousand as at 31 December 2021G given the increase in other current assets amounting to SAR 192 thousand coupled with the increase in advance payments made to suppliers by SAR 55 thousand.

Prepayment and advances further increased to SAR 1.5 million at 31 December 2022G following the increase in prepayments and other current assets by SAR 884 thousand due to the increase in the balance due from ICDOC in connection with end-of-service of an employee transfer to ICDOC. This was partially offset by the decrease in advances to suppliers by SAR 72 thousand.

Prepayments and advances increased to SAR 2.3 million as at 30 September 2023G due to the increase in advances to suppliers by SAR 505 thousand during the same period.

Cash and cash equivalents

Cash and cash equivalents mainly included cash at banks and current accounts.

Cash and cash equivalents increased from SAR 42.6 million as at 31 December 2020G to SAR 46.9 million as at 31 December 2021G mainly due to the collection of concession contract receivables amounting to SAR 4.7 million. This was partly offset by the decrease in net cash generated from operating activities by SAR 1.7 million mainly due to the decrease in profitability.

Cash and cash equivalents decreased from SAR 46.9 million as at 31 December 2021G to SAR 41.1 million as at 31 December 2022G mainly as a result of (i) cash outflows used in operating activities amounting to SAR 21.8 million, partly offset by collection of concession contract receivables SAR 20.5 million and (ii) net cash outflows used in financing activities namely the repayment of loans and borrowings amounted to SAR 4.5 million.

Cash and cash equivalents decreased to SAR 18.3 million as at 30 September 2023G driven by (i) net cash outflow used in operating activities which amounted to SAR 21.1 million, (ii) net cash flow used in financing activities namely the repayment of loans and borrowings with an amount of SAR 2.8 million.

Share capital

Share capital consisted of 50,000 shares of SAR 10 each. Share capital remained stable at SAR 500 thousand as at 31 December 2020G, 2021G, 2022G and as at 30 September 2023G.

Proposed share capital increase

Proposed share capital increase remained stable at SAR 58.9 million as at 31 December 2020G, 2021G, 2022G and as at 30 September 2023G, which is related to the financial support that Miahona Company will be provided to RWPC to settle the equity bridge loan, and RWPC will record the amount as an equity contribution and issues shares to Miahona. However, the related legal formalities for share issuance are not completed.

Statutory reserve

Statutory reserve remained relatively stable at SAR 250 thousand as at 31 December 2020G, 2021G, 2022G and as at 30 September 2023G.

Cash flow hedge reserve

Cash flow hedge reserve pertains to the interest rate swap derivative. Cash flow hedge reserve increased from loss of SAR 8.8 million as at 31 December 2020G to a loss of SAR 3.0 million as at 31 December 2021G and further to a loss of SAR 805 thousand as at 31 December 2022G due to change in fair value recognized in other comprehensive income amounting to SAR 5.1 million and SAR 2.9 million in 2021G and 2022G respectively.

Retained earnings

Retained earnings decreased from SAR 33.5 million as at 31 December 2020G to SAR 24.8 million as at 31 December 2021G in line with loss amounting to a loss of SAR 9.0 million during 2021G.

Retained earnings increased to SAR 29.1 million as at 31 December 2022G attributable to profits amounting to SAR 4.4 million in 2022G.

Retained earnings increased to SAR 30.6 million as at 30 September 2023G due to profits amounting to SAR 1.5 million during the same period.

Non-current liabilities

Loans and borrowings

Loans and borrowings comprised a Murabaha term-loan that was granted by a consortium of local banks for the purpose of the construction of a water treatment station, secured through the site and plant which is represented under concession asset receivables in the balance sheet. The loan is repayable in semi-annual instalments maturing on 30 November 2038G.

Loans and borrowings decreased from SAR 283.4 million as at 31 December 2020G to SAR 220.4 million as at 31 December 2021G and further to SAR 216.0 million as at 31 December 2022G and to SAR 213.4 million as at 30 September 2023G in line with settlements made during the same period.

Fair value of derivative financial instruments

Fair value of derivative financial instruments primarily includes interest rate hedging contracts with local banks to hedge the fluctuations in interest rates on loans. The hedging contracts are based on the swap between the Group and the banks of fixed rates against floating rates on the original loan amounts every three months.

The balance decreased from SAR 8.8 million as at 31 December 2020G to SAR 3.7 million as at 31 December 2021G and further to SAR 805 thousand as at 31 December 2022G due to the increase in the effective portion of the change in fair value recorded in other comprehensive income from a loss of SAR 2.1 million in 2020G to SAR 5.8 million in 2021G and further to SAR 7.3 million in 2022G.

The balance decreased to nil as at 30 September 2023G as the derivative security matured in February 2023.

Defined employee benefits obligation

Defined employee benefits obligation dropped from SAR 887 thousand as at 31 December 2020G to SAR 192 thousand as at 31 December 2021G as a result of the decrease in amounts transferred (to) / from other entities by an amount of SAR 2.1 million. Defined employee benefits obligation increased to SAR 272 thousand as at 31 December 2022G due to the increase in amounts transferred to other entities which amounted to SAR 635 thousand in 2022G.

Defined employee benefits obligation increased to SAR 293 thousand as at 30 September 2023G due to additional service costs incurred during the same period.

Current liabilities

Loans and borrowings

Loans and borrowings comprised a Murabaha term-loan that was granted by a consortium of local banks for the purpose of the construction of a water treatment station, secured through the site and plant which is represented by concession asset receivables in the balance sheet. The loan is repayable in semi-annual instalments maturing on 30 November 2038G. The current portion of loans and borrowings amounted to SAR 63.3 million as at 31 December 2020G, SAR 4.9 million as at 31 December 2021G, SAR 5.4 million as at 31 December 2022G, and SAR 5.3 million as at 30 September 2023G.

Trade and other payables

Trade and other payables mainly comprised of due to related parties, trade payables, accrued expenses, and other payables.

Trade and other payables increased from SAR 93.0 million as at 31 December 2020G to SAR 114.0 million as at 31 December 2021G mainly driven by the increase in due to related parties by SAR 11.6 million namely JECO by SAR 10.2 million in connection with O&M services provided by the latter to the KKIA project. This was coupled with the increase in trade payables by SAR 8.0 million due to the build-up of the balance due to Riyadh Airport Company (electricity charges payable). It is worth noting that the increase in the balance due to Riyadh Airport Company is due to the year-on-year build up as the Group has not been collecting the dues from the same party.

Trade and other payables increased from SAR 114.0 million as at 31 December 2021G to SAR 118.0 million as at 31 December 2022G as a result of the increase in due to related parties by SAR 4.7 million due to the further increase in balance payable to JECO for O&M services provided by the related party. This was coupled with the increase in trade payables by SAR 3.3 million driven by the further build of the balance due to Riyadh Airport Company. This was partly offset by the decrease in accrued expenses by SAR 3.8 million due to the decrease in one-off provisions related to the payable balance due to Abu Nayyan Company which was settled during the same year.

Trade and other payables decreased to SAR 17.1 million as at 30 September 2023G due to (i) the decrease in balances due to relates parties by SAR 83.2 million namely JECO by SAR 54.8 million, and (ii) ICDOC by SAR 20.6 million, and (iii) Abu Nayyan Trading Company by SAR 7.6 million. This was coupled with the decrease in trade payables by SAR 19.9 million following the payments made to Riyadh Airport Company.

Zakat payable

Zakat payable increased slightly from SAR 1.0 million as at 31 December 2020G to SAR 1.1 million as at 31 December 2021G mainly due to additional charges amounting to SAR 1.1 million, partly offset by payments amounting to SAR 1.0 million.

Zakat payable increased from SAR 1.1 million as at 31 December 2021G to SAR 1.3 million in 31 December 2022G driven by additional charges amounting to SAR 1.3 million, partly offset by payments made during the period by SAR 1.1 million.

Zakat payable decreased to SAR 847 thousand as at 30 September 2023G driven by payments made during the period by SAR 1.5 million, partly offset by additions amounting to SAR 959 thousand.

6.8.2.3 Statement of cash flows

The following table summarizes the Riyadh Water and Production Company statement of cash flows for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.80): Statement of cash flows data

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Cash flows from operating activities									
Profit before tax for the period	(4,440)	(8,923)	4,350	101.0%	(148.8%)	na	2,287	1,456	(36.3%)
Adjustments to cash flows from operating activities									
Depreciation of PPE	1	2	1	100.0%	(50.0%)	(0.0%)	1	1	0.0%
Impairment loss on trade receivables	17	11,540	-	67,782.4%	(100.0%)	0.0%	-	164	na
Amortization of contract receivables	-	-	-	na	na	0.0%	15,259	15,571	2.0%
Impairment loss on concession receivable	-	-	1,983	na	na	0.0%	1,983	-	(100.0%)
Zakat expense	895	1,098	1,344	22.7%	22.4%	22.6%	1,008	959	(4.8%)
Defined employee benefits obligation	21	119	64	466.7%	(46.2%)	74.6%	58	42	(27.6%)
Finance income	-	(15,464)	(15,041)	na	(2.7%)	0.0%	(11,389)	(11,301)	(0.8%)
Finance costs	15,082	14,146	12,217	(6.2%)	(13.6%)	(10.0%)	8,512	13,146	54.4%
Other income	-	-	-	na	na	0.0%	-	(1,226)	na
Working capital changes									
Trade and other receivables	(17,150)	(19,164)	(16,612)	11.7%	(13.3%)	(1.6%)	(8,232)	76,964	(1034.9%)
Contract assets	-	-	-	na	na	0.0%	(4,439)	(816)	(81.6%)
Prepayments and advances	4,772	(246)	(813)	(105.2%)	230.5%	na	494	(831)	(268.2%)
Trade and other payables	21,661	20,323	4,017	(6.2%)	(80.2%)	(56.9%)	8,222	(105,383)	(1381.7%)
Cash flows from operating activities	**20,858**	**3,429**	**(8,490)**	**(83.6%)**	**(347.6%)**	**na**	**13,763**	**(11,254)**	**(181.8%)**
Finance costs paid	(15,082)	(14,146)	(12,217)	(6.2%)	(13.6%)	(10.0%)	(7,961)	(8,372)	5.2%
End of service benefit paid	-	-	-	na	na	0.0%	-	(21)	na
Zakat paid	(385)	(1,046)	(1,096)	171.7%	4.9%	68.6%	(1,096)	(1,457)	32.8%
Net cash flows from / (used in) operating activities	5,391	(11,762)	(21,803)	(318.2%)	85.4%	na	4,705	(21,103)	(548.5%)

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Cash flows from investing activities									
Concession contract receivable	(664)	20,152	20,477	(3,134.9%)	1.6%	na	-	-	na
Proceeds of term deposits including income on term deposits	-	-	-	na	na	0.0%	-	8,740	na
Payment of term deposits	-	-	-	na	na	0.0%	-	(8,000)	na
Net cash flows from / (used in) investing activities	**(664)**	**20,152**	**20,477**	**(3,134.9%)**	**1.6%**	**na**	**-**	**740**	**na**
Cash flows from financing activities									
Proposed share capital increase	-	58,856	-	na	(100.0%)	0.0%	-	-	na
Payment of loans	(4,120)	(62,977)	(4,518)	1428.6%	(92.8%)	4.7%	(2,560)	(2,828)	10.5%
Net cash flows used in financing activities	**(4,120)**	**(4,121)**	**(4,518)**	**0.0%**	**9.6%**	**4.7%**	**(2,560)**	**(2,828)**	**10.5%**
Net increase / (decrease) in bank balances	**607**	**4,268**	**(5,845)**	**602.3%**	**(236.9%)**	**na**	**2,145**	**(23,191)**	**(1181.2%)**
Cash and cash equivalents at the beginning of the year	42,021	42,628	46,896	1.4%	10.0%	5.6%	31,540	25,696	(18.5%)
Bank balances and cash at the beginning of the year	**42,628**	**46,896**	**41,052**	**10.0%**	**(12.5%)**	**(1.9%)**	**33,685**	**2,504**	**(92.6%)**

Source: The audited financial statements of Riyadh Water & Production Company for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed financial statements for the nine-month period ended 30 September 2023G and Management Information.

Cash flows from operating activities

Cash flows generated from operating activities decreased from SAR 5.4 million in 2020G to cash flows used in operating activities amounting to SAR 11.8 million in 2021G driven by the increase in trade and other receivables as a result of the slowdown in collection of receivables due from the General Authority of Civil Aviation. This was coupled with the increase in losses from SAR 4.4 million to SAR 8.9 million during the same period.

Cash flows used in operating activities increased from SAR 11.8 million in 2021G to SAR 21.8 million in 2022G due to the build-up of trade receivables due from the General Authority of Civil Aviation during the same period. This was partially offset by an increase in the profitability of Riyadh Water Production Company by SAR 13.3 million during the same year.

Cash flows generated from operating activities decreased from SAR 4.7 million in the nine-month period ended 30 September 2022G to cash flows used in operating activities amounting to SAR 21.1 million in the nine-month period ended 30 September 2023G due to the increase in trade receivables and others due to the accumulation of receivables from the General Authority of Civil Aviation during the same period.

Cash flows from investing activities

Cash flows used in investing activities increased from SAR 664 thousand in 2020G to cash flows generated from investing activities of SAR 20.2 million in 2021G due to an increase in concession contract receivables by SAR 20.8 million during the same period.

Cash flows used in investment activities increased from SAR 20.2 million in 2021G to SAR 20.5 million in 2022G due to the increase in concession contract receivables during the same year.

Cash flows used in investment activities increased from nil in the nine-month period ended 30 September 2022G to SAR 740 thousand in the nine-month period ended 30 September 2023G due to cash proceeds from term deposits including the interest on term deposit's amounting to SAR 8.7 million, offset by placements of term deposits amounting to SAR 8.0 million during the same period.

Cash flows from financing activities

Cash flows used in financing activities amounted to SAR 4.1 million in 2020G and 2021G. Cash flows used in financing activities increased to SAR 4.5 million in 2022G.

Cash flows used in financing activities increased from SAR 2.6 million in the nine-month period ended 30 September 2022G to SAR 2.8 million in the nine-month period ended 30 September 2023G due to repayments of loans during the same period.

6.8.3 Al Jazzira Company Limited

6.8.3.1 Statement of comprehensive income

The following table summarizes the Al Jazzira Company Limited statement of comprehensive income for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.81): Statement of comprehensive income data

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Revenue	108,186	113,927	122,350	5.3%	7.4%	6.3%	93,464	91,510	(2.1%)
Cost of revenue	(74,803)	(80,119)	(85,372)	7.1%	6.6%	6.8%	(66,660)	(56,526)	(15.2%)
Gross profit	**33,382**	**33,808**	**36,978**	**1.3%**	**9.4%**	**5.2%**	**26,804**	**34,984**	**30.5%**
Other income	(11)	-	101	(100.0%)	na	na	83	7	(91.6%)
General and administrative expenses	(5,723)	(6,713)	(6,829)	17.3%	1.7%	9.2%	(5,058)	(4,903)	(3.1%)
Impairment on trade receivables	-	-	(96)	na	na	0.0%	-	-	na
Operating profit	**27,649**	**27,095**	**30,154**	**(2.0%)**	**11.3%**	**4.4%**	**21,829**	**30,088**	**37.8%**
Finance cost	(283)	(330)	(305)	16.4%	(7.6%)	3.7%	(228)	(331)	45.2%
Profit / (loss) before Zakat for the year / period	**27,366**	**26,765**	**29,849**	**(2.2%)**	**11.5%**	**4.4%**	**21,601**	**29,757**	**37.8%**
Zakat Expenses	(1,463)	(1,829)	(2,089)	25.0%	14.2%	19.5%	(1,567)	(597)	(61.9%)
Income / (loss) for the year / period	**25,902**	**24,937**	**27,760**	**(3.7%)**	**11.3%**	**3.5%**	**20,035**	**29,159**	**45.5%**
Other comprehensive income that may not be reclassified to profit and loss in subsequent periods:									
Actuarial loss on defined employee benefit obligation	(74)	(179)	(300)	141.9%	67.6%	101.3%	-	-	na
Other comprehensive loss for the year	(74)	(179)	(300)	141.9%	67.6%	101.3%	-	-	na

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Total comprehensive income / (loss) for the year / period	**25,828**	**24,757**	**27,460**	**(4.1%)**	**10.9%**	**3.1%**	**20,035**	**29,159**	**45.5%**

Source: The audited financial statements of Al Jazzira Company Limited for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed financial statements for the nine-month period ended 30 September 2023G and Management Information.

The following table summarizes the key performance indicators for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.82): Key performance indicators

As a % of revenue	2020G (Management Information)	2021G (Management Information)	2022G (Management Information)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Management Information)	30 September 2023G (Management Information)	Var Q3'22G-Q3'23G
	As a percentage of total revenue			**Percentage point**			**As a percentage of total revenue**		**Percentage point**
Gross margin	30.9%	29.7%	30.2%	(1.2)	0.5	(0.6)	28.7%	38.2%	9.6
General and administrative expenses	5.3%	5.9%	5.6%	0.6	(0.3)	0.3	5.4%	5.4%	(0.1)
Operating profit margin	25.6%	23.8%	24.6%	(1.8)	0.9	(0.9)	23.4%	32.9%	9.5
Net income margin	23.9%	21.9%	22.7%	(2.1)	0.8	(1.3)	21.4%	31.9%	10.4

Source: Management information.

Revenue

Al Jazzira Company generates its revenues mainly from operation and maintenance projects:

- Hadda & Arana wastewater treatment station project (total contract value SAR 78.3 million), which extends over a period of 3 years, where Al Jazzira Company will provide manpower services, chemicals, spare parts, civil maintenance, and other services necessary to operate and maintain the station.
- Manfuha project (total contract value SAR 26.0 million), where JECO will provide other operation and maintenance services, which include treating the average daily effluent is 200,000 M^3. The contract commenced in 2021G for a period of 3 years.
- Civil works, spare parts replacements and any other construction activities carried to operate the water-treatment facility in Dammam and Jeddah Industrial City
- Operate and maintain the current water facility at King Khalid International Airport, construct a new water facility and provide the related operation and maintenance services.

Revenue increased by 5.3% from SAR 108.2 million in 2020G to SAR 114.0 million in 2021G mainly due to the commencement of the Manfouha Project (revenue amounted to SAR 2.5 million in 2021G) during September 2021G, coupled with the increase in revenue generated from Jeddah O&M project by an amount of SAR 1.2 million.

Revenue further increased by 7.4% from SAR 114.0 million in 2021G to SAR 122.4 million in 2022G in line with the ramp up of the O&M operations of the Manfouha project whereby its revenue increased from SAR 2.5 million in 2021G to SAR 9.3 million in 2022G. This was coupled with the increase in revenue generated from Dammam O&M project by SAR 1.8 million.

Revenue decreased by 2.1% from SAR 93.5 million in the nine-month period ended 30 September 2022G to SAR 91.5 million in the nine-month period ended 30 September 2023G attributable to the decrease in revenue generated from Hadda & Arana due to the project phase out as the projected ended on 30 April 2023G project (before it was re-awarded as a concession agreement through ARAHA).

Cost of revenue

Cost of revenue mainly consisted of salaries and employee related costs, electricity, subcontract fees, maintenance services, spare parts, and consumables, chemicals, amongst others.

Cost of revenue increased by 7.1% from SAR 74.8 million in 2021G to SAR 80.1 million in 2021G mainly driven by the increase in salaries and employee related costs from SAR 28.6 million to SAR 31.4 million due to the commencement of the new project Manfouha, This was coupled with the increase in chemical costs from SAR 5.9 million to SAR 7.1 million during the same period due to the commencement of the new Manfouha project.

Cost of revenue further increased by 6.6% from SAR 80.1 million in 2021G to SAR 85.4 million in 2022G driven by the increase in subcontract fees by SAR 3.2 million due to the increase in reliance on operations and maintenance outsourced labour during the same period, coupled with the increase in chemicals by SAR 2.8 million in line with the ramp up of operations in the Manfouha project which commenced during September 2021G. This was partially offset by the decrease in electricity costs by SAR 1.2 million due to operational efficiencies.

Cost of revenue decreased by 15.2% from SAR 66.7 million in the nine-month period ended 30 September 2022G to SAR 56.5 million in the nine-month period ended 30 September 2023G driven by the decrease in (i) subcontract costs by SAR 4.7 million and (ii) maintenance costs, spare parts and consumables by SAR 3.0 million, (ii) chemicals by 1.5 million due to the phase out of the Hadda & Arana project in the nine-month period ended on 30 September 2023G, and (iii) Other costs by SAR 2.2 million due to the reversal of handover provision (Hadda & Arana Project). This was offset by an increase in salaries and related costs by SAR 2.4 million in line with the increase in the number of employees from 204 to 250 during the same period.

Gross profit

Gross profit increased by 1.3% from SAR 33.4 million in 2020G to SAR 33.8 million in 2020G following the increase revenue by 5.3% from SAR 108.1 million to SAR 113.9 million during the same period. This was partly offset by the decrease in cost of revenue by 7.1% due to the increase in salaries and costs related to employees and chemicals, which led to a decrease in the gross profit margin from 30.9% to 29.7% during the same period.

Gross profit further increased by 9.4% from SAR 33.8 million in 2021G to SAR 37.0 million in 2022G (GM% increased from 29.7% in 2021G to 30.2% in 2022G) due to the increase in revenue by 7.4% in line with the increase in revenue generated from Manfouha project and Dammam O&M project. This was coupled with the decrease in electricity costs due to operational efficiencies in Dammam Industrial CIty.

Gross profit increased by 30.5% from SAR 26.8 million in the nine-month period ended 30 September 2022G to SAR 35.0 million in in the nine-month period ended 30 September 2023G amidst the decrease in cost of revenue given the decrease in subcontract costs in line with the phase out of the Hadda & Arana project. This was coupled with the decrease in other costs of SAR 2.2 million due to the reversal of the delivery provision made in previous years, and upon subsequent award of the concession contract for the Hadda & Arana project, these provisions were cancelled.

Other income

Other income comprised of gain/(loss) on disposal of property and equipment, gain on modification of leases, and gain on scrap sales. Other income amounted to SAR 101 thousand in 2022G and included the gain on disposal of property and equipment by the amount of SAR 80 thousand.

Other income amounted to SAR 83 thousand in the nine-month period ended 30 September 2022G and SAR 7 thousand in million in the nine-month period ended 30 September 2023G.

General and administrative expenses

General and administrative expenses consisted of salaries and employee related costs, management fees, professional fees, amongst others.

General and administrative expenses increased by 17.3% from SAR 5.7 million in 2020G to SAR 6.7 million in 2021G mainly due to the increase in salaries and employee related costs by SAR 559 thousand in line with the increase in headcount from 13 to 16 employees during the same period.

General and administrative expenses increased by 1.7% from SAR 6.7 million in 2021G to SAR 6.8 million in 2022G primarily driven by the increase in professional fees SAR 168 thousand due to the increase in audit fees during the same period.

General and administrative expenses decreased by 3.1% from SAR 5.1 million in the nine-month period ended 30 September 2022G to SAR 4.9 million in the nine-month period ended 30 September 2023G mainly due to the decrease in management fees by SAR 196 thousand driven by the decrease in management fees charged by Miahona during the same period.

Impairment loss on trade receivables

Impairment loss on trade receivables include the provision expense booked based on excepted credit loss calculations based on the requirements of IFRS9 and amounted to SAR 96 thousand in 2022G.

Finance costs

Finance costs mainly comprised interest on lease liabilities and bank charges. Finance costs increased by 16.4% from SAR 283 thousand in 2020G to SAR 330 thousand in 2021G mainly driven by the increase in interest on lease liabilities by SAR 37 thousand.

Finance costs decreased to SAR 305 thousand in 2022G due to the decrease in interest on lease liabilities by SAR 26 thousand.

Finance costs increased by 65.8% from SAR 228 thousand in the nine-month period ended 30 September 2022G to SAR 331 thousand in in the nine-month period ended 30 September 2023G mainly due to the increase in interest on lease obligations during the same period.

Zakat expense

Zakat expense increased by 25.0% from SAR 1.5 million in 2020G to SAR 1.8 million in 2021G and further by 14.2% to SAR 2.1 million in 2022G in line with the increase in profit during the same period.

Zakat expense decreased by 61.9% from SAR 1.6 million in the nine-month period ended 30 September 2022G to SAR 597 thousand in in the nine-month period ended 30 September 2023G driven by dividends paid during the same period.

Zakat declaration for 2019G-2022G is yet to be assessed by ZATCA.

6.8.3.2 Statement of financial position

The following table summarizes the Al Jazzira Company Limited statement of financial position as at 31 December 2020G, 2021G, 2022G and 30 September 2023G:

Table (6.83): Statement of financial position data

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-’21G	Var ‹21G-’22G	CAGR ‹20G-’22G	30 September 2023G (Reviewed)	Var 31 Dec 2022G-Q3’23G
Non-current assets								
Property and equipment	2,127	2,807	2,760	31.9%	(1.7%)	13.9%	3,258	18.0%
Intangible assets	219	142	58	(35.1%)	(59.1%)	(48.5%)	3	(94.8%)
Right-of-use of assets	4,038	5,234	4,894	29.6%	(6.5%)	10.1%	7,600	55.3%
Total non-current assets	**6,384**	**8,183**	**7,712**	**28.2%**	**(5.8%)**	**9.9%**	**10,861**	**40.8%**
Current assets								
Inventories	3,970	4,239	4,500	6.8%	6.2%	6.5%	6,333	40.7%
Trade and other receivables	63,851	78,450	75,321	22.9%	(4.0%)	8.6%	21,879	(71.0%)
Contract assets	-	6,852	22,629	na	230.2%	0.0%	31,188	37.8%

SAR in 000s	31 Dec 2020G (Audited)	31 Dec 2021G (Audited)	31 Dec 2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2023G (Reviewed)	Var 31 Dec 2022G-Q3'23G
Prepayments, advances and other current assets	1,954	6,895	7,696	252.8%	11.6%	98.4%	6,896	(10.4%)
Cash and cash equivalents	12,524	4,312	3,523	(65.6%)	(18.3%)	(47.0%)	5,710	62.1%
Total current assets	**82,300**	**100,748**	**113,668**	**22.4%**	**12.8%**	**17.5%**	**72,006**	**(36.7%)**
Total assets	**88,684**	**108,931**	**121,381**	**22.8%**	**11.4%**	**17.0%**	**82,867**	**(31.7%)**
Equity and liabilities								
Equity								
Share capital	2,000	2,000	2,000	0.0%	0.0%	0.0%	2,000	0.0%
Statutory reserve	1,000	1,000	1,000	0.0%	0.0%	0.0%	1,000	0.0%
Retained earnings	45,173	54,930	67,390	21.6%	22.7%	22.1%	31,550	(53.2%)
Total equity	**48,173**	**57,930**	**70,390**	**20.3%**	**21.5%**	**20.9%**	**34,550**	**(50.9%)**
Non-current liabilities								
Lease liabilities	2,938	4,132	4,149	40.6%	0.4%	18.8%	6,004	44.7%
Contract liability	2,751	5,250	5,975	90.8%	13.8%	47.4%	6,412	7.3%
Defined employee benefits obligation	7,571	8,179	9,247	8.0%	13.1%	10.5%	10,160	9.9%
Total non-current liabilities	**13,260**	**17,561**	**19,370**	**32.4%**	**10.3%**	**20.9%**	**22,576**	**16.5%**
Current liabilities								
Lease liabilities current portion	1,094	1,174	831	7.3%	(29.2%)	(12.8%)	1,424	71.3%
Trade and other payables	24,682	30,452	28,701	23.4%	(5.8%)	7.8%	23,360	(18.6%)
Zakat payable	1,476	1,814	2,089	22.9%	15.2%	19.0%	957	(54.2%)
Total current liabilities	**27,251**	**33,440**	**31,620**	**22.7%**	**(5.4%)**	**7.7%**	**25,741**	**(18.6%)**
Total liabilities	**40,512**	**51,001**	**50,991**	**25.9%**	**0.0%**	**12.2%**	**48,317**	**(5.2%)**
Total equity and liabilities	**88,684**	**108,931**	**121,381**	**22.8%**	**11.4%**	**17.0%**	**82,867**	**(31.7%)**

Source: The audited financial statements of Al Jazzira Company Limited for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed financial statements for the nine-month period ended 30 September 2023G and Management Information.

Non-current assets

Property and equipment

Property and equipment mainly comprised of equipment and tools, motor vehicles, furniture and fixtures, and computers.

Property and equipment increased from SAR 2.1 million as at 31 December 2020G to SAR 2.8 million as at 31 December 2021G driven by additions mainly related to equipment and tools to operate the projects in other subsidiaries amounting to SAR 1.1 million, motor vehicles amounting to SAR 807 thousand, amongst others. This was partly offset by a depreciation expense amounting to SAR 1.6 million during the same year. Property and equipment remained relatively stable at SAR 2.8 million between 31 December 2021G and 31 December 2022G.

Property plant and equipment increased to SAR 3.3 million as at 30 September 2023G due to additions amounting to SAR 1.3 million which mainly included vehicles to be deployed in the newly attained project in Hadda & Arana.

Intangible assets

Intangible assets mainly include software. Intangible assets decreased from SAR 219 thousand as at 31 December 2020G to SAR 142 thousand as at 31 December 2021G and further to SAR 59 thousand as at 31 December 2022G in line with amortization charges amounting to SAR 400 thousand and SAR 484 thousand in 2021G and 2022GG respectively.

Intangible assets decreased to SAR 3 thousand as at 30 September 2023G driven by the amortization charges amounting to SAR 56.0 thousand.

Right-of-use of assets

Right-of-use of assets comprised of leased housing accommodation and cars. Right-of-use of assets increased from SAR 4.0 million as at 31 December 2020G to SAR 5.2 million at 31 December 2021G due to additions amounting to SAR 2.4 million related to the housing accommodation in Dammam Industrial City 2. This was partly offset by depreciation amounting to SAR 1.3 million during the same period.

Right-of-use of assets decreased to SAR 4.9 million as at 31 December 2022G driven by depreciation charges amounting to SAR 1.1 million and derecognition amounting to SAR 297 thousand during the same period. This was partly offset by additions amounting to SAR 1.1 million mainly related to the housing accommodation in Damam Industrial City 2.

Right-of-use of assets increased to SAR 7.6 million as at 30 September 2023G mainly due to the increase in the contract price of the accommodation lease in Dammam SAR 3.5 million. This was partly offset by depreciation charges that amounted to SAR 831 thousand.

Current assets

Inventories

Inventories mainly consisted spare parts, consumables, chemicals and others. Inventories increased from SAR 4.0 million at 31 December 2020G to SAR 4.2 million as at 31 December 2021G due to the increase in consumables by SAR 208 thousand as a result of increased purchases during the same period.

Inventories further increased to SAR 4.5 million as at 31 December 2022G driven by the increase in spare parts by SAR 359 thousand due to the increase in quantities purchased for the new projects.

Inventories increased to SAR 6.3 million as at 30 September 2023G driven by the increase in spare parts by SAR 887 thousand, consumables by SAR 620 thousand, amongst others by SAR 327 thousand due to the increase in quantities purchased for the new projects.

Trade and other receivables

Trade and other receivables mainly comprised of trade receivables, provision for doubtful debts, contract assets, and staff and other receivables.

Trade and other receivables increased from SAR 63.9 million as at 31 December 2020G to SAR 78.5 million as at 31 December 2021G due to the increase in due from related parties' balances by SAR 13.2 million namely RWPC by SAR 13.6 million in relation to O&M services provided by JECO in connection with the KKIA project.

Trade and other receivables decreased to SAR 75.3 million as at 31 December 2022G primarily driven by the decrease in trade receivables by SAR 3.2 million as a result of collections made during the same period.

Trade and other receivables decreased further to SAR 21.9 million as at 30 September 2023G due to the decrease in trade receivables by SAR 53.4 million.

Contract assets

Contract assets comprised unbilled revenue for O&M services rendered in the Hadda & Arana project. As per the agreement, the Company issues the invoice to the concession owner upon receiving the signed purchase order from National Water Company (client).

Contract assets increased from nil as at 31 December 2020G to SAR 6.9 million as at 31 December 2021G due to the reclass of contract assets amounting to SAR 4.2 million as at 31 December 2020G to trade receivables. Contract assets increased to SAR 22.6 million as at 31 December 2022G given that the Hadda & Arana project ended during March 2022G and the revenue recognized from the extension period (May 2022G up till December 2022G) remained unbilled as the National Water Company has yet to issue the purchase order needed for the invoicing of the services (the extension agreement is not yet signed).

Contract assets increased to SAR 31.2 million as at 30 September 2023G due to further O&M works made in Hadda & Arana which were not billed to NWC.

JECO has continued to provide O&M services to Hadda & Arana post completion of the contract as per the extension terms agreed between the both parties. The balance remains unbilled as at 30 September 2023G.

Prepayments, advances and other current assets

Prepayments, advances and other current assets consisted of amounts paid as margins for bank guarantees, prepayments, and advances to suppliers. Prepayment, advances and other current assets increased from SAR 2.0 million as at 31 December 2020G to SAR 6.9 million as at 31 December 2021G given the increase in margins paid for bank guarantees by SAR 5.2 million related to bank guarantees projects bidding.

Prepayment, advances and other current assets further increased to SAR 7.7 million as at 31 December 2022G following the increase in prepayments by SAR 1.5 million in connection with the increase in (i) prepaid medical expenses as a result of the increase in headcount and (ii) prepaid rent in connection to staff accommodation during the same year. This was partially offset by the decrease in amounts paid as margins for bank guarantees by SAR 330 thousand, coupled with the decrease in advances to suppliers by SAR 378 thousand.

Prepayment, advances and other current assets decreased to SAR 6.9 million as at 30 September 2023G due to the (i) decrease in prepayments by SAR 1.6 million namely prepaid insurance by SAR 595 thousand, (ii) prepaid margins for bank guarantees by SAR 517 thousand, and rent by SAR 413 thousand. This was partially offset by the increase in advances to suppliers by SAR 1.3 million related to spare parts and chemicals purchases.

Cash and cash equivalents

Cash and cash equivalents mainly included cash at banks-current accounts and cash in hand.

Cash and cash equivalents decreased from SAR 12.5 million as at 31 December 2020G to SAR 4.3 million as at 31 December 2021G due to the decrease in net cash generated from operating activities by SAR 23.0 million mainly as a result of the increase in balance due from RWPC amounting to SAR 13.6 million. This was coupled with the cash outflow arising from acquisition of PPE amounting to SAR 2.4 million in connection to equipment and tools.

Cash and cash equivalents decreased from SAR 4.3 million as at 31 December 2021G to SAR 3.5 million as at 31 December 2022G mainly as a result of the cash outflows used in investing activities arising from the acquisition PPE. This was partly offset by the increase in net cash generated from operating activities by SAR 6.2 million in line with (i) the increase in net profit by SAR 2.8 million and (ii) the decrease in trade and other receivables balance by SAR 13.0 million.

Cash and cash equivalents increased to SAR 5.7 million as at 30 September 2023G due to an increase in cash flows generated from operating activities by SAR 53.4 million as a result of the increase in trade and other receivables balance. This was partially offset by the increase in cash flows used in financing activities from SAR 16.3 million as at 31 December 2022G to SAR 66.3 million as at 30 September 2023G as a result of higher dividends paid to partners.

Equity and liabilities

Equity

Share capital consisted of 2,000 shares of SAR 100 each and remained stable at SAR 2.0 million as at 2020G, 2021G, 2022G and as at 30 September 2023G.

Statutory reserve

Statutory reserve remained relatively stable at SAR 1.0 million as at 2020G, 2021G, 2022G and as at 30 September 2023G.

Retained earnings

Retained earnings increased from SAR 45.2 million as at 31 December 2020G to SAR 55.0 million at 31 December 2021G in line with profits recognized amounting to SAR 25.0 million during 2021G partly offset by dividends distributed SAR 15.0 million during 2021G. Retained earnings further increased to SAR 67.4 million as at 31 December 2022G attributable to profits amounting to SAR 27.5 million, partly offset by dividends distributed amounting to SAR 15.0 million during 2022G. Retained earnings decreased to SAR 31.6 million as at 30 September 2023G driven by dividends distributed amounted to SAR 65.0 million during same period.

Non-current liabilities

Lease liabilities

Lease liabilities increased from SAR 4.0 million as at 31 December 2020G to SAR 5.3 million as at 31 December 2021G in line with additions which amounted to SAR 2.4 million related to the housing accommodation in Dammam Industrial City 2. This was partly offset by leased payments amounting to SAR 1.4 million during the same period.

Lease liabilities decreased to SAR 5.0 million as at 31 December 2022G as a result of leased payments amounting to SAR 1.3 million during the same period, partly offset by additions of leased assets amounting to SAR 1.1 million.

Lease liabilities increased to SAR 7.4 million as at 30 September 2023G due to the modification of the staff accommodation lease in Dammam Industrial City.

Contract liabilities

Contract liabilities arises from JECO's connection services under service concession contract.

Contract liabilities increased from SAR 2.8 million as at 31 December 2020G to SAR 5.3 million as at 31 December 2021G due to additional advances received amounting to SAR 2.6 million in connection with connection services.

Contract liabilities increased to SAR 6.0 million as at 31 December 2022G due to additional advances received amounting to SAR 1.8 million related to connection services, partly offset by connection revenue recognized during the year by an amount of SAR 1.1 million.

Contract liabilities increased to SAR 6.4 million as at 30 September 2023G due to additional advances received which amounted to SAR 4.4 million related to connection services, partly offset by connection revenue recognized during the year which amounted to SAR 4.0 million.

Defined employee benefits obligation

Defined employee benefits obligation increased from SAR 7.6 million as at 31 December 2020G to SAR 8.2 million as at 31 December 2021G due to current service costs amounting to SAR 1.0 million. This was partly offset by benefits paid to resigned employees by an amount of SAR 679 thousand.

Defined employee benefits obligation increased further to SAR 9.2 million as at 31 December 2022G due to the increase current service cost by SAR 1.1 million. This was partly offset by benefits paid to resigned employees by SAR 606 thousand.

Defined employee benefits obligation increased to SAR 10.2 million as at 30 September 2023G due to increase in employees' year of service in JECO.

Current liabilities

Trade and other payables

Trade and other payables mainly comprised of trade payables, employee accruals, accrued expenses, accrued utilities, amongst others.

Trade and other payables increased from SAR 24.7 million as at 31 December 2020G to SAR 30.5 million as at 31 December 2021G due to the increase in (i) employee accruals by SAR 2.1 million mainly related to the increase in employee bonus and incentives accruals, (ii) other payables balance by SAR 1.9 million, (iii) accrued utilities by SAR 1.5 million related to electricity charges, and (iv) trade payables balance by SAR 1.3 million namely water services vendors.

Trade and other payables decreased to SAR 28.7 million as at 31 December 2022G as a result of the decrease in trade payables balance by SAR 1.9 million due to settlements, coupled with the decrease in employee accruals by SAR 991 thousand mainly driven by the decrease in employee bonus and incentives accruals. This was partly offset by the increase in (i) accrued expenses by SAR 972 thousand due to additional handover provisions (Hadda & Arana project), and (ii) other payables balance by SAR 1.3 million.

Trade and other payables decreased to SAR 23.4 million as at 30 September 2023G in line with the decrease in (i) trade payables by SAR 3.0 million driven by payments made to water services' suppliers and (ii) other payables due to the reversal of handover provisions in connection with the Hadda & Arana project.

Zakat payable

Zakat payable increased from SAR 1.5 million as at 31 December 2020G to SAR 1.8 million as at 31 December 2021G mainly due to additional charges amounting to SAR 1.8 million, partially offset by payments made during the year amounting to SAR 1.5 million.

Zakat payable increased further to SAR 2.1 million as at 31 December 2022G driven by additional charges amounting to SAR 2.1 million, partially offset by payments made during the period amounting to SAR 1.8 million.

Zakat payable decreased to SAR 957 thousand as at 30 September 2023G due to payments amounting to SAR 1.7 million, partly offset by additions amounting to SAR 597 thousand.

6.8.3.3 Statement of cash flows

The following table summarizes the Al Jazzira Company Limited statement of cash flows for the three years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2022G and 2023G:

Table (6.84): Statement of cash flows data

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Cash flows from operating activities									
Profit before tax for the period	25,902	24,937	27,760	(3.7%)	11.3%	3.5%	20,035	29,159	45.5%
Adjustments to cash flows from operating activities									
Depreciation of PPE	1,919	1,631	1,026	(15.0%)	(37.1%)	(26.9%)	735	846	15.2%
Loss on disposal of PPE	11	-	-	(100.0%)	na	0.0%	-	-	na
Amortization of intangible assets	81	85	83	4.9%	(2.4%)	1.2%	63	56	(11.1%)
Depreciation of ROU	1,033	1,252	1,111	21.2%	(11.2%)	3.7%	791	831	5.1%
Gain on derecognition of ROU	(57)	-	-	(100.0%)	na	0.0%	-	-	na
Interest on lease liabilities	196	233	207	19.0%	(11.3%)	2.7%	139	231	66.2%
Finance costs	87	96	98	10.3%	0.02%	6.1%	88	100	13.5%

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Impairment on trade receivables	-	-	96	na	na	0.0%	-	-	na
Defined employee benefits obligation	1,336	1,266	1,319	(5.3%)	4.2%	(0.6%)	1,157	1,101	(4.9%)
Gain on sale of PPE	-	-	(75)	na	na	0.0%	-	-	na
Loss on sale of PPE	-	-	-	na	na	0.0%	65	-	(100.0%)
Gain on modification of the lease	-	-	(18)	na	na	0.0%	-	-	na
Zakat expense	1,463	1,829	2,089	25.0%	14.2%	19.5%	1,567	597	(61.9%)
Working capital changes									
Inventories	(489)	(269)	(261)	(45.0%)	(3.0%)	(27.0%)	(759)	(1,834)	141.6%
Trade and other receivables	3,294	(21,451)	(12,983)	(751.2%)	(39.5%)	na	(13,805)	53,442	(487.1%)
Contract assets	-	-	-	na	Na	0.0%	(12,461)	(8,559)	(31.3%)
Prepayments, advances and other current assets	(419)	(5,120)	(801)	1,122.0%	(84.4%)	38.3%	268	800	198.5%
Contract liability	1,836	2,499	725	36.1%	(71.0%)	(37.2%)	853	437	(48.7%)
Trade and other payables	(533)	5,770	(1,416)	(1.182.6%)	(124.5%)	63.1%	6,658	(5,341)	(180.2%)
Cash from operations	**35,661**	**12,758**	**18,960**	**(64.2%)**	**48.6%**	**(27.1%)**	**5,393**	**71,868**	**1232.6%**
Defined employee benefits paid	(336)	(679)	(606)	102.1%	(10.8%)	34.3%	(169)	(188)	11.3%
Finance costs paid	(87)	(75)	(88)	(13.8%)	17.3%	0.4%	(88)	(100)	13.5%
Zakat paid	(1,414)	(1,491)	(1,814)	5.4%	21.7%	13.3%	(1,814)	(1,729)	(4.7%)
Net cash flows from / (used in) operating activities	**33,824**	**10,513**	**16,453**	**(68.9%)**	**56.5%**	**(30.3%)**	**3,322**	**69,851**	**2002.7%**
Cash flows from investing activities									
Acquisition of PPE	(977)	(2,310)	(1,049)	136.4%	(54.6%)	3.6%	(756)	(1,344)	77.7%
Proceeds from sale of PPE	-	-	93	na	na	0.0%	-	-	na
Acquisition of intangible asset	(2)	(9)	-	350.0%	(100.0%)	0.0%	-	-	na
Net cash flows used in investing activities	**(980)**	**(2,319)**	**(956)**	**136.7%**	**(58.8%)**	**(1.2%)**	**(756)**	**(1,344)**	**77.7%**
Cash flows from financing activities									
Dividends paid to shareholders	(30,000)	(15,000)	(15,000)	(50.0%)	0.0%	(29.3%)	-	(65,000)	na

SAR in 000s	2020G (Audited)	2021G (Audited)	2022G (Audited)	Var ‹20G-'21G	Var ‹21G-'22G	CAGR ‹20G-'22G	30 September 2022G (Unaudited)	30 September 2023G (Unaudited)	Var Q3'22G-Q3'23G
Payment of lease liabilities:	(1,182)	(1,407)	(1,286)	19.0%	(8.6%)	4.3%	(668)	(1,320)	97.5%
Net cash flows used in financing activities	**(31,182)**	**(16,407)**	**(16,286)**	**(47.4%)**	**(0.7%)**	**(27.7%)**	**(668)**	**(66,320)**	**9,828.1%**
Net increase / (decrease) in bank balances and cash	**1,663**	**(8,212)**	**(789)**	**(593.8%)**	**(90.4%)**	**na**	**1,898**	**2,187**	**15.3%**
Bank balances and cash at the beginning of the year	10,862	12,524	4,312	15.3%	(65.6%)	(37.0%)	4,312	3,523	(18.3%)
Bank balances and cash the end of the period	**12,524**	**4,312**	**3,523**	**(65.6%)**	**(18.3%)**	**(47.0%)**	**6,210**	**5,710**	**(8.0%)**
Non-cash transactions									
Additions to right-of-use assets	-	2,448	1,068	na	(65.65%)	0.0%	26	3,537	13,503.8%
Additions to lease obligations	-	2,448	1,068	na	(65.65%)	0.0%	26	3,537	13,503.8%

Source: The audited financial statements of Al Jazzira Company Limited for the financial years ended 31 December 2021G and 2022G and the unaudited interim condensed financial statements for the nine-month period ended 30 September 2023G and Management Information.

Cash flows from operating activities

Operating cash flows from operating cash flows decreased from SAR 33.8 million in 2020G to SAR 10.5 million in 2021G, mainly driven by (i) the increase in trade and other receivables by SAR 24.7 million over the same period.

Operating cash flows from operating cash flows increased from SAR 10.5 million in 2021G to SAR 16.5 million in 2022G mostly due to (i) the decrease in trade and other receivables during the same period due to collections. This was coupled with the increase in profit before tax by SAR 2.8 million.

Operating cash flows from operating cash flows increased from SAR 3.3 million in nine-month period ended 30 September 2022G to SAR 69.9 million in nine-month period ended 30 September 2023G driven by the decrease in trade and other receivables by SAR 53.4 million during the same period. This was coupled with the increase in profit before tax by SAR 9.1 million.

Cash flows from investing activities

Cash flows used in investing activities increased from SAR 980 thousand in 2020G to SAR 2.3 million in 2021G due to the increase in purchases of property and equipment.

Cash flows used in investing activities decreased from SAR 2.3 million in 2021G to SAR 956 thousand in 2022G due to the decrease in purchases of property and equipment during the same year.

Cash flows used in investing activities increased from SAR 756 thousand in the nine-month period ended 30 September 2022G to SAR 1.3 million in the nine-month period ended 30 September 2023G due to the increase in purchases of property and equipment during the same period.

Cash flows from financing activities

Cash flows used in financing activities decreased from SAR 31.2 million in 2020G to SAR 16.4 million in 2021G and SAR 16.3 million in 2022G due to a decrease in dividends paid to partners from SAR 30.0 million to SAR 15.0 million during the same period.

Cash flows used in financing activities increased from SAR 668 thousand in the nine-month period ended 30 September 2022G to SAR 66.3 million in the nine-month period ended 30 September 2023G due to an increase in dividends paid to partners from nil to SAR 65.0 million during the same period.

6.8.4 Araha Environmental Sciences Company

6.8.4.1 Statement of comprehensive income

The following table summarizes the Araha Environmental Sciences Company statement of comprehensive income for the nine-month period ended 30 September 2023G:

Table (6.85): Statement of comprehensive income data

SAR in 000s	30 September 2023G (Unaudited)
Revenue	22,388
Cost of revenue	(21,481)
Gross profit	**907**
General and administrative expenses	(754)
Operating profit/(loss)	**153**
Finance costs	(433)
Finance income	529
Profit before zakat	**249**
Zakat Expenses	(6)
Net income	**244**
Other comprehensive income:	
Cash flow hedges - effective portion of changes in fair value	1,424
Total comprehensive income	**1,668**

Source: The unaudited interim condensed financial statements of Araha Environmental Sciences Company for the nine-month period ended 30 September 2023G.

The following table summarizes the key performance indicators for the the nine-month period ended 30 September 2023G:

Table (6.86): Key performance indicators

Percentage point	30 September 2023G (Unaudited)
	As a percentage of total revenue
Gross margin	4.1%
General and administrative expenses	3.4%
Operating profit margin	0.7%
Net income margin	1.1%

Source: Management information.

Revenue

Revenue comprised the long-term ROT agreement (10 years) with NWC in connection with the Water Treatment Station in Hadda & Arana.

Revenue amounted to SAR 22.4 million in in the nine-month period ended 30 September 2023G and included (i) construction revenue of SAR 15.7 million and operation, and (ii) maintenance revenue amounting to SAR 6.7 million.

Cost of revenue

Cost of revenue amounted to SAR 21.5 million in the nine-month period ended 30 September 2023G and included (i) construction cost amounting to SAR 15.3 million which is a booking entry equal to the construction revenue in relation to additions made to the intangible assets arising from service concession arrangements as per the requirements of IFRIC12 Service Concession Arrangements and (ii) operation and maintenance expense amounting to SAR 6.2 million mainly related to subcontractor costs performed by JECO, a related party.

Gross profit

Gross profit amounted to SAR 907 thousand in the nine-month period ended 30 September 2023G with a margin of 4.1%.

General and administrative expenses

General and administrative expenses consist of supervision expenses allocated by related parties, professional fees, salaries and related costs, among others.

General and administrative expenses amounted to SAR 754 thousand in the nine-month period ended 30 September 2023G.

Finance income

Finance income amounted to SAR 529 thousand in the nine-month period ended 30 September 2023G solely relates to interest income recognized from concession contract receivables over 10 years (concession contract term). As such the concession contract receivable is subject to a 5.0% interest rate.

Zakat expenses

Zakat expenses amounted to SAR 6 thousand in the nine-month period ended 30 September 2023G.

Net income

Net income amounted to SAR 244 thousand in the nine-month period ended 30 September 2023G.

6.8.4.2 Statement of financial position

The following table summarizes the Araha Environmental Sciences Company statement of financial position as at 30 September 2023G:

Table (6.87): Statement of financial position data

SAR in 000s	30 September 2023G (Unaudited)
Assets	
Non-current assets	
Prepayments and advances	9,741
Right-of-use of assets	356
Total non-current assets	**10,097**
Current assets	
Concession contract receivables	10,413
Trade and other receivables	11,609
Contract assets	2,773
Prepayments and advances	2,249
Cash and cash equivalents	5,957
Fair value of derivative financials instruments	1,424
Total current assets	**34,425**
Total assets	**44,521**
Equity and liabilities	
Equity	

SAR in 000s	30 September 2023G (Unaudited)
Share capital	500
Cashflow hedge reserves	1,424
Retained earnings	244
Total equity	**2,168**
Non-current liabilities	
Lease liabilities non-current portion	349
Loans and borrowings	18,960
Defined employee benefits obligation	(3)
Total non-current liabilities	**19,312**
Current liabilities	
Lease liabilities current portion	49
Trade and other payables	22,986
Cash and cash equivalents	6
Total current liabilities	**23,041**
Total liabilities	**42,353**
Total equity and liabilities	**44,521**

Source: The unaudited interim condensed financial statements of Araha Environmental Sciences Company for the nine-month period ended 30 September 2023G.

Assets

Non-current assets

Prepayments and advances

Prepayments and advances amounted to SAR 9.7 million as at 30 September 2023G and consisted of advance payments made to contractors, spare part suppliers and others.

Right-of-use assets

Right-of-use assets amounted to SAR 356 thousand as at 30 September 2023G and included a staff accommodation lease in the Hadda & Arana project site.

Current assets

Concession contract receivables

Concession contract receivables current portion amounted to SAR 10.4 million as at 30 September 2023G, and is related to the long-term operation and maintenance agreement with NWC for a period of 10 years. The scope of the agreement is rehabilitation and remediation work of the water treatment plants while simultaneously providing operation and maintenance services. All the relevant output of the plants will be purchased and off taken by NWC. At the end of the agreement the plants would be transferred back to NWC.

Trade and other receivables

Trade and other receivables amounted to SAR 11.6 million as at 30 September 2023G, and include trade receivables due from NWC for rehabilitation works done in the Hadda & Arana project.

Contract assets

Contract assets amounted to SAR 2.8 million as at 30 September 2023G included unbilled revenue related to works done in Hadda & Arana project for the month of September 2023.

Prepayments

Prepayments amounted to SAR 2.2 million as at 30 September 2023G and mainly relates to VAT receivable by an amount of SAR 1.7 million.

Cash and cash equivalents

Cash and cash equivalents amounted to SAR 6.0 million as at 30 September 2023G.

Financial derivatives from hedge

Financial derivatives from hedge amounted to SAR 1.4 million as at 30 September 2023G and related to an interest rate hedging contract with a bank to hedge the fluctuations in interest rates on loans for an amount of SAR 32.2 million. The hedging contract is based on the swap between ARAHA and the bank of fixed rates against floating rates on the original loan amounts on monthly basis.

Equity

Share capital

Share capital amounted to SAR 500 thousand as at 30 September 2023G and comprised 5,000 shares of SAR 100 each.

Cashflow hedge reserves

Cashflow hedge reserves amounted to SAR 1.4 million as at 30 September 2023G includes the effective portion of the changes in fair value of the derivatives (interest rate swaps)

Retained earnings

Retained earnings amounted to SAR 244 thousand as at 30 September 2023G.

Non-current liabilities

Lease liabilities

Lease liabilities amounted to SAR 349 thousand as at 30 September 2023G. It included a rental contract for staff housing at the Hadda & Arana project site.

Loans and borrowings

Loans and borrowings amounted to SAR 19.0 million as at as at 30 September 2023G, and relates to an equity bridge loan (EBL) which matures on 14 February 2026G and on which it becomes payable in full. The commission of this facility is charged at a floating rate based on SAIBOR plus margin. To reduce its exposure to floating rate risk, the Group has entered into a profit rate swap.

Defined employee benefits obligation

Defined employee benefits obligation amounted to SAR 3 thousand as at 30 September 2023G.

Current liabilities

Lease liabilities

Lease liabilities amounted to SAR 49 thousand as at 30 September 2023G.

Trade and other payables

Trade and other payables consisted of due to related parties and mainly comprised amounts due to JECO and Miahona, and trade payables, and accrued expenses.

Trade and other payables amounted to SAR 23.0 million as at 30 September 2023G.

Zakat payables

Zakat payables amounted to SAR 6 thousand as at 30 September 2023G.

6.8.4.3 Statement of cash flows

The following table summarizes the Araha Environmental Sciences Company statement of cash flows for the nine-month period ended 30 September 2023G:

Table (6.88): Statement of cash flows data

SAR in 000s	30 September 2023G (Unaudited)
Cash flows from operating activities	
Profit for the year	244
Adjustments to cash flows from operating activities	
Depreciation of ROU	29
Defined employee benefits obligation expense	3
Finance costs	370
Amortization of the upfront cost	50
Finance cost on lease liabilities	13
Amortization of concession contracts receivables	5,770
Finance income	(529)
Zakat expense	6
Working capital changes	
Trade receivables and contract assets	(14,381)
Prepayments and advances	(2,249)
Trade and other payables	22,868
Cash from operations	**12,192**
Finance costs paid	(251)
Net cash flows from / (used in) operating activities	**11,941**
Cash flows from investing activities	
Additions to concession contracts receivables	(15,654)
Prepayments and advances	(9,791)
Net cash (used in) / generated from investing activities	**(25,445)**
Cash flows from financing activities	
Proceeds from loans and borrowings	18,960
Issuance of share capital	500
Net cash flows used in financing activities	**19,460**
Net increase / (decrease) in bank balances and cash	**5,957**
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	**5,957**

Source: The unaudited interim condensed financial statements of Araha Environmental Sciences Company for the nine-month period ended 30 September 2023G.

Net cash flows generated from operating activities

The cash generated from operating activities amounted to SAR 11.9 million as at 30 September 2023G due to trade payables amounting to SAR 22.9 million, offset by trade and other receivables and contract assets amounting to SAR 14.4 million.

Net cash generated from investing activities

Cash used in investment activities amounted to SAR 25.4 million as at 30 September 2023G, as a result of (i) the concession contract receivables amounting to SAR 15.7 million arising from the construction activities that took place for the water treatment plant in the Hadda & Arana project, and (ii) prepayments and advance payments amounting to SAR 9.8 million.

Net cash flows generated from financing activities

Cash generated from financing activities amounted to SAR 19.5 million as at 30 September 2023G due to proceeds from loans and borrowings amounting to SAR 19.0 million.

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7. DIVIDEND DISTRIBUTION POLICY

Pursuant to Article 107 of the Companies Law, all rights and obligations attached to the Shares are equally established for each Shareholder, including, in particular, the right to receive a portion of the dividends to be distributed. Payment of any dividends will be recommended by the Board as part of its annual report before being approved by the Shareholders at a General Assembly meeting. However, there are no guarantees of actual dividend distributions. Any decision to pay dividends will depend on, amongst other things, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, market and general economic conditions, the Company's zakat position, and such other factors as the Board deems relevant, in addition to legal and regulatory considerations. The Company's expectations regarding these factors are dependent on many assumptions, risks and uncertainties that may be beyond the Company's control. For a discussion of the risks associated with distribution of dividends, see Section 2.3.4 "**Risks related to the Company's Ability to Distribute Dividends**" of this Prospectus.

The Company intends to distribute annual profits to its Shareholders to increase the value of their investments in the Company based on the profits it achieves, commensurate with its financial position, capital expenditures, investment requirements, restrictions on dividend distributions under financing and debt agreements, the results of its activities, its current and future financing needs, its expansion plans and investment requirements, among other factors, including market condition, analysis of investment opportunities, the Company's profit reinvestment, monetary and capital requirements, commercial expectations and the impact of any distributions of such kind on any legal or statutory considerations.

In addition, investors willing to invest in Offer Shares should be aware that the Dividend Distribution Policy may change from time to time.

Although the Company intends to distribute dividends to its Shareholders on annual basis, the Company does not guarantee the distribution of such dividends or the amounts to be distributed in any given year.

According to the Company's Bylaws, the Company's net profits shall be distributed net of general expenses and other costs as follows:

1- The owner of the share capital may, when determining the portion of the shares in the net profits, decide to form reserves to the extent that is in the interest of the Company, or that ensures the distribution of fixed profits, as much as possible, to the Shareholders. The said Assembly may deduct amounts from the net profit for social objectives that benefit the Company's employees.

2- The General Assembly shall determine the percentage to be distributed to the Shareholders from the net profits after deduction of the reserves, if any.

3- The resolution of the owner of the share capital shall indicate the due date and the date of distribution. The Board of Directors shall implement the decision of the owner of the share capital with respect to the distribution of profits within the period specified by the Implementing Regulations of the Companies Law.

The Shareholders shall be entitled to their portion of the profits, whether in the form of cash or shares, which shall be granted in accordance with the General Assembly resolution issued in this regard. The General Assembly resolution shall specify the due date and date of distribution. Eligibility for profits shall be for the owners of shares registered in the Shareholder register at the end of the day specified for entitlement.

The following table sets out a summary of the dividends distributed by the Company during the previous three years and during the nine-month period ended 30 September 2023G:

Table (7.1): Cash Dividend Distributions During the Financial Years Ended 31 December 2020G, 2021G and 2023G and the Nine-Month Period Ended 30 September 2023G

SAR	FY 2020G	FY 2021G	FY 2022G	Q3 of 2023G
Net income	17,404,390	25,331,852	50,110,047	43,977,505
Dividends declared for the period	10,000,000	-	20,000,000	-
Dividends distributed for the period	10,000,000	-	20,000,000	-
Ratio of declared dividends to net income	57.4%	0.0%	39.9%	0.0%

Source: The Company

The dividends for the financial year ended 31 December 2020G were distributed in accordance with the resolutions of the Board of Directors and the Partners dated 14/05/1442H (corresponding to 29/12/2020G). The dividends for the financial year ended 31 December 2022G were distributed in accordance with the resolutions of the Board of Directors and the Partners dated 25/01/1444H (corresponding to 23/08/2022G).

The Shares entitle their holders the right to receive any dividends that the Company declares from the date of this Prospectus and for subsequent financial years. The Offer Shares are not entitled to any dividends declared prior to the date of this Prospectus. The first entitlement of the Offer Shares shall be to dividends declared by the Company from the date of this Prospectus and for subsequent financial years.

8. USE OF OFFERING PROCEEDS

The total Offering proceeds are estimated at approximately [•] ([•]) Saudi Riyals, of which an estimated amount of twenty-eight million Saudi Riyals (SAR 28,000,000) will be used to settle all of the Offering Expenses, including the fees of the Financial Advisors, Lead Manager, Bookrunners, Underwriters, Legal Advisor, Legal Advisor to the Underwriters, Auditor, Receiving Agents and Market Consultant, as well as marketing, printing and distribution fees and other expenses related to the Offering.

The Net Offering Proceeds of approximately [˜] ([˜]) Saudi Riyals will be distributed to the Selling Shareholder, and the Company will not receive any part of the Offering proceeds. The Selling Shareholder shall bear all the fees, expenses and costs related to the Offering.

9. CAPITALIZATION AND INDEBTEDNESS OF THE COMPANY

Prior to the Offering, the Selling Shareholder own the entire share capital of the Company. Following the completion of the Offering, the Selling Shareholder will hold 70% of the Company's share capital.

The table below sets out the capitalization of the Company as derived from the Company's audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G. The following table should be read in conjunction with the relevant financial statements, including the notes thereto, as contained in Section 19 "**Financial Statements and Auditor's Report**" of this Prospectus.

Table (9.1): Capitalization and Indebtedness of the Company's for the Financial Years Ended 31 December 2020G, 2021G and 2023G and the Nine-Month Period Ended 30 September 2023G

SAR '000	FY 2020G	FY 2021G	FY 2022G	Q3 of 2023G
Total loans	502,450	474,324	461,764	443,760
Shareholders' equity				
Capital	500	500	500	500
APIC	160,426	160,426	160,426	160,426
Statutory reserve	250	250	250	250
Cash flow hedge reserve	(8,778)	(2,983)	4,363	3,917
Retained earnings	122,168	146,667	176,967	220,890
Total Shareholders' equity	274,565	304,859	342,505	385,982
Non-controlling equity	-	-	-	650
Total equity	274,565	304,859	342,505	386,633
Total capitalization (total loans + total Shareholders' equity)	777,015	779,183	804,269	830,393
Total capitalization/total loans	**64.7%**	**60.8%**	**57.4%**	**53.4%**

Source: The Company's audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G, the Company's reviewed financial statements for the nine-month period ended 30 September 2023G and Company information.

The Directors declare that:

1- None of the shares of the Company or its Subsidiaries are under option.
2- The Company does not have any debt instruments as of the date of this Prospectus.
3- The Company's balance and cash flows are sufficient to meet its expected cash and working capital requirements for at least twelve (12) months following the date of publication of this Prospectus, taking into account any adverse and material change to the Company's business.

10. EXPERT STATEMENTS

All of the Advisors and the Auditor, whose names are listed on pages (vi) and (vii) of this Prospectus, have given and, as of the date of this Prospectus, have not withdrawn their written consent to the publication of the names, addresses, logos and statements attributed to each of them in this Prospectus, and do not, themselves, their advisors nor their employees forming part of the team serving the Company, or any of their relatives, have any shareholding or interest of any kind in the Company or its Subsidiaries as of the date of this Prospectus which would impair their independence.

11. DECLARATIONS

The Directors declare that:

1- The Offering does not violate the laws and regulations in force in the Kingdom.

2- The Offering does not prejudice any of the contracts or agreements to which the Company is a party.

3- All material legal information relating to the Company has been disclosed in this Prospectus.

4- The Company and its Material Subsidiaries are not subject to any lawsuits or legal proceedings that, individually or collectively, may adversely affect the business or financial position of the Company or its Material Subsidiaries.

5- The Directors are not subject to any claims or legal proceedings that could, individually or collectively, have an adverse impact on business or financial position of the Company or its Subsidiaries.

6- There has not been any interruption in the business of the Company or any of its Subsidiaries which may have or has had a significant effect on their financial position during the previous 12 months.

7- The financial information contained in Section 6 "**Management's Discussion and Analysis of Financial Position and Results of Operations**" of this Prospectus has been extracted and presented without material changes thereto, in accordance with the audited consolidated financial statements for the financial years ended 31 December 2021G and 2022G and the notes thereto, which were prepared by the Group in accordance with the IFRS endorsed in the Kingdom, and the interim condensed unaudited consolidated financial statements of the Group for the nine-month period ended 30 September 2023G and the notes thereto, which were prepared by the Group in accordance with IAS 34 (Interim Financial Reporting) as endorsed in the Kingdom.

8- The Group has working capital sufficient for a period of at least 12 months following the date of this Prospectus.

9- There have been no adverse material changes to the financial or commercial position of the Group in the three financial years immediately preceding the date of this Prospectus, in addition to the end of the period covered by the Auditor's report until the date of this Prospectus. The Directors further declare that all material facts relating to the Group and its financial performance have been disclosed in this Prospectus, and that there are no other information, documents or facts, the non-inclusion of which could make any statement misleading.

10- Except for the financial instruments at fair value through profit or loss and financial instruments at fair value through other comprehensive income disclosed in Section 6-7-2 "**Consolidated Statement of Financial Position**" of this Prospectus, the Group does not have any property, including any contractual securities or other assets, whose value is subject to fluctuation or is difficult to ascertain which significantly affects the assessment of its financial position.

11- The Group has not provided any commissions, discounts, brokerage fees, or other non-monetary compensation in connection with the issuance or offering of any securities to any of the Directors, proposed Directors, Senior Executives, security offerors, or experts who received any such payments or benefits during the three-year period immediately preceding the date of this Prospectus.

12- Except as disclosed in Section 6-7-2-5(ر) "**Loans and Advances**" of this Prospectus, the Group does not have any loans or other liabilities, whether covered by a personal or non-personal collateral or a mortgage, including any overdrafts from bank accounts, nor does it have any secured liabilities, liabilities under acceptance, acceptance credits or lease purchase liabilities.

13- Except as disclosed in Section 6-6 "**Key Factors Affecting the Group's Performance and Operations**" and Section 2 "**Risk Factors**" of this Prospectus, to the best of their knowledge, the Group does not have any information on any government, economic, financial, monetary, political or any other policies that have directly or indirectly affected or could materially affect the Group's operations.

14- The Group has no intention of making any material changes to its activity.

15- The Group's operations have not ceased in a way that affects or has significantly affected its financial position during the previous 12 months.

16- The Group's share capital is not subject to any option contracts.

17- None of the Directors, Senior Executives or Secretary has ever been declared bankrupt or insolvent.

18- The Group has provided comprehensive details in Section 6 "**Management's Discussion and Analysis of Financial Position and Results of Operations**" of this Prospectus regarding any potential liabilities and has accounted for and recorded a provision for the liabilities included in the Management's Discussion and Analysis of Financial Position and Results of Operations section.

19- The Group's property is not subject to any mortgages, rights or encumbrances as of the date of this Prospectus.

20- The Group has provided comprehensive details in Section 6 "**Management's Discussion and Analysis of Financial Position and Results of Operations**" of this Prospectus regarding all fixed assets and investments, including contractual securities and other assets whose value is volatile or difficult to estimate.

21- Except as disclosed in Section 6-7-2-5(ر) "**Loans and Advances**" of this Prospectus, the Group has not issued any debt instruments, term loans or mortgages that are guaranteed, unsecured, current or approved but not issued.

22- The statistical information included in Section 3 "**Market and Industry Information**" of this Prospectus represents the latest information available from its respective source.

23- There was no reservation in the Auditor's report on the financial statements of the Company or its Subsidiaries for any of the three financial years immediately preceding the date of this Prospectus.

24- There has been no material change to the significant accounting policies of the Company or its Subsidiaries during the three financial years immediately preceding the date of this Prospectus.

25- There has been no material change to the issued financial statements of the Company or its Subsidiaries during the three financial years immediately preceding the date of this Prospectus.

26- There have been no material structural changes to the Group during the three financial years immediately preceding the date of this Prospectus.

27- Except as stated in this Prospectus, none of the Directors or their relatives have any shareholding or interest of any kind in the Group.

28- Except as disclosed in Section 5.3 "**Directors and Secretary**", Section 5.5.2 "**Members of the Executive Management**" and Section 12.4.6 "**Transactions and Contracts with Related Parties**" of this Prospectus, none of the Directors, members of the Executive Management, Board Secretary or any of their relatives have any direct or indirect interest in the shares or debt instruments of the Company or its Subsidiaries or any interest in any other matter that may affect the business of the Company.

29- Except as disclosed in Section 12.4.6 "**Transactions and Contracts with Related Parties**" of this Prospectus, none of the Directors, members of the Executive Management, Board Secretary or any of their relatives have any interest in any contract or agreement in force or intended to be concluded with respect to the business of the Company and its Subsidiaries as of the date of this Prospectus.

30- The Company, alone or jointly with its Subsidiaries, has working capital sufficient for a period of at least twelve (12) months immediately following the date of publication of this Prospectus.

31- None of the shares of the Company or its Subsidiaries are under option.

32- Neither the Company nor its Subsidiaries have any debt instruments as of the date of this Prospectus.

33- The balance and cash flows of the Company and its Subsidiaries are sufficient to cover their projected working capital and capital expenditure cash requirements for at least twelve (12) months from the date of publication of this Prospectus, taking into consideration any material adverse change to the Company's business.

34- The agreements with Related Parties described in Section 12.4.6 "**Transactions and Contracts with Related Parties**" of this Prospectus do not include any preferential conditions and have been carried out legally and on an arm's length basis. Except as stated in Section 12.4.6 "**Transactions and Contracts with Related Parties**" of this Prospectus, the Directors acknowledge that the Company and its Subsidiaries are not bound by any transactions, agreements, commercial relations or real estate transactions with a Related Party.

35- They will comply with the restrictions and requirements of Articles 27 and 71 of the Companies Law and the provisions of Articles 42 and 44 of the Corporate Governance Regulations issued by the CMA in relation to agreements with Related Parties.

36- They will refrain from participating in business competitive with the Company and its Subsidiaries and all transactions with Related Parties in the future shall be carried out on an arm's length basis, in accordance with the provisions of Article 27 of the Companies Law.

37- They will abstain from voting on contracts concluded with Related Parties at the meetings of the General Assembly if they have a direct or indirect interest therein.

38- The insurance policies of the Company and its Subsidiaries sufficiently cover the Company's conduct of business, and the Company and its Subsidiaries periodically renew their insurance policies and contracts in order to ensure continued insurance coverage.

39- Except as stated in Section 2 "**Risk Factors**" of this Prospectus, and to the best of their knowledge and belief, there are no other material risks as of the date of this Prospectus that may affect investors' decisions to invest in the Offer Shares. All prospective investors willing to subscribe to the Offer Shares should conduct an assessment of the risks and benefits associated with such investment, the Offer Shares in general, and the economic and regulatory environment in which the Group operates in particular.

40- As of the date of this Prospectus, there is no intention to make any material change to the nature of the business of the Company and its Subsidiaries.

12. LEGAL INFORMATION

12.1 Legal Declarations

The Directors declare that:

1- The Offering does not violate the applicable laws and regulations of the Kingdom.

2- The Offering does not prejudice any of the contracts or agreements to which the Company is a party.

3- All material legal information relating to the Company has been disclosed in this Prospectus.

4- The Company and its Material Subsidiaries are not subject to any lawsuits or legal proceedings that, individually or collectively, may adversely affect the business or financial position of the Company or its Material Subsidiaries.

5- The Directors are not subject to any claims or legal proceedings that could, alone or in their entirety, have an adverse impact on the business or financial position of the Company or its Subsidiaries.

12.2 The Company

Miahona is a single-person Saudi closed joint-stock company established under the Shareholder's resolution approved by the Ministry of Commerce No. 100052515, dated 01/05/1445H (corresponding to 15/11/2023G), under Commercial Registration No. 1010253603, dated 16/07/1429H (corresponding to 20/07/2008G). Its registered address is 3769 Al Thumama Road, Al Rabie District, Riyadh 13316-8580, Kingdom of Saudi Arabia.

The Company was established on 23/06/1429H (corresponding to 27/06/2008G) as a limited liability company with a fully paid share capital of five hundred thousand Saudi Riyals (SAR 500,000), divided into five thousand (5,000) cash shares of equal value, with a fully paid nominal value of one hundred Saudi Riyals (SAR 100) per share. The Company was registered in the Commercial Registry of the city of Riyadh under No. 1010253603, dated 16/07/1429H (corresponding to 20/07/2008G). On 01/05/1445H (corresponding to 15/11/2023G), the Company was converted from a limited liability company into a closed joint-stock company, with a fully paid capital of one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543), divided into one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) ordinary shares, with a fully paid nominal value of one Saudi Riyal (SAR 1) per share, by transferring an amount of one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,425,543), from the additional capital contribution account, along with reducing the nominal value of the Company's shares from ten Saudi Riyals (SAR 10) to one Saudi Riyal (SAR 1) by subdividing sixteen million, forty-two thousand, five hundred and fifty-four (16,042,554) shares into one hundred and sixty million, four hundred and twenty-five thousand, five hundred and forty-three (160,425,543) shares (for more information regarding the Company's history, please see Section 4.1.2 "**Corporate History and Evolution of the Company's Ownership Structure and Share Capital**" of this Prospectus).

12.2.1 Shareholders' Structure

As of the date of this Prospectus, the current share capital of the Company is one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543), divided into one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) ordinary shares, with a fully paid nominal value of one Saudi Riyal (SAR 1), all of which are ordinary cash shares. The following table sets out the ownership structure of the Company pre-and post Offering:

Table (12.1): Ownership Structure of the Company Pre- and Post-Offering

#	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Overall Nominal Value (SAR)	Percentage	No. of Shares*	Total Nominal Value (SAR)*	Percentage*
1.	Vision Invest	160,925,543	160,925,543	100%	112,647,880	112,647,880	70%
2.	Public	-	-	-	48,277,663	48,277,663	30%
Total		**160,925,543**	**160,925,543**	**100%**	**160,925,543**	**160,925,543**	**100%**

* The figures mentioned are approximate.

Source: The Company

12.2.2 Branches of the Company

The Directors of the Company confirm that there are no branches of the Company as of the date of this Prospectus.

12.2.3 Subsidiaries

The Company has seven (7) subsidiaries. The following table shows the details of the Subsidiaries and the ownership of the Company therein as of the date of this Prospectus.

Table (12.2): Subsidiaries as of the date of this Prospectus

#	Subsidiary	Country of Incorporation	Commercial Registration No.	Commercial Registration Issue Date	Commercial Registration Expiration Date	Company Ownership Percentage	Other Partners (if any)
1.	ICDOC	KSA	4030141363	10/11/1423H (corresponding to 13/01/2003G)	10/01/1448H (corresponding to 26/04/2026G)	100%	N/A
2.	JECO	KSA	1010248850	20/04/1429H (corresponding to 26/04/2008G)	20/04/1449H (corresponding to 22/09/2027G)	100%	N/A
3.	RWPC	KSA	1010430327	20/04/1436H (corresponding to 09/02/2015G)	20/04/1447H (corresponding to 13/10/2025G)	100%	N/A
4.	International Water Partners Company (IWP)	KSA	4650229272	12/08/1442H (corresponding to 25/03/2021G)	12/08/1444H (corresponding to 05/03/2023G)	40%	Saur Saudi Arabia Limited and Manila Water Asia Pacific Pte. Ltd.
5.	International Water Partners-2 (IWP II)	KSA	2050153893	24/06/1443H (corresponding to 27/01/2022G)	24/06/1444H (corresponding to 17/01/2023G)	35%	Saur Saudi Arabia Limited and Manila Water Asia Pacific Pte. Ltd.
6.	Araha Environmental Services Company (Araha)	KSA	4031274456	06/05/1444H (corresponding to 30/11/2022G)	06/05/1445H (corresponding to 19/11/2023G)	70%	Thabat Construction Company
7.	Sustainable Water for Environmental Services Company (SWESC)	KSA	2050168511	07/08/1444H (corresponding to 27/02/2023G)	07/08/1445H (corresponding to 17/02/2024G)	70%	Thabat Construction Company

Source: The Company

12.2.4 Key Licenses

A- The Company

As of the date of this Prospectus, the Company has obtained all of the necessary key licenses from the competent authorities to enable it to carry out its business. The following is a summary of the key licenses issued to the Company in the Kingdom:

Table (12.3): Key Licenses Issued to the Company in the Kingdom as of the Date of this Prospectus

#	License Type	Issuing Authority	Purpose	Region/City	License No.	Date of Issue	Date of Expiry
1.	Business license	Ministry of Municipal, Rural Affairs and Housing	Operation and treatment of sewage systems and facilities	Central Region, Riyadh	43047979807	N/A	26/04/1449H (corresponding to 27/09/2027G)

Source: The Company

B- Material Subsidiaries

As of the date of this Prospectus, the Material Subsidiaries have obtained all of the necessary key licenses from the competent authorities to enable them to carry out their business. The following is a summary of the key licenses issued to the Material Subsidiaries:

Table (12.4): Key Licenses Issued to the Subsidiaries as of the Date of this Prospectus

#	License Type	Issuing Authority	Purpose	Region/City	License No.	Date of Issue	Date of Expiry
ICDOC							
1.	Industrial establishment license - national investment	Ministry of Industry and Mineral Resources	Water purification	Western Region, Mecca	431102114571	06/02/1443H (corresponding to 13/09/2021G)	10/03/1446H (corresponding to 13/09/2024G)
2.	Operating license	Modon	Operation of a factory in Jeddah 1st Industrial City	Western Region, Mecca	OLC-23-08-10002854	23/01/1445H (corresponding to 10/08/2023G)	06/02/1446H (corresponding to 10/08/2024G)
3.	Industrial establishment license - national investment	Ministry of Industry and Mineral Resources	Production and bottling of filtered mineral water, purified water and water filtration	Eastern Province, Dammam	441102119981	26/12/1431H (corresponding to 23/11/2011G)	01/03/1449H (corresponding to 03/08/2027G)
4.	Industrial establishment license - national investment	Ministry of Industry and Mineral Resources	Production and bottling of filtered mineral water, purified water and water filtration	Eastern Province, Dammam	431102119192	25/12/1431H (corresponding to 02/12/2010G)	09/01/1449H (corresponding to 14/06/2027G)
5.	Operating license	Modon	Operation of a factory in Dammam 1st Industrial City	Eastern Province, Dammam 1st Industrial City	N/A	N/A	25/11/1443H (corresponding to 16/05/2023G)*
6.	Operating license	Modon	Operation of a factory in Dammam 2nd Industrial City (the Company's factory)	Eastern Province, Dammam 2nd Industrial City	OLC-23-07-31002698	13/01/1445H (corresponding to 31/07/2023G)	25/01/1446H (corresponding to 31/07/2024G)
7.	Environmental permit	National Center for Environmental Compliance (NCEC)	Water desalination	Eastern Province, Dammam 1st Industrial City	EBOBR-2023-00140	01/11/1444H (corresponding to 21/05/2023G)	04/12/1447H (corresponding to 21/05/2026G)
8.	Environmental permit	National Center for Environmental Compliance (NCEC)	Water desalination	Eastern Province, Dammam 2nd Industrial City	ABOBB-2023-002441	07/01/1445H (corresponding to 25/07/2023G)	06/02/1448H (corresponding to 20/07/2026G)
9.	Environmental permit	National Center for Environmental Compliance (NCEC)	Water desalination	Eastern Province, Dammam 2nd Industrial City	EBO-BR-2023-000041	26/10/1444H (corresponding to 16/05/2023G)	29/11/1447H (corresponding to 16/05/2026G)
10.	Environmental operating permit	MEWA	Treatment of sewage and industrial wastewater in Dammam 2nd Industrial City	Eastern Province, Dammam 2nd Industrial City	N/A	18/06/1441H (corresponding to 11/02/2020G)	16/06/1445H (corresponding to 29/12/2023G)*

#	License Type	Issuing Authority	Purpose	Region/City	License No.	Date of Issue	Date of Expiry
11.	Environmental permit	National Center for Environmental Compliance (NCEC)	Operation of sewage treatment networks and facilities	Eastern Province, Al Ahsa 1st Industrial City	ABOBB-2023-003058	20/01/1445H (corresponding to 07/08/2023G)	24/02/1448H (corresponding to 07/08/2026G)
12.	Environmental permit	National Center for Environmental Compliance (NCEC)	Water desalination	Eastern Province, Al Ahsa 1st Industrial City	ABOBB-2023-002405	02/03/1445H (corresponding to 17/09/2023G)	06/04/1448H (corresponding to 17/09/2026G)
JECO							
1.	Business license	Ministry of Municipal, Rural Affairs and Housing	General contractors-residential buildings	Central Region, Riyadh	43047986137	N/A	26/04/1448H (corresponding to 07/10/2026G)
2.	Residential license	Ministry of Municipal, Rural Affairs and Housing	N/A	Central Region, Riyadh	440911999994	25/09/1444H (corresponding to 16/04/2023G)	25/09/1445H (corresponding to 04/04/2024G)
3.	Residential license	Ministry of Municipal, Rural Affairs and Housing	N/A	Western Region, Mecca	440711550687	29/07/1444H (corresponding to 20/02/2023G)	29/07/1446H (corresponding to 29/01/2025G)
4.	Residential license	Modon	N/A	Eastern Province, Dammam 2nd Industrial City	1444/7/17030636	N/A	27/07/1445H (corresponding to 08/02/2024G)*
RWPC							
1.	Environmental operating permit	National Center for Environmental Compliance (NCEC)	Well water desalination to meet the needs of KKIA	Central Region, Riyadh	N/A	24/11/1443H (corresponding to 23/06/2022G)	13/11/1446H (corresponding to 11/05/2025G)
Araha Environmental Services Company (Araha)							
1.	Business license	Ministry of Municipal, Rural Affairs and Housing	Operation of sewage treatment networks and facilities	Western Region, Mecca	450513954263	N/A	29/05/1446H (corresponding to 01/12/2024G)
2.	Environmental operating permit	National Center for Environmental Compliance (NCEC)	Wastewater treatment for Arana STP	Western Region, Mecca	N/A	25/11/1444H (corresponding to 14/06/2023G)	19/11/1447H (corresponding to 24/05/2026G)
3.	Environmental operating permit	National Center for Environmental Compliance (NCEC)	Wastewater treatment for Jeddah STP	Western Region, Mecca	N/A	02/11/1444H (corresponding to 22/05/2023G)	27/10/1447H (corresponding to 15/04/2026G)

* This license has expired in the ordinary course of the Company's business and is being renewed as of the date of this Prospectus.

Source: The Company

12.3 Summary of the Company's Bylaws

12.3.1 Activities, Term and Head Office of the Company

A- Activities of the Company

1- Water transfer and distribution.
2- Operating sewage treatment networks and facilities.
3- General construction of non-residential buildings, such as schools, hospitals and hotels, etc.
4- Establishing main water distribution plants and lines.
5- Establishing sewage stations and projects, sewage networks and pumps.

B- Term of the Company

The term of the Company is ninety-nine (99) Gregorian years, commencing as of the date the Company is registered at the Commercial Register. The Company's term may be extended by a resolution of the Extraordinary General Assembly at least one (1) year prior to the expiration of the Company's term.

C- Head Office of the Company

The head office of the Company shall be in the city of Riyadh, and the Board of Directors may establish branches, offices or agencies inside or outside the Kingdom.

D- Participation and Ownership in Companies

The Company may establish limited liability or closed joint-stock companies independently. It may also have an interest in and own stocks or shares in other existing companies or merge therewith, and it may participate with third parties in the establishment of joint-stock or limited liability companies inside or outside the Kingdom, after fulfilment of the legal and regulatory requirements in this regard. The Company may also dispose of such shares or stocks, provided that this does not include brokerage.

12.3.2 Administrative and Oversight Affairs and Supervisory Committees of the Company

A- Management of the Company

The Company shall be managed by a Board of Directors composed of eight (8) Directors appointed by the owner of the share capital for a period not exceeding four (4) years.

B- Expiry of Board Membership

Board membership shall end upon the lapse of the Board's term or if a Director becomes ineligible for Board membership according to any applicable law or directives in the Kingdom. The owner of the share capital may (upon the recommendation of the Board of Directors) terminate the membership of a Director who fails to attend three (3) consecutive meetings or five (5) separate meetings during the term of their membership without a legitimate excuse acceptable to the Board of Directors.

However, the owner of the share capital may at any time dismiss all or some of the Directors. In such case, the owner of the share capital shall elect a new Board of Directors or a replacement for the dismissed Director (as the case may be) in accordance with the provisions of the Companies Law, without prejudice to the right of the dismissed Director to claim compensation from the Company if the dismissal occurs without acceptable justification or at an improper time. The Director may resign, provided that such resignation is made at a proper time; otherwise, the Director will be responsible towards the Company for the damages incurred due to such resignation.

C- Expiry of the Board's Term, Resignation of Directors and Board Vacancies

1- The Board of Directors shall, prior to the expiry of its term, invite the owner of the share capital to appoint a Board of Directors for a new term. If such appointment is not made and the term of the current Board expires, the Directors shall continue to perform their duties until the appointment of a new Board, provided that the extended term of the outgoing Board does not exceed the period specified by the Implementing Regulations of the Companies Law.
2- If the Chairman and Directors resign, they shall invite the owner of the share capital to appoint a new Board of Directors. The resignation shall not be valid until the appointment of the new Board, provided that the resigning Board does not exceed the period specified by the Implementing Regulations of the Companies Law.

3- A Director may resign from membership of the Board by virtue of a written notice given to the Chairman. If the Chairman resigns, notice shall be given to the other Directors and the Board Secretary. The resignation shall be effective, in both cases, from the date specified in the notice.

4- If the seat of one of the Directors becomes vacant and such vacancy does not result in a breach of the conditions necessary for the validity of Board meetings due to failure to attain quorum for a duly called meeting, the Board may appoint a temporary Director to the vacant seat, provided that they are experienced and competent and that the Commercial Register and the CMA are informed of the same if the Company is listed on the Stock Exchange within fifteen (15) days from the appointment date and provided that the appointment is presented to the owner of the share capital at the Board's first meeting. The new Director shall complete the term of their predecessor.

5- If the necessary conditions for the convening of the Board of Directors are not met due to failure to attain quorum for a duly called meeting as identified in the Companies Law or the Bylaws, the remaining the Directors shall invite the owner of the share capital to appoint the necessary number of Directors within sixty (60) days.

D- Powers of the Board of Directors

Without prejudice to the powers reserved for the owner of the share capital, the Board shall, by majority vote, have the widest authorities in managing the affairs of Company to achieve its objectives, including the following:

1- Disposing of the Company's assets, property and real estate, along with opening and closing branches for the Company.

2- Exercising all the powers and authorities necessary to manage the Company and represent it in its relations with third parties, including social insurance, employment and labor offices, police stations, passport departments, secretariats, municipalities, emirates of Saudi regions, governorates, all ministries and other government entities and their branches, chambers of commerce and industry, the Commercial Register, private bodies and agencies, recruitment offices, notaries public, all kinds public and private companies and institutions and branches thereof. The Board may take all necessary measures for the aforementioned, have recourse to the Customs Authority, complete all necessary documents and papers, release and export goods and materials, and have recourse to the Ministry of Foreign Affairs, embassies, consulates, and Saudi representative offices abroad, as well as embassies, consulates, and public representative offices in the Kingdom. It shall also have the right to approve the signatures of the Company's officials with chambers of commerce and other entities.

3- The right, inside or outside the Kingdom, to receive, handover, sell, purchase, transfer and accept transfer; accept gifts; register; receive and pay a price; pledge and accept pledges; mortgage and release mortgages; execute attachments of all kinds and cancel them; assign, partition, sort, merge, determine the lengths and modify the areas of land and properties; issue, obtain, amend and cancel deeds and title deeds; issue a replacement for lost or damaged documents; execute and cancel attachments of all kinds; rent, lease and receive the proceeds thereof; sell and purchase movable and immovable assets and property for the benefit of the Company; pay and receive amounts and checks; sell and purchase properties and land for the benefit of the Company and transfer them and accept the price thereof; handover to valuers; accept and grant gifts; request and transfer grants; and grant and accept pre-emption rights.

4- Carry out real estate development and land planning works and participate in real estate funds.

5- Open, manage and close all types of accounts, including investment accounts; sign credits, transfers and financial documents; withdraw and deposit with banks; appoint authorized signatories and determine their powers and cancel the same; and request the issuance and cancellation of ATM cards and PINs thereof.

6- Issue bank guarantees and sign their issuance, sign all papers, documents, bills of exchange, promissory notes, checks, commercial papers and all banking transactions and transfer them to others, in addition to all banking transactions.

7- Conclude loan agreements with government finance funds and institutions, banks and financing companies, regardless of their terms; sign decisions or applications for loans and facilities for the Company or companies in which the Company owns shares; and have recourse to Capital Market Institutions, financial brokerage companies, banks and the Saudi Development Fund and represent the Company before the same in obtaining financing for the benefit of the Company's business and for the rearranging and scheduling of debts.

8- Have the right to purchase and sell securities and investment fund units.

9- Carry out all banking transactions necessary for the Company's activity, including mortgaging of properties, movables or shares and the right to sign mortgages in favor of government and private banks and industrial, real estate, agricultural and investment development funds.

10- Open branches and appoint managers thereof; issue commercial, industrial, agricultural, municipal and other records, licenses and permits; amend, renew, transfer, write off and cancel the same; issue replacements for damaged or lost or additional copies thereof; convert sub-registers into main registers; and convert the main registers into sub-registers for institutions and companies inside or outside the Kingdom.

11- Purchase and sell cars, equipment and machinery for the benefit of the Company; purchase, sell, ship, renew and transfer ownership of cars, equipment and machinery and authorize others to operate the same; issue, renew, amend and cancel driving licenses and vehicle, equipment and car ownership; transfer ownership of the same and replace lost or damaged ones; request the installation, cancellation and waiver of landlines, mobile phones and related services; accept the waiver of and receive SIM cards and invoices within the Kingdom and abroad.

12- Contract with companies, institutions, engineering offices, contractors and individuals within the Kingdom and abroad.

13- Appoint and dismiss managers, employees and workers; apply for visas of all kinds; recruit workers from outside the Kingdom, enter into contracts therewith and determine the salaries, bonuses and loans granted thereto; obtain, issue, renew, amend and cancel residence permits; replace lost or damaged residence permits; transfer and waive guarantees; amend the name of the employer; and apply the Company's policies to all other matters related to the employees and personnel of the Company.

14- Appoint and dismiss the Company's representatives, as well as agents, legal, financial and administrative advisors in the Company or other companies it owns inside or outside the Kingdom, or which the Company co-owns with others inside or outside the Kingdom.

15- Carry out all actions and procedures; sign all types of contracts, documents and instruments, including, but not limited to, the right to sign memorandums of association of other companies affiliated with the Company inside or outside the Kingdom; participate with others in the establishment of other companies inside or outside the Kingdom; withdraw from such companies; sign memorandums of association, amended memorandums of association and amendments to memorandums of association, as well as the partners' and liquidation resolutions of such companies; sell the Company's shares in such companies or purchase new shares therein or in existing companies; increase or decrease their share capital, whether or not the Company contributes to the increase; amend, delete or add to the Company's objects and activities; join or dismiss a partner; amend the legal form; amend the management clause or any other clause and sign the same before notaries public or any other party; and receive profits.

16- Represent the Company in the meetings of partners, shareholders, constituent and general assemblies; vote on behalf of the Company on the Partner and Shareholder resolutions in the meetings of Partners, Shareholders, constituent and General Assemblies; designate Company representatives in all of the aforementioned; sign all Partner and Shareholder resolutions; make any amendment to the memorandums of association of these companies of any kind; sign all Partner and Shareholder resolutions and minutes of meetings in these companies that are necessary to enforce such amendments, including signing memorandums of association and amendments to the memorandums of association of these companies before notaries public, regardless of the content of the relevant amendment; sign Partner resolutions regarding the appointment or dismissal of directors in such companies; and take all necessary actions to obtain and amend the records and licenses of such companies and receive the same.

17- Prepare and submit bids; enter into tenders; provide guarantees and sign contracts in the name and on behalf of the Company with all competent government entities, public and private sector bodies and third parties.

18- Do all that is required to enforce any new regulations or amendments to existing laws, regulations or directives of the competent authorities.

19- The Board shall obtain the approval of the owner of the share capital upon the sale of assets whose value exceeds fifty percent (50%) of the Company's total assets, whether the sale is made through one or several transactions. In the latter case, the transaction that leads to exceeding fifty percent (50%) of the value of the assets shall be the one that requires the approval of the owner of the share capital. Such percentage shall be calculated starting from the date of the first transaction that took place during the previous twelve (12) months. The Board may, by majority vote, delegate or authorize on its behalf, within the limits of its powers, one or more of the Directors or a third party to carry out a specific act or acts for it under the Bylaws, and may grant them the right to delegate or authorize third parties and dismiss such third parties.

E- Powers of the Chairman, Vice Chairman, Managing Director and Board Secretary

1- The Board shall appoint, from among its members, a Chairman and a Vice Chairman, and it may appoint a Managing Director and/or a Chief Executive Office and a Secretary, and determine their powers and remuneration.

2- The Chairman may not hold another executive position in the Company.

3- The Chairman shall be responsible for chairing the Board General Assembly meetings and representing the Company before courts, arbitration panels, social insurance, labor offices, police and passport departments, secretariats, municipalities, emirates of regions and governorates, all ministries and other government entities and their branches, chambers of commerce and industry, notaries public, and all public and private companies and institutions and their branches of all kinds, along with all competent authorities and before others. They shall be entitled to file pleadings, hearings and defenses and litigate in the same; admit or deny a charge; request taking an oath and administer, accept and reject the same; request precautionary attachment, travel ban and suspension; receive, accept, challenge, appeal and request cassation of judgments; choose arbitrators; approve the terms of reference; and request the execution of the awards and collect the awarded amounts. They may also issue, amend, renew, transfer, write off and cancel commercial, industrial, agricultural, municipal and other records, licenses and permits; obtain replacements for damaged or lost ones or additional copies thereof; sign all types of contracts, documents and papers, including, but not limited to, memorandums of association of other companies inside or outside the Kingdom; partner with others in establishing other companies inside or outside the Kingdom; withdraw from these companies; sign memorandums of association, amended contracts and amendment annexes of memorandums of association; sign partner resolutions for such companies; sign resolutions to liquidate such companies; sell the Company's shares in these companies; purchase new shares therein or in existing companies; increase or decrease their share capital whether or not the Company contributed to the increase; amend, remove, or add to the Company's objectives and activities; admit or dismiss a partner; amend the legal form; and amend the management clause or any other clause and sign for the same before notaries public or any other entity. They may receive profits; represent the Company in Partner and Shareholder meetings and the constituent, transformative and General Assemblies; vote on behalf of the Company on Partner and Shareholder resolutions in the meetings thereof and the constituent, transformative and General Assemblies; designate the Company's representatives in all of the foregoing; sign all Partner and Shareholder resolutions; and make any amendment whatsoever to the memorandums of association of such companies. They shall also have the right to sign the minutes of meetings in such companies necessary for execution of these amendments, including signing, before notaries public, the memorandums of association and annexes thereof of such companies, regardless of the content of the relevant amendment; sign Partner resolutions regarding the appointment or dismissal of directors in such companies; carry out all the tasks and take all necessary measures to obtain, amend and receive the records and licenses of such companies; prepare and submit bids; enter into tenders; provide guarantees and sign contracts in the name of the Company and on its behalf with all competent government entities; and take all necessary measures for the above.

4- The Vice Chairman shall replace the Chairman in their absence. The Board shall determine, pursuant to its resolution, the competencies and powers of both the Chairman and the Vice Chairman and determine the remuneration for each of them, without prejudice to the provisions of the Bylaws.

5- The Chairman may delegate or authorize, within the limits of his powers, one or more of the Directors or a third party to carry out a certain act(s) pursuant to the Bylaws and grant their agent(s) the right to delegate or authorize third parties and dismiss them.

6- The terms of the Chairman, Vice Chairman, Managing Director and Secretary, if he/she is a member of the Board, shall not exceed the directorship term. They may also be reappointed. The Board may dismiss the Managing Director, CEO, Secretary, or any of them at any time, without prejudice to the right of the dismissed member to claim compensation if the dismissal occurs without acceptable justification or at an improper time.

F- Remuneration of Directors

1- The remuneration of the Directors shall be set pursuant to the Companies Law, the regulations thereof and the controls set by the competent authorities.

2- The Board of Directors' report to the owner of the share capital must include a comprehensive statement of all remuneration, expense allowances and other benefits received by the Directors during the financial year. It shall also include a statement of the amounts paid to the Directors as employees or managers or amounts paid to them for technical, administrative or advisory works. In addition, the report shall include a statement of the number of Board meetings as well as the number of meetings attended by each Director.

G- Board Meetings

The Board of Directors shall meet at least quarterly (4 times a year) at the invitation of its Chairman. Such an invitation must be in writing, accompanied by the meeting agenda and may be delivered by hand, registered mail, fax or email. However, the Chairman must also call the Board for a meeting upon a request by any Director, to discuss any one or more topics, provided that at least ten (10) business days' notice is given for such meetings.

Board meetings may be convened by phone or any other electronic means that allow any member in attendance to be heard by all other members in attendance. The Chairman may deem (for the purposes of determining quorum) that any Director participating by phone or any other electronic means is in attendance for the duration of the meeting, unless the Chairman is notified otherwise.

H- Quorum of Board Meetings

Meetings of the Board shall not be valid unless attended by at least the majority of members. If a Director elects to delegate another member to attend the meetings of the Board, the delegation shall be in accordance with the following provisions:

1- A Director may not represent more than one Director in the same meeting.

2- The delegation shall be determined by a written notice and shall be for a specific meeting.

3- A Director acting by proxy may not vote on resolutions on which his principal is prohibited from voting.

In case the quorum is not attained for a duly called meeting, such meeting must be adjourned to a second meeting falling five (5) days following such inquorate meeting, and such meeting shall be deemed valid if attended by at least the majority of members in person or by proxy.

Board resolutions shall be adopted by the majority of votes of the members attending or represented therein. In the event of a tie, the Chairman of the meeting will have the casting vote.

Board resolutions shall take effect from the date of their issuance, unless the relevant resolution stipulates another effective date or certain conditions to deem it effective.

I- Deliberations of the Board

The deliberations and resolutions of the Board shall be recorded in minutes which shall be signed by the Chairman, the Directors present and the Board Secretary. The minutes shall be recorded in a special register to be signed by the Chairman and the Board Secretary. The Board of Directors may adopt resolutions on urgent matters by circulation by presenting the same to Directors individually, unless a Director submits a written request to hold a meeting to discuss such resolutions. Resolutions by circulation are adopted with the approval of a majority of the Directors and presented to the Board in the next meeting following the passing of such resolutions. Modern technology may be used to sign, record deliberations and resolutions, and document the minutes.

J- Formation of the Audit Committee

An Audit Committee shall be formed by a resolution of the owner of the share capital. The Audit Committee shall consist of no less than three (3) and no more than five (5) members, whether Shareholders or otherwise. None of the Audit Committee members may be Executive Management members. Such resolution shall include the Committee's duties, controls and remuneration of its members.

K- Quorum of Audit Committee Meetings

Audit Committee meetings shall not be valid unless attended by the majority of its members. Resolutions of the Audit Committee shall be valid if approved by the majority of the attending members. In the event of a tie vote, the Chairman of the Committee shall have the casting vote.

L- Competencies of the Audit Committee

The Audit Committee shall be responsible for monitoring the Company's business, and shall have the right to access the Company's records and documents and request clarifications from the Directors or members of the Executive Management. The Audit Committee may request the Board to invite the owner of the share capital to issue a resolution if its work is hindered by the Board or if the Company suffers material losses or damages.

M- Audit Committee Reports

The Audit Committee shall be responsible for reviewing the financial statements, reports and notes provided by the Auditor and providing its opinion thereon, if any. It shall also prepare a report on the efficiency of the internal audit system and the work performed within its powers. The Board of Directors shall deposit sufficient copies of the report at the Company's head office and shall provide the owner of the share capital with a copy thereof.

N- Appointment of the Auditor

1- The Company shall have one (1) auditor from among those licensed to conduct auditing business in the Kingdom. An auditor shall be appointed annually by the General Assembly, which shall determine the auditor's remuneration and may reappoint them, provided that the appointment period shall not exceed five (5) consecutive years. An auditor who reaches the five-year limit may be reappointed two (2) years after the date of the end of service.
2- The owner of the share capital may, by virtue of their resolution, dismiss the Auditor, and the Chairman shall notify the competent authority of the dismissal resolution and the grounds therefor within a period not exceeding five (5) days from the resolution date.
3- The Auditor may resign by virtue of a written notice that they submit to the Company and their work shall end as of the date of their submission thereof or at a later date as specified in the notice, without prejudice to the Company's right to obtain compensation for the damage incurred thereby, if required. An auditor who resigns shall submit to the Company and the competent authority, upon submission of the notice, a statement of the reasons for their resignation. The Board of Directors shall invite the owner of the share capital to consider the reasons for their resignation, appoint another auditor, and define their remuneration and the term and scope of their work.

O- Powers of the Auditor

The Auditor shall, at all times, have access to the Company's books, records and any other documents. It may also request information and clarification, as it deems necessary, to verify the Company's assets, liabilities and other matters that may pertain to the scope of its activities. The Board of Directors shall enable the Auditor to perform their duties. If the Board does not facilitate the work of the Auditor, the Auditor shall request the owner of the share capital to consider the matter. The Auditor may make such request if the Board of Directors fails to do so within thirty (30) days from the date of the Auditor's request.

P- Financial Year

The financial year of the Company shall commence from the first of January of each year and end at the end of December, provided that the first financial year shall commence from the date of its registration in the Commercial Register as a joint-stock company until the end of December of the following year.

Q- Financial Documents

1- At the end of each financial year, the Board shall prepare the financial statements of the Company and a report of its activities and financial position for such financial year, including the proposed method for distribution of the net profits. The Board shall place such documents at the disposal of the Auditor.

2- The Chairman, CEO and CFO of the Company shall sign the documents referred to in Paragraph 1 of this Article, and copies thereof shall be placed at the Company's head office at the disposal of the owner of the share capital.

3- The Chairman shall provide the owner of the share capital with the Company's financial statements and the reports of the Board and the Auditor, unless they are published through any technological means. The Chairman shall also submit such documents in accordance with the Implementing Regulations of the Companies Law.

12.3.3 Rights and Restrictions Related to Securities

A- Share Capital of the Company

The share capital of the Company is set at one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543), divided into one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) nominal shares of equal value. The nominal value of each share is one Saudi Riyal (SAR 1). All of the shares are ordinary cash shares, and the paid-up value thereof is one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543).

B- Subscription to Shares

The owner of the share capital has subscribed for all of the Company's shares, amounting to one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) fully paid shares with a value of one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543). The owner of the share capital represents to third parties that the full share capital was paid prior to the conversion.

C- Entitlement to Dividends

The resolution of the owner of the share capital to distribute dividends shall specify the date on which the owner of the share capital becomes entitled to the dividends and the date of distribution thereof. The Board of Directors shall execute the resolution of the owner of the share capital regarding the dividend distribution within the period specified by the Implementing Regulations of the Companies Law.

D- Liability Action

Each Shareholder shall be entitled to file a liability claim vested in the Company against the Directors if a wrongful act committed by them causes personal damage, provided that the Shareholder's right to file such a claim still exists and after notifying the Company of their intention to do so.

12.3.4 Amendment of Share Rights or Classes

A- Increasing the Share Capital

1- The issued share capital may be increased within the limits of the authorized share capital by a resolution of the Company's Board of Directors, provided that the issued share capital has been paid in full.

2- The owner of the share capital may elect to increase the share capital of the Company provided that the original share capital has been paid in full. However, the share capital need not be paid in full if the unpaid amount is for shares that are issued in consideration for converting debt instruments or finance bonds (Sukuk) into shares before the end of the conversion period.

3- In all cases, the owner of the share capital may allocate the shares issued upon the increase in share capital or a portion thereof to the employees of the Company and/or its Subsidiaries, or to some of them. The owner of the share capital may not have preemptive rights when the Company issues the shares allocated to the employees.

4- Shareholders owning shares at the time of the Extraordinary General Assembly's adoption of a resolution approving the increase of the share capital shall have preemptive rights to subscribe for the new shares in exchange for cash contributions. Shareholders shall be notified of their preemptive rights by publication in a daily newspaper or by registered mail stating the adoption of the resolution as to the increase of the share capital, the terms of the offering, its duration and start and end dates.

B- Decreasing the Share Capital

The owner of the share capital may elect to reduce the share capital if it exceeds the Company's operational requirements or if the Company experiences losses. Only in the latter case may the share capital be reduced below the limit set out in Article 59 of the Companies Law. The share capital decrease resolution shall only be issued following consideration by the Company of the Auditor's special report stating the grounds for such a reduction, the liabilities of the Company and the effect of the capital reduction on such liabilities.

However, if the share capital decrease is due to the Company's share capital being in excess of its operating requirements, the creditors of the Company shall have a right to object to such resolution at least forty-five (45) days prior to the date specified for the resolution of the share capital owner to decrease the share capital. In the event that a creditor objects to the share capital decrease and presents the relevant documents to the Company within the scheduled timeframe, the Company shall settle the debt of such creditor if it is currently due or shall provide such creditor with a sufficient guarantee if such debt is due in the future.

12.3.5 Liquidation and Dissolution of the Company

A- Liquidation and Dissolution of the Company

1- The Company shall be dissolved for any of the reasons set out in Article 243 of the Companies Law. Upon dissolution, it shall enter into liquidation in accordance with the provisions of Chapter 12 of the Companies Law. If the Company is dissolved and its assets are insufficient to pay its debts or the Company is insolvent in accordance with the Bankruptcy Law, it shall commence any of the liquidation procedures under the Bankruptcy Law with the competent judicial authority.

2- The Company shall be under liquidation upon the expiry of its term and shall continue to keep its juristic personality to the extent necessary for dissolution thereof. A voluntary liquidation resolution shall be passed by the owner of the share capital and it shall determine the liquidation method of the Company, appoint the liquidator, determine their fees, powers and limitations imposed on such powers and determine the period of liquidation provided that it does not exceed five (5) years. Such period may not be extended except pursuant to a judicial order. The Board of Directors shall be divested of its powers upon the dissolution of the Company. However, the Board of Directors shall continue to manage the Company until the appointment of the liquidator and shall be deemed before third parties as liquidator(s). Assemblies shall continue to exist during the liquidation period, and their roles shall be limited to exercising their powers that are not in conflict with the powers of the liquidator(s).

12.4 Material Agreements

The Company and the Material Subsidiaries have concluded a number of material agreements and contracts with several parties. This section sets out a summary of agreements and contracts that the Directors consider material with respect to the business of the Company and its Material Subsidiaries, or that may otherwise affect investors' decisions to subscribe to the Offer Shares. The summary of agreements and contracts referred to below does not cover all terms and conditions and it cannot be considered a substitute for the terms and conditions of such agreements.

12.4.1 Concession Agreements

The Company and its Material Subsidiaries have concluded six (6) concession agreements with a number of government entities. Under these agreements, the Company and its Material Subsidiaries are granted a concession on the properties of such government entities so that the Company and its Material Subsidiaries can develop projects on such properties and provide services related thereto. Below is a summary of the concession agreements concluded by the Company and its Material Subsidiaries:

A- Potable Water Concession Agreement with Riyadh Airports Company for KKIA

RWPC entered into a potable water concession agreement for KKIA with Riyadh Airports Company dated 02/12/1436H (corresponding to 15/09/2015G), as amended on 04/03/1437H (corresponding to 15/12/2015G) and 03/11/1443H (corresponding to 05/06/2022G), pursuant to which RWPC shall have the following obligations at KKIA:

- Treatment and O&M of the existing water transfer system.
- Development, ownership, financing, engineering, designing, procuring, constructing, operating and testing of a new water transfer system.
- Operation, maintenance and transportation of all equipment installed by the Company for the purpose of potable water production.

Under a settlement agreement entered into between RWPC and Riyadh Airports Company, dated 03/11/1443H (corresponding to 05/06/2022G), the agreement was transferred from the General Authority of Civil Aviation to Riyadh Airports Company. Moreover, Riyadh Airports Company agreed to pay an amount of twenty-five million Saudi Riyals (SAR 25,000,000) to RWPC as a settlement of all liabilities, along with electricity consumption debts amounting to eighteen million, one hundred and ninety thousand, five hundred and ninety Saudi Riyals and ten halalas (SAR 18,190,590.10).

The term of the agreement shall commence from its effective date, on 02/12/1436H (corresponding to 15/09/2015G), and its closing date is the first business day after fulfilment of the conditions precedent. The agreement shall expire on the twenty-eighth anniversary of the commissioning date, which is 11/10/1440H (corresponding to 14/06/2019G), i.e., on 20/08/1469H (corresponding to 14/06/2047G), unless it is terminated earlier by one of the Parties, or there is an event that results in the extension of the agreement due to unforeseen circumstances, or the delay or failure of Riyadh Airports Company to fulfill any of its obligations under the agreement.

The amounts payable by Riyadh Airports Company to RWPC under the agreement are as follows:

- The amount due on the invoice in relation to the daily volume of potable water that can be produced from the effective date of the agreement, i.e., 10/1440H (corresponding to 14/06/2019G), and the daily volume of potable water that can be produced from all equipment installed by RWPC for the purpose of producing potable water.
- The amount set by RWPC on the bill of consumption (electricity, chemicals and any other materials) from the effective date of the agreement until the last day of its effective term and each successive period extending for one month thereafter, in addition to the period from the first day of the last month before the issuance of the relevant government permits to deliver potable water and carry out the executive and operational testing and each successive period extending for one month thereafter, as well as the period from the first day of the last month of the term of the agreement, for which invoices shall be issued.

These amounts will be impacted by any service interruption or any force majeure.

Either party shall have the right to terminate the agreement when there is an event of default by submitting a written notice to the other party within a period of not less than thirty (30) days. Either party may terminate the agreement immediately in the following cases:

- Besides cases of force majeure, in accordance with the agreement:
  - Any delay of thirty (30) days for any major event.
  - Continuous failure by RWPC to fulfill its obligations pursuant to the concession agreement, such as indication of an intention to repudiate the agreement.
- The issuance of a resolution relating to bankruptcy, insolvency, liquidation or any similar procedure against RWPC, or in the event of the appointment of a judicial receiver, liquidator or similar person who has not been dismissed within sixty (60) days from the date of appointment.

- If RWPC materially breaches its obligations under the agreement and the breach is not rectified within one hundred and twenty (120) days after giving notice to Riyadh Airports Company of such breach and it is not possible to rectify the same within one hundred and twenty (120) days. RWPC shall be granted ninety (90) days to rectify such breach, provided that it exerts continuous and reasonable efforts to rectify it within this period.
- Failure of RWPC to obtain and maintain any government licenses required by law to fulfill its obligations.
- Accumulation of performance-based compensation payments to the maximum limit.

The agreement shall be subject to the laws and regulations applicable in the Kingdom, and exclusive jurisdiction to consider any disputes arising therefrom shall be for competent courts in the Kingdom.

B- Industrial Wastewater Treatment Agreement with Saudi Aramco

The Company, together with Thabat Construction Company (hereinafter referred to as the "**Ras Tanura Project Contractors**"), entered into an industrial wastewater treatment agreement with Saudi Aramco, dated 14/12/1444H (corresponding to 02/07/2023G), pursuant to which Ras Tanura Project Contractors are obliged to provide contracting works and services on a build-own-transfer (BOT) basis in order to develop an industrial wastewater treatment facility to receive wastewater from the Ras Tanura Refinery, and to treat and provide this treated water to Ras Tanura Refinery, along with developing a regional facility for the treatment of high-pressure and high-temperature spent caustic materials by oxidizing wet air to receive and treat caustic materials consumed by Ras Tanura Refinery and other facilities of Saudi Aramco.

The parties shall enter into a novation agreement in order to establish a company to implement the Ras Tanura Refinery project (hereinafter referred to as "**Ras Tanura Project Company**"). Upon completion of the works, they shall replace the Ras Tanura Project Contractors in the agreement, provided that Saudi Aramco shall have the right to transfer the shares of Ras Tanura Project Company or the project to itself or to another purchaser. The parties shall also enter into a concession agreement granting Saudi Aramco the right to use the project site.

Under the agreement, Ras Tanura Project Contractors shall be responsible for the following tasks:

- Development, financing, design, engineering, procurement, supply, manufacturing, factory testing, transportation, construction, erection, installation, licensing, completion, testing and commissioning of:
  - A STP.
  - A wet air oxidation plant.
  - Contractor interconnection facilities.
  - A wastewater and liquid waste transfer system and all associated facilities, systems and related equipment.
- Ownership, insurance and O&M of the Ras Tanura Refinery Plant.
- Use of the Ras Tanura Refinery, project site and any areas to be used as offices, warehouses and any other construction facilities.

The term of the agreement shall commence on 14/12/1444H (corresponding to 02/07/2023G), and expire on the twenty-fifth anniversary of the date of commercial operation of the Ras Tanura Refinery, i.e., 11/07/1447H (corresponding to 31/12/2025G), meaning the agreement shall expire on 17/04/1473H (corresponding to 31/12/2050G). The agreement term may also be extended upon a one-year notice prior to the expiry of the agreement, for an additional term of five (5) years, as well as a further five (5) years after the initial extension.

Amounts due by Saudi Aramco to Ras Tanura Project Contractors shall be paid in USD, consisting of the following dues:

- Production capacity payments for the wastewater treatment plant.
- Treatment payments for the wastewater treatment plant.
- Production capacity payment for the wet air oxidation plant.
- Treatment costs payment for the wet air oxidation plant.
- Additional payments for treatment of non-conforming wastewater, treatment of contaminated wastewater, or re-treatment of non-conforming wastewater.

Ras Tanura Project Contractors shall submit a detailed invoice, in the form agreed by the parties, for capacity, treatment and additional payments, and Saudi Aramco shall pay the undisputed amounts of each invoice within thirty (30) days from the date of receipt of the invoice.

Saudi Aramco shall have the right to terminate the agreement by submitting a written notice to the Ras Tanura Project Contractors within a period of not less than thirty (30) days, in the following cases:

- Failure to provide any of the services set out in the agreement.
- Ras Tanura Project Contractors' abandonment of the project prior to the commercial operation date of the Ras Tanura Refinery.
- Ras Tanura Project Contractors' failure to establish or commission the Ras Tanura Refinery on the commercial operation date.
- Ras Tanura Project Contractors' failure to pay any liquidated damages under the agreement.
- The issuance of a resolution relating to bankruptcy, insolvency, liquidation or any similar procedure against the Ras Tanura Project Contractors, or in the event of the appointment of a judicial receiver, liquidator or similar person who has not been dismissed within sixty (60) days from the date of appointment.
- Issuance by a court of competent jurisdiction of a judgment terminating or confirming the bankruptcy or insolvency of any of the Ras Tanura Project Contractors, if the judgment is not revoked within sixty (60) days of its issuance.

Ras Tanura Project Contractors shall not be entitled to sell, assign or transfer any of their rights and obligations under the agreement without obtaining the prior written approval of Saudi Aramco. Each party is also obliged, under the agreement, to maintain the confidentiality of all information and documents of the other party. The Saudi Center for Commercial Arbitration (SCCA) shall have jurisdiction and its rules shall apply with respect to any disputes that may arise from the agreement.

C- Concession Agreement with Modon

ICDOC entered into a concession agreement with Modon, dated 22/10/1428H (corresponding to 03/11/2007G), as amended on 08/04/1437H (corresponding to 18/01/2016G), pursuant to which Modon grants concession rights to ICDOC to use Dammam 1st and 2nd Industrial Cities in order to enable ICDOC to carry out works related to the rehabilitation, operation, management and maintenance of water and wastewater facilities, in addition to granting it the right to use Al Ahsa 1st Industrial City to carry out works related to the design and construction of the wastewater treatment plant and the rehabilitation, operation, management and maintenance of water and wastewater facilities. After the expiry or termination of the agreement, the concession granted to ICDOC shall expire, and it shall return all the rights and assets it used during the effective term of the agreement to Modon, in addition to the assets established by ICDOC as a result of the agreement.

Under the amended agreement dated 08/04/1437H (corresponding to 18/01/2016G), ICDOC and Modon entered into agreements with third parties to provide quaternary-treated wastewater. Moreover, ICDOC assumes full responsibility for the O&M of the reverse osmosis plant within the treatment plant in Dammam 2nd Industrial City, as of 22/04/1437H (corresponding to 01/02/2016G). The responsibilities of ICDOC consist of the following:

- Operating and maintaining the reverse osmosis plant according to the water requirements of the factories.
- Carrying out periodic, preventive and contingent maintenance of all project facilities and the reverse osmosis plant.
- Monitoring of the daily pumping quantities and filing a weekly, monthly and annual report to Modon on the quantities of water pumped to factories.
- Providing water alternatives to factories in the event of an inability to provide treated water from the reverse osmosis plant for factories.
- Operating the project in accordance with environmental standards and preserving the environment and facilities adjacent to the project.
- Operating and maintaining the reverse osmosis plant in accordance with the latest amendment to the agreement.
- Supplying and installing spare parts for the reverse osmosis plant.
- Pumping water to Modon lake, such that it becomes tertiary water mixed with quintuple-treated water, so that it achieves a maximum salinity level of two thousand, five hundred (2,500) milligrams per liter and the volume of pumping is compatible with the daily water requirements of the Lake, as per the latest amendment to the agreement, as well as submitting a report to Modon on the quantities pumped, and analyzing the pumped water by taking daily samples as needed in order to ensure that the level of salinity and the required standards are met.

The agreement shall be valid for a period of thirty (30) years, commencing on 25/01/1429H (corresponding to 03/02/2008G) and ending on 28/12/1459H (corresponding to 03/02/2038G). The agreement may be extended or renewed by written agreement between the parties and after the expiry and/or termination of the agreement, the concession shall cease and be returned to Modon.

ICDOC is committed to paying 20% of the total revenues made annually from the beneficiaries of the services, which include the rehabilitation, exploitation, operation, management and maintenance of water and sewage facilities in Dammam 1st and 2nd Industrial Cities and Al Ahsa 1st Industrial City to Modon. These revenues include, but are not limited to, the prices of O&M services, fines and penalties applied by Modon as a result of any breach by beneficiaries. Modon is also committed to the following basic pricing for the services provided by ICDOC:

Table (12.5): Applicable Pricing, as per the Concession Agreement Concluded with Modon

Description	UoM	Price
Potable water	m^2	Seven Saudi Riyals and fifteen halalas (SAR 7.15)
Provision of water services for industry and irrigation	m^2	Two Saudi Riyals and fourteen halalas (SAR 2.14)
Wastewater treatment services	m^2	Two Saudi Riyals and eighty-six halalas (SAR 2.86)
Potable water services	m^2	Four Saudi Riyals and twenty-nine halalas (SAR 4.29)

Source: The Company

ICDOC shall be entitled, every five (5) years, to review the pricing of the provided services and raise them by a maximum of 10%, subject to prior written approval from Modon.

Modon shall have the right to terminate the agreement under a written notice to the other party within a period of not less than thirty (30) days in the following cases:

- The failure of ICDOC to fulfill any of its obligations under the agreement.
- The issuance of a resolution relating to bankruptcy, insolvency, liquidation or any similar procedure against ICDOC.
- The occurrence of a violation or breach by ICDOC that may lead to its inability to fulfill its obligations under the agreement.
- Any violation by ICDOC of national security, public interest, public health or public morals, provided that this is confirmed by a document issued by a relevant judicial or enforcement authority.
- Failure of ICDOC to comply with the applicable laws and regulations.

The agreement shall be subject to the applicable laws and regulations in the Kingdom, particularly the regulations issued by Modon. The exclusive jurisdiction to consider any disputes arising therefrom shall be for competent courts in the Kingdom.

Under the agreement, ICDOC and Modon concluded three (3) agreements with factories for the purpose of supplying them with quaternary-treated wastewater. Below are the key terms of these agreements:

6- Agreement with Modon and the Arab Paper Manufacturing Company (WARAQ) for the Use of Quaternary-Treated Water

ICDOC entered into a quaternary-treated water use agreement with Modon and WARAQ dated 20/06/1434H (corresponding to 30/04/2013G), pursuant to which ICDOC provides Arab Paper Manufacturing Company with quaternary-treated wastewater using reverse osmosis in the wastewater treatment plant in Dammam 2nd Industrial City, which is developed and operated by ICDOC, in accordance with the terms and conditions of the Hada and Arana Agreement.

The Agreement is valid for a period of thirty (30) years as of the date of obtaining the written approval of Modon, dated 08/04/1437H (corresponding to 18/01/2016G), and ends on 10/03/1468H (corresponding to 18/01/2046G). Such period is extendable by either party by virtue of a six (6) month written notice.

Arab Paper Manufacturing Company shall pay ICDOC the due amounts under monthly invoices for the factory's meter-recorded consumption of quaternary-treated wastewater as follows:

Table (12.6): Applicable Pricing as per the Agreement with Modon and the Arab Paper Manufacturing Company (WARAQ) for the Use of Quaternary-Treated Water

Description	Price
Quaternary-treated wastewater using reverse osmosis	Three Saudi Riyals and twenty-five halalas (SAR 3.25)

Source: The Company

Any dispute arising between ICDOC and WARAQ that is not amicably resolved shall be referred to Modon for settlement within thirty (30) days. In the event that either party objects to the decision of Modon, the dispute shall be referred to the competent court in the Kingdom.

7- Agreement with Modon and the Saudi Paper Manufacturing Company (SPM) for the Use of Quaternary-Treated Water

ICDOC entered into a quaternary-treated water use agreement with Modon and SPM on 20/09/1434H (corresponding to 28/07/2013G), where ICDOC provides Saudi Paper Manufacturing Company with quaternary-treated wastewater using reverse osmosis at the wastewater treatment plant in Dammam 2nd Industrial City, which is developed and operated by ICDOC, in accordance with the terms and conditions of the Hada and Arana Agreement.

The agreement shall be valid for a period of thirty (30) years, commencing from the date of obtaining the written approval of Modon, i.e., 08/04/1437H (corresponding to 18/01/2016G), and ending on 10/03/1468H (corresponding to 18/01/2046G). Such period is extendable by either party by virtue of a six (6) month written notice.

Saudi Paper Manufacturing Company shall pay ICDOC the due amounts under monthly invoices for the factory's meter-recorded consumption of quaternary-treated wastewater as follows:

Table (12.7): Applicable Pricing as per the Agreement with Modon and the Saudi Paper Manufacturing Company (SPM) for the Use of Quaternary-Treated Water

Description	Price
Quaternary-treated wastewater using reverse osmosis	Three Saudi Riyals and twenty-five halalas (SAR 3.25)

Source: The Company

Any dispute arising between ICDOC and SPM that is not amicably resolved shall be referred to Modon for settlement within thirty (30) days. In the event that either party objects to the decision of Modon, the dispute shall be referred to the competent court in the Kingdom.

8- Agreement with Modon and Al-Tuwairqi Holding Group for the Use of Quaternary-Treated Water

ICDOC entered into a quaternary-treated water use agreement with Modon and Al-Tuwairqi Holding Group on 01/01/1435H (corresponding to 04/11/2013G), where ICDOC provides Al-Tuwairqi Holding Group with quaternary-treated wastewater using reverse osmosis at the wastewater treatment plant in Dammam 2nd Industrial City, which is developed and operated by ICDOC, in accordance with the terms and conditions of the Hada and Arana Agreement.

The agreement shall be valid for a period of thirty (30) years, commencing from the date of obtaining the written approval of Modon, i.e., 08/04/1437H (corresponding to 18/01/2016G), and ending on 10/03/1468H (corresponding to 18/01/2046G). Such period is extendable by either party by virtue of a six (6) month written notice.

Al-Tuwairqi Holding Group shall pay ICDOC the due amounts under monthly invoices for the factory's meter-recorded consumption of quaternary-treated wastewater as follows:

Table (12.8): Applicable Pricing as per the Agreement with Modon and Al-Tuwairqi Holding Group for the Use of Quaternary-Treated Water

Description	Price
Quaternary-treated wastewater using reverse osmosis	Three Saudi Riyals and twenty-five halalas (SAR 3.25)

Source: The Company

Any dispute arising between ICDOC and Al-Tuwairqi Holding Group that is not amicably resolved shall be referred to Modon for settlement within thirty (30) days. In the event that either party objects to the decision of Modon, the dispute shall be referred to the competent court in the Kingdom.

D- Long-term O&M Agreement with NWC

The Company, along with Thabat Construction Company, as contractors for Hada and Arana Project, entered into a long-term O&M agreement with NWC dated 18/02/1444H (corresponding to 14/09/2022G), pursuant to which the contractors of the Hada and Arana Project are obliged to provide contracting works for the O&M of all wastewater treatment plants and facilities in Hada and Arana and related services, and to carry out the following works:

- O&M of wastewater treatment plants, and if required, finance, design, engineering, supply, manufacturing, factory testing, transportation, construction, installation, completion, standard testing, commissioning and securing of wastewater treatment plants in Hada and Arana.
- Making NWC total treatment available for both Hada and Arana plants.

- Carrying out any work to improve treatment or rehabilitation capacity.
- All incidental activities of any services provided under the agreement.

The parties entered into a novation agreement on 21/07/1444H (corresponding to 12/02/2023G) for the purpose of establishing a company to implement the Hada and Arana Project (hereinafter referred to as the "**Hada and Arana Project Company**"), pursuant to which the contractors of Hada and Arana Project assigned their obligations and rights under the agreement to Hada and Arana Project Company.

The term of the agreement commences from 18/02/1444H (corresponding to 14/09/2022G) and ends on 03/02/1455H (corresponding to 02/05/2033G), which is the tenth anniversary of the project closure, which shall take place according to a written attestation from the parties that all the conditions precedent stipulated in the agreement have been met.

NWC shall pay the amounts due to the Hada and Arana Project contractors under the agreement through invoices issued by the contractors within four (4) working days from the end of each invoiced period. The due amounts shall be based on the following:

- Availability of the actual total capacity of the wastewater treatment plant in Hada and Arana on an ongoing and reliable basis.
- The total volume of the following:
  - Treated wastewater that meets the specifications set out in the agreement.
  - Treated wastewater that does not meet the specifications as a result of an event that is not in conformity with the specifications set out in the agreement.

Depending on the period of operations, NWC shall pay the service fees as set out in the agreement to the contractors of the Hada and Arana Project, which shall consist of fixed fees, variable fees and supplementary payments.

The parties shall have the right to terminate the agreement if the conditions precedent are not met before the closure date, and NWC shall have the right to terminate the agreement in the following cases:

- Failure of the Hada and Arana Project Contractors to fulfill their obligations under the agreement.
- The issuance of a resolution relating to bankruptcy, insolvency, liquidation or any similar procedure against Hada and Arana Project Contractors, or if a judicial receiver, liquidator or similar person is appointed and is not dismissed within sixty (60) days from the date of appointment.
- Any material violation by the contractors of their obligations under the agreement.
- Any transfer of shares in the project company which is not permitted under the agreement.

The Hada and Arana Project Contractors may not sell, assign or transfer any of their rights and obligations under the agreement without obtaining prior written approval of NWC.

The agreement shall be subject to the applicable laws and regulations in the Kingdom, and the exclusive jurisdiction of SCCA and its relevant rules shall apply to any disputes arising therefrom.

E- Jeddah Concession Agreement with Modon

ICDOC entered into a concession agreement with Modon, dated 10/01/1423H (corresponding to 24/03/2002G), pursuant to which ICDOC designs, rehabilitates, operates and tests the performance of the wastewater treatment plant in Jeddah Industrial City to ensure the acceptance thereof in accordance with the agreement. ICDOC is also obliged to carry out the following works under the agreement:

- Provision of all works, labor, materials, testing, instrumentation, supervision, equipment, tools, temporary facilities, interconnection of utilities and any other similar items required for the design, rehabilitation, initiation and acceptance of testing contracts concluded by ICDOC, provided the rehabilitation shall not replace or cancel any of the terms of the agreement.
- Preparation of the wastewater treatment plant and site thereof in Jeddah Industrial City for construction, obtaining all necessary permits and licenses, payment of all costs, royalties, fees, license payments, insurance and similar expenses necessary for the performance of ICDOC, and taking all required or reasonable precautions to prevent injury or damage to persons and property in or around the wastewater treatment plant and site thereof in Jeddah Industrial City.
- Review of the design and structure of the rehabilitation process to ensure that the requirements of the agreement are met.
- Providing the industrial city with a critical path method schedule before the start of construction and monthly updates.

The agreement was initially concluded between Al Muhaidib Contracting, Abdullatif Abunayyan Trading Company (as operators) and Modon, and was later transferred to ICDOC.

The term of the agreement shall commence on 05/02/1426H (corresponding to 15/03/2005G) and shall continue for a period of twenty (20) years, ending on 15/09/1446H (corresponding to 15/03/2025G).

ICDOC shall be compensated through payments made by the tenants in Jeddah Industrial City that are used towards the wastewater collection system. The minimum payable sewage fees shall be five hundred Saudi Riyals (SAR 500) per month for each tenant and two hundred and fifty Saudi Riyals (SAR 250) per month per housing unit.

The wastewater fees in the period prior to the date of acceptance of the wastewater treatment plant in Jeddah Industrial City are two Saudi Riyals and seventeen halalas (SAR 2.17) per cubic meter of wastewater or 70% of the aforementioned fixed fees. In the period after the date of acceptance of the wastewater plant in Jeddah Industrial City, the wastewater fees shall be three Saudi Riyals and ten halalas (SAR 3.10) per cubic meter of wastewater or 70% of the aforementioned fixed fees.

Wastewater fees and expenses shall be adjusted on the anniversary of each contractual year. Such adjustment shall reflect changes in operating costs that are beyond the control of ICDOC. The adjustment shall be in the form of a percentage change in wastewater collection fees, equal to the weighted average of changes in electricity, labor and chemical costs.

Modon shall have the right to terminate the agreement by virtue of a written notice to ICDOC within a period of no less than thirty (30) days in the following cases:

- The issuance of a resolution relating to bankruptcy, insolvency, liquidation or any similar procedure against ICDOC.
- ICDOC's failure to comply with any final resolution reached under the arbitration proceedings in accordance with the agreement.
- Submission by ICDOC of a misleading statement that could have a material impact.
- ICDOC's failure to fulfill any of its obligations, as a result of force majeure, for a period of more than sixty (60) days.

Modon shall also have the right to terminate the agreement in the event it does not wish to continue the same by submitting written notice within a period of no less than thirty (30) days.

The agreement shall be governed by the applicable laws and regulations in the Kingdom, and any dispute arising therefrom shall be settled by the SCCA and its applicable rules.

F- Wastewater Treatment Agreement with SWPC and N.V. BESIX S.A

The Company entered into a wastewater treatment agreement with SWPC and N.V. BESIX S.A., dated 29/08/1445H (corresponding to 10/03/2024G), pursuant to which the Company and N.V. BESIX S.A. shall develop an independent sewage treatment plant (ISTP) with a capacity of two hundred thousand (200,000) cubic meters per day and associated infrastructure and facilities for NWC, as per the award of the project to the Company and N.V. BESIX S.A. by SWPC. As of the date of this Prospectus, the Company and N.V. BESIX S.A. are working to establish a special purpose project company in the KSA (hereinafter referred to as the "**Wastewater Treatment Project Company**") for the purpose of concluding and implementing the project agreements, along with entering into a subrogation agreement under which the Wastewater Treatment Project Company will assume all rights and obligations of the Company and N.V. BESIX S.A. The ownership structure of the Wastewater Treatment Project Company will be as follows:

Table (12.9): Ownership Structure of the Wastewater Treatment Project Company in accordance with the Wastewater Treatment Agreement with SWPC and N.V. BESIX S.A

Shareholder	Shareholding (%)	No. of Shares	Total Value of Shares
The Company	80%	400	400,000
N.V. BESIX S.A	20%	100	100,000
Total	**100%**	**500**	**500,000**

Source: The Company

The obligations of the Company and N.V. BESIX S.A, in order to execute the project, include the following responsibilities:

- Developing, financing, designing, engineering, purchasing, manufacturing, conducting factory testing, transporting, building, constructing, installing, equipping, completing, testing, commissioning, insuring, owning, operating and maintaining a wastewater treatment plant.
- Developing, financing, designing, engineering, purchasing, manufacturing, conducting factory testing, transporting, building, constructing, installing, equipping, completing, testing and operating the water facilities of the wastewater treatment plant and transferring it from the Wastewater Treatment Project Company to NWC.
- Developing, financing, designing, engineering, purchasing, manufacturing, conducting factory testing, transporting, building, constructing, installing, equipping, completing, testing and operating the facilities for treated wastewater, and transferring it from the Wastewater Treatment Project Company to the General Organization for Irrigation.
- Providing the total capacity of the wastewater treatment plant to treat wastewater continuously and reliably for SWPC.

- Buying and selling the total production of the wastewater treatment plant, consisting of the total daily volume of:
  - Treated wastewater meeting specifications measured in the measurement and monitoring system of the treated wastewater.
  - Substandard treated wastewater produced in accordance with the agreement and measured at the point of delivery.
- All activities related to any of the foregoing, in accordance with the agreement.

The agreement is effective from 29/08/1445H (corresponding to 10/03/2024G) and expires on the twenty-fifth (25th) anniversary of the completion date of the construction of the wastewater treatment plant, i.e. on 06/04/1474H (corresponding to 10/12/2051G), unless extended earlier or terminated in accordance with the terms of the Agreement. The agreement shall be renewed in the following cases:

- No less than twenty-four (24) months before the expiry of the term of the agreement, either party shall give the other party a notice requesting to conduct negotiations in good faith to extend the term of the agreement.
- Subject to the two parties agreeing to enter into good faith negotiations in accordance with the foregoing no later than eighteen (18) months prior to the expiry of the term of the agreement, the two parties agree to the terms of the extension.
- No later than six (6) months prior to the expiry of the agreement term, the two parties enter into a binding agreement in writing confirming the agreed extension terms (including any amendments to service payments).
- Obtaining any approval required to extend the term of the agreement from the competent authorities in accordance with regulatory requirements.

The amounts paid by SWPC to the Company and N.V. BESIX S.A. under the agreement are payable through submission by the Company and N.V. BESIX S.A. of the invoices of SWPC within four (4) days of each month, during the term of the agreement. Such invoices cover SWPC's purchase value of the total wastewater production of the wastewater treatment plant.

The amounts paid by SWPC to the Company and N.V. BESIX S.A. for service include the following components:

- The capital cost value and fixed O&M value based on the agreement formula, less deductions for the wastewater treatment plant capacity value.
- The electricity consumption value and the variable O&M value based on the agreement formula.
- The supplementary value based on the agreement formula.

The Company and N.V. BESIX S.A. provide a development guarantee of one hundred and thirty-nine million, two hundred and fifty-one thousand, eight hundred and twenty-one Saudi Riyals (SAR 139,251,821).

SWPC shall have the right to terminate the agreement if a development guarantee is not delivered under the Agreement to SWPC on or before the fourteenth (14th) day following the effective date of the agreement. SWPC shall also have the right to terminate the agreement at any time by providing a prior notice of at least two months.

The parties shall have the right to terminate the agreement upon a thirty (30)-day prior notice in the event of any of the following breaches:

- Failure to complete the project within the time specified under the agreement.
- The deliberate and unjustified failure of the Wastewater Treatment Project Company to operate or make available the wastewater treatment plant in accordance with the agreement for a period of more than two consecutive days without obtaining prior written approval from SWPC.
- The average reliable treatment capacity falls below 85% for any rolling period of three hundred and sixty-five (365) consecutive days or more.
- The failure of Wastewater Treatment Project Company to perform any of its obligations under the agreement and its failure to rectify the breach within sixty (60) days after receiving a notice from SWPC.
- Failure of the Company or N.V. BESIX S.A. to perform any of their obligations under the agreement and their failure to rectify the breach within sixty (60) days after receiving a notice from SWPC.
- A competent authority issues an order to liquidate either the Company, N.V. BESIX S.A., the Wastewater Treatment Project Company or SWPC or their bankruptcy or insolvency is confirmed, and this order is not cancelled or stayed within sixty (60) days from the date of issuance of such order.
- Failure by SWPC to pay any dues within sixty (60) days from the due date.

The agreement is subject to the laws and regulations in force in England and Wales. If any dispute arises between the parties and cannot be resolved through discussions, the dispute shall be referred to an independent expert. If the dispute cannot be resolved through them within sixty (60) days, SCCA and its related rules shall have competent jurisdiction.

12.4.2 MOM Agreements

The Company and its Material Subsidiaries have concluded eight (8) MOM agreements, pursuant to which the Company and its Material Subsidiaries shall provide MOM services to their customers within the Kingdom. Below is a summary of the MOM agreements concluded by the Company:

A- General Services Agreement (for Water Utilities) with the Energy City Operations Company (ECOC)

The Company entered into a general services agreement (for water utilities) with Energy City Operations Company on 05/05/1444H (corresponding to 29/11/2022G), under which the Company is obliged to provide the works required for the O&M of facilities and equipment that include an irrigation water system, a sewage system and a potable water system, including all matters related to management, supervision and control services. The agreement aims at ensuring the satisfactory operational status of the potable water, irrigation water and sewage facilities at King Salman Energy Park (SPARK).

The term of the agreement is three (3) years, commencing on 12/11/1444H (corresponding to 01/06/2023G) and ending on 15/12/1447H (corresponding to 01/06/2026G). Such term is extendable by Energy City Operations Company by virtue of a notice submitted to the Company for a period of five (5) Gregorian years.

The annual consideration of the agreement is estimated at twenty-five million, one hundred and one thousand, six hundred and eighty-two Saudi Riyals (SAR 25,101,682), over a period of five (5) years, paid by Energy City Operations Company to the Company, and is subject to any annual consideration adjustments related to corrective maintenance costs, new connections, additional work costs, trucking services and early termination.

After the end of each contractual year, the Company shall deliver to Energy City Operations Company an annual adjustment statement, specifying the amount of the annual adjustment as determined in accordance with the form set forth in the agreement.

In the event that the annual adjustment amount is positive, Energy City Operations Company shall pay the Company an amount equal to the annual adjustment amount.

In the event that the annual adjustment amount is negative, Energy City Operations Company shall be entitled to deduct the amount from any amounts it may be required to pay to the Company under the agreement, provided that where the deducted amount exceeds any amounts to be provided by Energy City Operations Company to the Company, any deducted amount due to the Company that is not paid by Energy City Operations Company shall be a debt due and payable by the Company to Energy City Operations Company.

The Company shall apply the latest cybersecurity standards when dealing with Energy City Operations Company's information online and is committed to complying with the applicable law in the Kingdom in this regard. The Company is also responsible for any leakage of Energy City Operations Company information caused by it.

The parties shall have the right to terminate the agreement in the following cases:

- In the event that one of the Parties commits a fundamental violation.
- Upon the occurrence of a force majeure event.

The agreement includes provisions relating to its confidentiality, and the Company has obtained Energy City Operations Company's approval for its publication.

The agreement shall be governed by the applicable laws and regulations in the Kingdom, and any dispute arising therefrom shall be subject to the SCCA and its applicable rules, provided that the seat of arbitration shall be in Dhahran, Kingdom of Saudi Arabia.

B- O&M Service Provision Agreement with Thabat Construction Company for Manfouha Phase 4 STP

JECO entered into an agreement with Thabat Construction Company to provide management and operation services for the Manfouha Phase 4 STP (hereinafter referred to as the "**Plant**") dated 05/11/1442H (corresponding to 15/06/2021G), pursuant to which JECO provides Thabat Construction Company with O&M services for the wastewater treatment plant that is under construction by Thabat Construction Company, including all routine operation work, chemical dosing, laboratory analysis, routine and corrective maintenance and emergency response related to the Plant. JECO shall be the operator of Manfouha STP while Thabat Construction Company shall remain the owner thereof.

JECO shall undertake the following responsibilities prior to the operating date:

- Recruiting, hiring, empowering and training Plant staff.
- Developing the operational plan, administrative procedures and safety procedures.
- Purchasing equipment, tools and special equipment necessary for the operating period.
- Establishing information system infrastructure and office equipment.

- Assisting in the operation and monitoring of Plant performance, including the transfer of Xylem technology (a water technology provider) and recognition of test results and acceptance stage.

JECO shall undertake the following responsibilities after the operating date:

- Water flow management.
- Carrying out treatment operations.
- Determining chemical dosage criteria, including necessary laboratory tests.
- Carrying out maintenance planning (including scheduling power cuts and spare parts) for the Plant.
- Carrying out scheduled and unscheduled maintenance when necessary.

JECO shall develop detailed O&M systems, including, but not limited to:

- An operational plan, taking into account the critical operational parameters to be monitored, the sludge age, the recycling rate and development thereof, etc.
- A laboratory plan, including relevant parameters, frequency of analysis, sample points, laboratory quality controls, etc.
- A maintenance plan, including all strategic activities related to ensuring equipment availability, based on planned small activities such as equipment repair, calibration, cleaning procedures, etc.
- A quality, safety and environmental plan in accordance with international standards and local regulations.

The term of the agreement shall commence on 08/02/1443H (corresponding to 15/09/2021G) (hereinafter referred to as the "**Operation Date**") and shall expire thirty-six (36) months after the Operation Date, less the period between the date of handover of the Plant by NWC on 05/08/1442H (corresponding to 18/03/2021G) to Thabat Construction Company. The operation date, during which JECO shall provide the services set out in the agreement, is 09/12/1445H (corresponding to 15/06/2024G).

The total value of the agreement is twenty-five million, nine hundred and ninety thousand and twenty-two Saudi Riyals (SAR 25,990,022), paid by Thabat Construction Company, excluding any additional payments for additional activities, services or variables. As consideration for the services it provides, JECO shall also be entitled to two lump sum payments to cover its obligations prior to the commencement date of the agreement term, amounting to:

- Three hundred and thirty thousand Saudi Riyals (SAR 330,000) payable on 23/12/1442H (corresponding to 02/08/2021G) against a bank guarantee.
- Four hundred and forty-nine thousand, seven hundred Saudi Riyals (SAR 449,700) payable from 08/02/1443H (corresponding to 15/09/2021G) against a bank guarantee.

These two payments equal seven hundred and seventy-nine thousand, seven hundred Saudi Riyals (SAR 779,700), representing 3% of the agreement value.

JECO shall also be entitled to a fixed monthly lump sum equal to seven hundred thousand, two hundred and eighty-six Saudi Riyals and seventy-two halalas (SAR 700,286.72) to cover the Company's liabilities during the period of O&M of the Plant. In the event that any additional costs are incurred by JECO, the Parties shall discuss any potential adjustments to the agreement value in good faith.

Thabat Construction Company shall have the right to terminate the agreement by virtue of a ninety (90) day written notice to JECO in the following cases:

- A breach by JECO depriving Thabat Construction Company of significant benefit from the agreement, which has not been remedied by JECO within fifteen (15) days of being notified by Thabat Construction Company.
- Rescindment of the agreement by NWC (the obligee company in the agreement).
- A force majeure event after the effective date of the agreement, whereby such event prevents Thabat Construction Company from fulfilling its obligations.

JECO shall also have the right to terminate the agreement by virtue of (30) day written notice to Thabat Construction Company, in accordance with the following cases:

- A material violation by Thabat Construction Company of its obligations under the agreement, and its failure to remedy the same within fifteen (15) days of being so notified.
- A force majeure event after the effective date of the agreement, whereby such event prevents Thabat Construction Company from fulfilling its obligations.

JECO shall remain solely responsible for the non-compliance of any of its subcontractors with the provisions of the agreement.

The parties shall have the right to terminate the agreement in the event that the bankruptcy or insolvency of the other party is confirmed.

The agreement includes provisions relating to its confidentiality, and the Company has obtained the approval of Thabat Construction Company for its publication.

The agreement shall be subject to the applicable laws and regulations in the Kingdom, and the exclusive jurisdiction of the SCCA and its relevant rules shall apply to any disputes arising therefrom.

C- O&M Agreement with Marafiq for the Water and Sewage System in Jazan

The Company entered into a maintenance and operation agreement for the water and sewage system in Jazan with Marafiq, dated 09/09/1442H (corresponding to 21/04/2021G), pursuant to which the Company shall provide services related to Jazan City for Primary and Downstream Industries, an industrial city in Jazan region, managed and operated by the Royal Commission for Jubail and Yanbu as a national economic initiative in the Kingdom. The Company shall be obliged to provide the following services:

- O&M of industrial and wastewater collection systems.
- O&M of wastewater plants and all waste collection activities.
- Operation of laboratories to examine and evaluate the quality of potable and treated water.
- O&M of all process control equipment associated with digital and analog control systems and maintenance of unified control systems.
- General maintenance of all buildings, fences, gates, structures and dedicated equipment, including HVAC systems.
- Provision of logistics services associated with the sewage facilities related to Marafiq.
- Minor construction works, including design and engineering.
- Engineering services and design and planning review necessary for existing and future wastewater treatment facilities.
- O&M of irrigation systems.

The agreement shall be valid for a period of thirty (3) years, commencing on 22/04/1443H (corresponding to 28/11/2021G) and ending on 19/06/1448H (corresponding to 30/11/2026G). The agreement is subject to extension as required by Marafiq.

Marafiq shall make payment to the Company within sixty (60) days after receipt of an invoice at the variable hourly rates specified in the agreement for the personnel provided by the Company. Variable hourly rates are calculated according to the nationality and profession of each employee.

Marafiq shall also have the right to issue one or several variation orders, which shall either increase the agreement price by 10% of the total base price or decrease it by no more than 20%. Moreover, the value of the additional works shall not exceed the funds allocated to the project.

If the Company fails to provide the required personnel and equipment, delays in satisfactorily completing the work or fails to comply with any of the requirements under the agreement, and fails to remedy the same within seven (7) days of receipt of a formal notice of non-compliance, the Company shall pay a penalty of 2% per week of the total value of the Agreement, provided that the total of the penalties shall not exceed 10% of the total value of the Agreement. With respect to deductions, in case of non-performance on the part of the Company, they shall not be limited to 10% and shall be in addition to the penalties mentioned above.

The Agreement grants Marafiq the right to terminate the agreement in the event of a breach by the Company, which includes, among other things, the following:

- The Company's abandonment of any or all of its works under the agreement.
- The Company's assignment of the agreement or subcontracting of any part of the same in violation of its provisions.
- The Company becomes insolvent, fails to pay salaries or meet other outstanding obligations, is adjudicated bankrupt or files an involuntary petition for bankruptcy.
- The Company assigns, for the benefit of its creditors, or makes a petition for an arrangement or settlement with its creditors under applicable laws.
- If Marafiq believes that the Company is unable to adhere to the schedule of the agreement.
- The Company's violation of any of the terms and conditions of the agreement.
- In the event that Marafiq believes that the Company has failed or refuses to properly fulfill any part of its obligations, whether in bad faith or otherwise.
- Failure of the Company to remedy any fault it causes, its inability to provide satisfactory evidence of correcting the violation or its failure to investigate the same within fifteen (15) days of its receipt of written notice of default from Marafiq.

Marafiq shall also have the right to terminate the agreement without prior notice.

The Company may not assign the agreement or any part thereof or engage a subcontractor without the prior written approval of Marafiq, provided that the Company shall be jointly responsible with the assignee or subcontractor for the proper and full execution of the agreement.

The agreement includes provisions relating to its confidentiality, and the Company has obtained the approval of Marafiq for its publication.

The agreement shall be subject to the applicable laws and regulations in the Kingdom. The Company shall submit any claims, allegations or complaints in writing to Marafiq for consideration. If the Company is not satisfied with the decision of Marafiq, it shall have the right to object thereto before the competent courts in the Kingdom.

D- Agreement with Modon for the Operation, Maintenance and Marketing of Potable Water Services in Dammam 3rd Industrial City and Al Ahsa Oasis

ICDOC entered into an agreement with Modon for the operation, maintenance and marketing of potable water services in Dammam 3rd Industrial City and Al Ahsa Oasis, dated 10/07/1440H (corresponding to 17/03/2019G), as amended on 16/07/1442H (corresponding to 28/02/2021G) and 08/08/1444H (corresponding to 28/02/2023G), pursuant to which ICDOC is committed to operating and maintaining a water technology plant and delivering potable water to Modon's O&M beneficiaries, in addition to marketing, billing and collection in relation to potable water services in Dammam 3rd Industrial City and Al Ahsa Oasis. ICDOC shall also carry out the following works:

- Undertaking the O&M of the water technology plant, delivering water through tanks, marketing, billing and collection in relation to potable water services in Dammam 3rd Industrial City and Al Ahsa Oasis.
- Undertaking the O&M of generators.
- Providing factories within Dammam 3rd Industrial City and Al Ahsa Oasis with potable water through water networks.
- Implementation of the necessary connections is necessary in order to connect potable water services to the beneficiaries of O&M in Dammam 3rd Industrial City and Al Ahsa Oasis.
- Providing qualified personnel to verify the integrity of operations and any maintenance operations.
- Carrying out preparatory work for the operation of potable water services.
- Providing Dammam 3rd Industrial City and Al Ahsa Oasis with potable water on a 24/7 basis.
- Operating the existing water wells and delivering raw water to the water technology plant according to the water quality and quantity specifications of the agreement.
- Concluding agreements with Modon's O&M beneficiaries for the purpose of providing them with potable water.

The agreement shall be valid for a period of two (2) years and shall commence on 24/06/1440H (corresponding to 01/03/2019G). Such period is extendable for an additional year based on the agreement of the parties. The agreement was extended for one (1) year, commencing on 08/08/1444H (corresponding to 28/02/2023G), and ending on 19/08/1445H (corresponding to 28/02/2024G), renewable by written agreement between the parties.

Modon shall pay the due amounts, under the agreement, to ICDOC on the basis of the tariff for the sale of potable water per cubic meter to the beneficiaries, according to the following values:

- Potable water from the water technology plant: Four Saudi Riyals and seventy halalas (SAR 4.70) per cubic meter.
- Delivery of water by tanker: Three Saudi Riyals and eighty halalas (SAR 3.80) per cubic meter.
- All water services provided in Dammam 3rd Industrial City and Al Ahsa Oasis: Six Saudi Riyals (SAR 6) per cubic meter.

The price of water delivery through water networks will be determined at a later stage after the completion of the water network implementation, subject to the approval of Modon. The price of supplying water from outside Dammam 3rd Industrial City and Al Ahsa Oasis is determined based on quotations submitted by ICDOC for approval by Modon. The revenues and fees resulting from the agreement are distributed as follows:

- Splitting the revenues of potable water sales into 80% for ICDOC and 20% for Modon.
- 100% of the proceeds from the delivery of desalinated water by tanker for Modon.
- 100% of the fees for desalinated water delivery by water networks for ICDOC.

Modon shall also have the right to terminate the agreement in the following cases:

- ICDOC's failure to fulfill any of its obligations under the agreement following receipt of a written notice from Modon and IDOC's failure to rectify the same within ninety (90) days.
- Issuance of a decision relating to bankruptcy, insolvency, liquidation or any similar procedure against ICDOC.

The agreement includes provisions relating to its confidentiality, and the Company has obtained the approval of Modon for its publication.

The agreement shall be subject to the applicable laws and regulations in the Kingdom, particularly the regulations issued by Modon. The Dispute Review Board (DRB) of Modon shall have jurisdiction over any disputes arising therefrom. In the event that the dispute is not resolved by the DRB, the competent courts in the Kingdom shall have exclusive jurisdiction.

E- MOM Agreement with NWC for the Northwestern Cluster Project

The Company entered into an MOM agreement with Saur Saudi Arabia Limited and Manila Water Asia Pacific Pte. Ltd. (hereinafter collectively referred to as "**Northwestern Cluster Contractors**") with NWC dated 18/04/1442H (corresponding to 03/12/2020G), pursuant to which the Northwestern Cluster Contractors shall provide MOM services to NWC to improve the performance and efficiency of the work of the National Water Group and to equip it to conclude long-term concession agreements. The parties also concluded a new novation agreement for the purpose of establishing a project company that shall replace the Northwestern Cluster Contractors dated 19/08/1442H (corresponding to 01/04/2021G) (hereinafter referred to as the "**Northwestern Cluster Project Company**"). Moreover, the Northwestern Cluster Contractors entered into a Shareholders' agreement to regulate their contractual relationship and the manner of management of the Northwestern Cluster Project Company (for more information on the details of the Shareholders' Agreement for the Northwestern Cluster Project Company, please refer to Section 12.4.4 "**Shareholders' Agreements**" of this Prospectus). The ownership structure of the Northwestern Cluster Project Company shall be as follows:

Table (12.10): Ownership Structure of the Northwestern Cluster Project Company, in accordance with the MOM agreement with Saur Saudi Arabia Limited and Manila Water Asia Pacific Pte. Ltd.

Shareholder	Shareholding (%)	No. of Shares	Total Share Value
Saur Saudi Arabia Limited	40%	200	200,000
The Company	40%	200	200,000
Manila Water Asia Pacific Pte. Ltd.	20%	100	100,000
Total	**100%**	**500**	**500,000**

Source: The Company

The obligations of the Northwestern Cluster Contractors include:

- Establishing a performance monitoring system that enables water, sewage and customer service levels to be measured in a reliable and objective manner.
- Establishing laboratory facilities with external accreditation and a water quality and sampling program to provide guaranteed reports on water and wastewater quality.
- Developing asset management plans for operational and non-operational assets that shall enable NWC to improve the O&M of assets and replace assets to reduce whole-life costs.
- Establishing a network monitoring system that enables reliable and objective measurement of water supply service levels.
- Developing and embedding optimal processes and systems that adhere to international best practices, including information, quality, health, safety, security and environmental systems.
- Improving the performance and efficiency of the Northwestern Cluster in order to enable it to achieve the objectives of the National Transformation Program and Saudi Vision 2030.
- Developing the capacity of NWC employees involved in operations, maintenance and customer service.
- Creating a customer-centric culture within the Northwestern Cluster and improving customer service.
- Establishing an excellent health and safety culture in the Northwestern Cluster and reducing time- wasting events.
- Preparing the Northwestern Cluster to enter into concession agreements.

The Northwestern Cluster Project Company shall also perform the following obligations:

- O&M of water supply and distribution networks.
- O&M of wastewater collection and treatment systems.
- Customer service.
- Support services in relation to O&M.
- Implementing small capital projects, specifically asset replacement and network improvement projects.

The term of the agreement shall be seven (7) years, commencing from 19/08/1442H (corresponding to 01/04/2021G) until 05/07/1449H (corresponding to 03/12/2027G). The agreement may also be extended for a period agreed upon by the parties in writing three (3) months before the end of the Agreement.

NWC shall pay the following fees for the services provided in accordance with the agreement:

- A total amount of one hundred and seventy million, seven hundred and seventy-one thousand Saudi Riyals (SAR 170,771,000) to the Northwestern Cluster Project Company through monthly payments over term of the agreement.
- Performance fees and deductions paid and deducted in accordance with specific KPIs set out in the agreement.
- Granting project fees from the successful completion of various enablement projects to improve the management and effectiveness of the National Water Group, amounting to twenty-eight million, one hundred and two thousand Saudi Riyals (SAR 28,102,000).

NWC shall have the right to terminate the agreement by virtue of a fourteen (14) day written notice to Northwestern Cluster Project Company in the following cases:

- The Northwestern Cluster Project Company becomes bankrupt or insolvent.
- Any material violation by the Northwestern Cluster Project Company of its obligations under the agreement.
- A change in control of Saur Saudi Arabia Limited without the written approval of NWC.
- Invalidity of the main collateral in the agreement and the failure of Northwestern Cluster Project Company to provide an equivalent collateral acceptable to NWC.
- Any fraudulent or corrupt practices by the Northwestern Cluster Project Company.
- Failure of the Northwestern Cluster Project Company to achieve the KPIs.
- Northwestern Cluster Project Company's assignment of its obligations under the agreement without obtaining the prior written approval of NWC.

The agreement also grants the Northwestern Cluster Project Company the right to terminate the agreement for its interest pursuant to a sixty (60) day notice.

The Northwestern Cluster Project Company shall provide a performance bond and collateral for its obligations and a security of payment, when due, of all amounts due from the Northwestern Cluster Contractors.

The Northwestern Cluster Contractors may not sell, assign or transfer their rights or obligations under the agreement without obtaining prior written approval of NWC.

The agreement is governed by the laws of the KSA. Any dispute arising out of or in connection with the agreement shall be amicably resolved, and if it is not resolved within ten (10) days, the dispute shall be referred to an independent auditor. If it is not resolved by an independent auditor within ten (10) days, it shall be referred to a steering committee independent expert who shall issue a binding and non-final decision under the agreement. If such dispute is not resolved by the steering committee within fifteen (15) days, it shall be referred to the competent court in the Kingdom.

F- MOM Agreement with NWC for the Eastern Cluster Project

The Company entered into an MOM Agreement with Saur Saudi Arabia Limited and Manila Water Asia Pacific Pte. Ltd. (hereinafter referred to as the "**Eastern Cluster Contractors**") with NWC dated 16/04/1443H (corresponding to 21/11/2021G), pursuant to which the Eastern Cluster Contractors are obliged to provide MOM services to NWC to improve the performance and efficiency of the work of the National Water Group and to equip it to conclude long-term concession agreements. The parties also concluded a novation agreement dated 27/07/1443H (corresponding to 28/02/2022G) for the purpose of establishing a project company that shall replace the Contractors (hereinafter referred to as the "**Eastern Cluster Project Company**"). The ownership structure of the Eastern Cluster Project Company shall be as follows:

Table (12.11): Ownership Structure of the Eastern Cluster Project Company, as per the Eastern Cluster Project MOM Agreement with NWC

Shareholder	Shareholding (%)	No. of Shares	Total Share Value
Saur Saudi Arabia Limited	35%	175	175,000
The Company	35%	175	175,000
Manila Water Asia Pacific Pte. Ltd.	30%	150	150,000
Total	**100%**	**500**	**500,000**

Source: The Company

The obligations of the Eastern Cluster Contractors include:

- Establishing a performance monitoring system that enables water, sewage and customer service levels to be measured in a reliable and objective manner.
- Establishing laboratory facilities with external accreditation and a water quality and sampling program to provide guaranteed reports on water and wastewater quality.
- Developing asset management plans for operational and non-operational assets that shall enable NWC to improve the O&M of assets and replace assets to reduce whole-life costs.
- Establishing a network monitoring system that enables reliable and objective measurement of water supply service levels.
- Developing and embedding optimal processes and systems that adhere to international best practices, including information, quality, health, safety, security and environmental systems.
- Improving the performance and efficiency of the Eastern Cluster, in order to enable it to achieve the objectives of the National Transformation Program and Vision 2030.
- Developing the capacity of NWC employees involved in operations, maintenance and customer service.
- Creating a customer-centric culture within the Eastern Cluster and improving customer service.
- Establishing an optimal health and safety culture in the Eastern Cluster and reducing time-wasting events.
- Preparing the Eastern Cluster to enter into concession agreements.

The Eastern Cluster Project Company shall also perform the following obligations:

- O&M of water supply and distribution networks.
- O&M of wastewater collection and treatment systems.
- Customer service.
- Support services in relation to O&M.
- Implementing small capital projects, specifically asset replacement and network improvement projects.

The term of the agreement shall be seven (7) years, commencing from 02/09/1443H (corresponding to 03/04/2022G), until 05/07/1449H (corresponding to 03/12/2027G). The agreement may also be extended for a period agreed upon by the parties in writing, three (3) months before the end of the agreement.

NWC shall pay the following fees for the services provided in accordance with the agreement:

- A total value of one hundred and forty million, five hundred and ninety-six Saudi Riyals (SAR 140,596,000) to the Eastern Cluster Project Company through monthly payments over the term of the agreement.
- Performance fees and deductions paid and deducted in accordance with specific KPIs set out in the agreement.
- Granting project fees from the successful completion of various enablement projects to improve the management and effectiveness of the National Water Group, amounting to twenty-eight million, seven hundred and thirty-four thousand Saudi Riyals (SAR 28,734,000).
- The bill of quantities stipulated in the agreement amounts to fifty-two million, five hundred and eighty-one thousand, one hundred and fifty-one Saudi Riyals and fifteen halalas (SAR 52,581,151.15).

NWC shall have the right to terminate the agreement pursuant to a fourteen (14) day written notice to the Eastern Cluster Project Company in the following cases:

- The Eastern Cluster Project Company is subject to bankruptcy or insolvency.
- Any material violation by the Eastern Cluster Project Company of its obligations under the agreement.
- A change in control of Saur Saudi Arabia Limited without the written approval of NWC.

- Invalidity of the main collateral in the agreement and the failure of Eastern Cluster Project Company to provide an equivalent collateral acceptable to NWC.
- Any fraudulent or corrupt practices by the Eastern Cluster Project Company.
- Failure of the Eastern Cluster Project Company to achieve the KPIs.
- Eastern Cluster Project Company's assignment of its obligations under the agreement without obtaining the prior written approval of NWC.

The agreement also grants the Eastern Cluster Project Company the right to terminate the agreement for its interest pursuant to a sixty (60) day notice.

The Eastern Cluster Contractors may not sell, assign or transfer their rights or obligations under the agreement without obtaining prior written approval of NWC.

The agreement is governed by the laws of the KSA. Any dispute arising out of or in connection with the agreement shall be amicably resolved, and if it is not resolved within ten (10) days, the dispute shall be referred to an independent auditor. If it is not resolved by an independent auditor within ten (10) days, it shall be referred to a steering committee independent expert who shall make a binding and non-final decision under the agreement, and if it is not resolved by the steering committee within fifteen (15) days, it shall be referred to the competent court in the Kingdom.

G- O&M Agreement with JECO for Wastewater Treatment Plants

Araha Environmental Services Company entered into an O&M agreement for the wastewater treatment plant with JECO, dated 21/07/1444H (corresponding to 12/02/2023G), pursuant to which JECO shall operate and maintain wastewater treatment plants in relation to the long-term O&M agreement concluded with NWC (for more information on the details of the long-term O&M agreement concluded with NWC, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus).

The term of the agreement shall commence on 21/07/1444H (corresponding to 12/02/2023G) and end on the tenth anniversary as soon as all parties attest, in writing, that all the conditions precedent set out in the long-term O&M agreement concluded with NWC have been met, i.e., on 02/02/1455H (corresponding to 01/05/2033G).

Amounts paid by JECO to Araha Environmental Services Company under the agreement shall be payable by Araha Environmental Services Company submitting invoices to JECO on or before the tenth day of each month during the agreement term. Such invoices shall cover the services provided by Araha Environmental Services Company under the agreement during the preceding month. Araha Environmental Services Company shall also provide the following information on each issued invoice: the contract number, the current invoice value, the net due amount, the total amounts excluding VAT, VAT as a separate item, with all zero-rated goods and services clearly identified, the tax registration number of Araha Environmental Services Company, the transfer address, tax certificates and the social insurance certificate. The invoices shall be prepared in a detailed and separate manner, and the fees shall be partitioned into fixed fees and variable fees. JECO shall pay, within a maximum period of ninety (90) days after receipt of the invoice, through bank transfer to the account of Araha Environmental Services Company, an amount of two million, eight hundred and three thousand, four hundred twenty-three Saudi Riyals (SAR 2,803,423) to Araha Environmental Services Company in consideration for a fair percentage of the initial expenses with respect to the organization of the site, the purchase of assets and other preliminaries, et cetera, as Araha Environmental Services Company deems necessary, within a maximum period of ten (10) days from the effective date of the contract.

Araha Environmental Services Company shall issue detailed invoices for each wastewater treatment plant separately, in consideration of the service charge, based on the settlement data for the billing period. These invoices shall be gross and divided into amounts of fixed fees, variable fees, supplementary payments, environmental deductions and additional deductions.

Araha Environmental Services Company shall have the right to terminate the agreement upon prior notice to JECO in the following cases:

- The non-compliance of JECO with any of its duties under the agreement.
- The actual total capacity of the wastewater treatment plant, on a continuous and approved basis, in respect of the plant, falls below 85% of the total actual contracted capacity of the wastewater treatment plant for a period of twelve (12) consecutive months.
- The failure of JECO to deliver treated wastewater as per agreed specifications, or its failure to comply with sampling requirements, in accordance with the agreement, in respect of the plant, for more than fifteen (15) consecutive or thirty (30) non-consecutive days in any twelve (12) month period.
- Assignment, substitution or transfer by JECO of the entire agreement or any part thereof, or any benefit, right, interest or obligation thereon under the agreement.
- Reaching the total liability or maximum level for deduction for the wastewater treatment plant, as per the agreement, whereby JECO does not agree to such an increase.

- JECO's breach of its anti-corruption and public property crime obligations in accordance with the agreement.
- The insolvency of JECO
- JECO's violation of any regulations or binding approvals.
- The failure of JECO to obtain or maintain any approvals required by statute or the competent authorities and failure to remedy the same on or before the date falling twenty-eight (28) days after receipt of notice sent by Araha Environmental Services Company to JECO requesting remedy.
- The failure of JECO to pay any compensation to Araha Environmental Services Company within the period specified in the agreement, or any other amount due and payable under the agreement, and its failure to remedy such breach on or before the date falling twenty-eight (28) days after receipt of notice sent by Araha Environmental Services Company to JECO requesting payment.
- The failure of JECO to maintain, extend or replace the parent company's warranty in accordance with the agreement.
- JECO's non-compliance with any of the insurance terms under the agreement.

JECO shall have the right to terminate the agreement upon prior notice to Araha Environmental Services Company in the following cases:

- The insolvency of Araha Environmental Services Company.
- The failure of Araha Environmental Services Company to pay any amount due and payable to JECO under the agreement and failure to remedy the same on or before the date falling twenty-eight (28) days after receipt of a notice from JECO claiming payment from Araha Environmental Services Company.

Araha Environmental Services shall have the right to terminate the agreement at any time, subject to prior notice to JECO.

JECO shall not, without obtaining prior written approval of Araha Environmental Services (at its absolute discretion), assign, renew or transfer the whole agreement or part thereof or any of its benefits, rights, interests or obligations under the agreement.

The agreement shall be subject to the applicable laws and regulations in the Kingdom. In the event of any dispute arising between the parties that cannot be amicably resolved within thirty (30) days, the dispute shall be referred to an independent expert. If the dispute cannot be resolved through the independent expert within forty (40) days, SCCA and its relevant rules shall have jurisdiction thereover.

H- O&M Agreement with JECO for KKIA

RWPC entered into an agreement with JECO for the O&M of KKIA, dated 20/02/1437H (corresponding to 02/12/2015G), pursuant to which JECO shall provide services related to the following: (1) provision of the necessary qualified labor to carry out the O&M work; (2) provision of the necessary equipment and machinery to carry out the O&M work; and (3) carrying out the O&M work for the wastewater plant and network at KKIA. The services shall be in accordance with the scope of work related to the Potable Water Concession Agreement for KKIA.

The term of the agreement shall commence on 20/02/1437H (corresponding to 02/12/2015G) and end on 13/02/1470H (corresponding to 01/12/2047G).

The total annual remuneration over the period of the agreement is four hundred and twenty million Saudi Riyals (SAR 420,000,000) paid by RWPC to JECO for the services provided under the agreement.

In the event that any dispute arises between the parties in connection with the agreement which cannot be amicably resolved within thirty (30) days, the competent courts in the Kingdom shall have exclusive jurisdiction thereover (for more information on the details of the Potable Water Concession Agreement concluded with Riyadh Airports Company for KKIA , please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus).

12.4.3 Subcontracting and Support Agreements

JECO has concluded three subcontracting agreements in addition to support agreements with several parties, under which third parties provide workforce and technical support services to JECO Below is a summary of the agreements concluded by JECO:

A- Technical Support Services Agreement with Hamid Al-Anazi Est.

JECO concluded a technical support services agreement with Hamid Al-Anazi Est. on 22/10/1444H (corresponding to 12/05/2023G), under which Hamid Al-Anazi Est. shall provide workforce and technical support services to JECO for the O&M of Hada and Arana plants under the Hada and Arana Agreement.

The agreement term shall be two (2) years from the date of its execution, and it shall end on 13/11/1446H (corresponding to 11/05/2025G). The parties may renew the agreement pursuant to a written notice two (2) months prior to its expiration.

Below are the amounts owed by JECO to Hamid Al-Anazi, which are invoiced monthly in accordance with the hourly rate as follows:

Table (12.12): Applicable Rates as per the Workforce Agreement with Hamid Al-Anazi Est.

#	Job Category	Price (SAR)	Hours
1.	Electricians	3,800	12 hours
2.	Technicians	3,800	12 hours
3.	Operators	3,600	12 hours
4.	Truck drivers	3,600	12 hours
5.	Crane and bus drivers	3,600	12 hours
6.	Welders	3,200	12 hours
7.	General laborers	3,200	12 hours

Source: The Company

The parties shall have the right to terminate the agreement at any time, provided that the other party is given a two-month written notice.

The agreement shall be governed by the applicable laws and regulations in the Kingdom, and any dispute arising therefrom that cannot be amicably resolved shall be referred to the competent court in the Kingdom.

B- Workforce Agreement with Reem Al Sunni Contracting Company

JECO concluded a workforce agreement with Reem Al Sunni Contracting Company, dated 22/10/1444H (corresponding to 12/05/2023G), under which Reem Al Sunni Contracting Company provides workforce and technical support services to JECO for the O&M of Hada and Arana plants under the Hada and Arana Agreement.

The agreement term shall be two (2) years from the date of its execution, and it shall end on 13/11/1446H (corresponding to 11/05/2025G). The parties may renew the agreement with a two (2) months' written notice prior to its expiration.

Below are the amounts owed by JECO to Hamid Al-Anazi, which are invoiced monthly in accordance with the hourly rate as follows:

Table (12.13): Applicable Rates as per the Workforce Agreement with Reem Al Sunni Contracting Company

#	Job category	Price (SAR)	Hours
1.	General laborers	3,700	12 hours
2.	General laborers	3,500	10 hours

Source: The Company

The parties shall have the right to terminate the agreement at any time, provided that the other party is given a two (2) month written notice.

The agreement shall be governed by the applicable laws and regulations in the Kingdom, and any dispute arising therefrom that cannot be amicably resolved shall be referred to the competent court in the Kingdom.

12.4.4 Shareholders' Agreements

The Company has concluded a single shareholder agreement that governs the alliances entered into by the Company to implement projects related to the Group's activities within the Kingdom. Below is a summary of this Agreement.

A- Shareholders' Agreement for the Northwestern Cluster Project Company

The Company concluded a shareholders' agreement with Saur SAS and Manila Water Company on 27/08/1443H (corresponding to 30/11/2022G), where the parties previously concluded an MOM agreement for the Northwestern Cluster Project with NWC and incorporated the Northwestern Cluster Project Company. Accordingly, the Northwestern Cluster Contractors entered into the Shareholders' Agreement to document their agreement regarding the incorporation of the Northwestern Cluster Project Company, the provisions of their relationship as shareholders, their obligations to each other and to the Northwestern Cluster Project Company, as well as the organization and management of its affairs (for more information on the details of the MOM Agreement with NWC for the Northwestern Cluster Project, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus).

This agreement shall be valid for a period of ten (10) years commencing 27/08/1443H (corresponding to 30/11/2022G), until the occurrence of any of the following termination events:

- Any of the Northwestern Cluster Contractors ceases to hold shares in the Northwestern Cluster Project Company, provided that such party ceases to have any other rights or obligations under the Shareholders' Agreement upon ceasing to hold any shares, except in respect of such provisions stated in the Shareholders' Agreement.
- Written approval from the Northwestern Cluster Contractors to terminate the Shareholders' Agreement.
- The sale, permitted by Northwestern Cluster Contractors, of all assets of Northwestern Cluster Company and receipt of all proceeds resulting therefrom.
- Issuance of a resolution or judgment to liquidate the Northwestern Cluster Company.
- Merger of the Northwestern Cluster Company with another entity.
- In the event that any of the Northwestern Cluster Contractors is in competition with the Northwestern Cluster Company as set out in the Shareholders' Agreement.
- Termination of the Shareholders' Agreement.
- In the event that any of the Northwestern Cluster Contractors breaches any provision of the Shareholders' Agreement relating to compliance, anti-corruption, anti-bribery or anti-money laundering, or violates any anti-corruption legislation, or is charged in any corruption lawsuit in any jurisdiction, then the non-breaching party shall give notice to the breaching party of immediate termination, and the breaching party shall not be entitled to any compensation.

The agreement shall be subject to the applicable laws and regulations in the Kingdom, and any dispute arising therefrom shall be amicably resolved. If the dispute is not resolved within fourteen (14) days, it shall be referred to the chief officers or senior executives of the Northwestern Cluster Contractors. If the dispute is not resolved within fourteen (14) days, it shall be referred to an independent expert, and if it is not resolved within sixty (60) days, it shall be referred to arbitration in accordance with the provisions and rules of the International Chamber of Commerce.

12.4.5 Financing Agreements

The Company and its Material Subsidiaries have concluded eight (8) financing agreements with a number of financiers and commercial banks. Four hundred and forty-eight million, four hundred and sixty-seven thousand, seven hundred and twenty-five Saudi Riyals (SAR 448,467,725) of the financing agreements were used as loans and advances as of 30 September 2023G, in addition to eighty-four million, three hundred and sixty-five thousand Saudi Riyals (SAR 84,365,000) as performance bonds and bid bonds as of 30 September 2023G. Below is a summary of the financing agreements concluded by the Company and its Material Subsidiaries:

A- Master Facility Agreement with Banque Saudi Fransi

Table (12.14): Master Facility Agreement with Banque Saudi Fransi

Parties	The Company and Banque Saudi Fransi
Date	24/02/1444H (corresponding to 20/09/2022G)
Type of Financing	• Multipurpose facilities with a total limit of twenty-four million Saudi Riyals (SAR 24,000,000). • Multipurpose facilities with a total limit of one million Saudi Riyals (SAR 1,000,000).
Term	Until 11/11/1444H (corresponding to 31/05/2023G). Under correspondence dated 06/05/1445H (corresponding to 20/11/2023G) between the Company and Banque Saudi Fransi, Banque Saudi Fransi confirmed that the facilities are still available.
Purpose	• Issuance of documentary letters of credit. • Post commencement finance and/or finance by purchase and sale of goods. • Letters of credit and/or bills of collection. • Issuance of bids, advance payment, performance bonds and retention bonds. • Discrepancy of foreign currency and/or currency option and/or interest rate swap facilities.
Amount Used as of 30 September 2023G	Twenty-four million, three hundred and seventy-five thousand Saudi Riyals (SAR 24,375,000).
Collateral	These facilities are secured as follows: • A financial bond amounting to twenty-five million Saudi Riyals (SAR 25,000,000), to be paid immediately upon obtaining the facilities, which covers the total facilities.

Termination and Events of Default	The following events shall be deemed to be defaults under the Agreement: • The Company's failure to pay any amount payable under the Agreement. • Any representation made by the Company that is or proves to be untrue or misleading in any material respect. • The Company's failure to fulfill any of its obligations under the Agreement. • Failure to pay any of the Company's indebtedness when due. • The Company's failure to pay any outstanding debts or make a general assignment for the benefit of its creditors. • The Company taking any steps to liquidate, dissolve or reorganize itself, or appoint a receiver, trustee or similar officer for any or all of its revenues and assets. • Sale, lease, transfer or otherwise disposal by the Company of all its revenues and assets, or part thereof. • The Company ceasing or threatening to cease conduct of its business. Upon the occurrence of any default, Banque Saudi Fransi shall be entitled to: • Terminate the Company's obligations under the Agreement whereby the facilities shall be cancelled. • Declare that all costs and the margin are immediately payable by the Company to Banque Saudi Fransi.
Material Restrictions	If there is a change in control of more than half of the voting rights or issued share capital of the Company, Banque Saudi Fransi may: • Withdraw or cancel any or all facilities, or reduce the permissible limit of any facilities. • Change the applicable commission rates. • Increase the non-commission margin required with respect to any facilities. • Request payment of all due fees related thereto pursuant to a fifteen (15) day written notice. All accounts and assets under the sponsorship and control of Banque Saudi Fransi shall be deemed collateral for existing facilities and liabilities. Accordingly, Banque Saudi Fransi has the right to set off against accounts and assets that are within the custody and control of Banque Saudi Fransi. Accordingly, Banque Saudi Fransi may, at any time and from time to time, without prior notice to the Company, merge and consolidate all or any accounts or assets held for the benefit of the Company, regardless of the currency in which such accounts or assets are denominated, and debit any such accounts, and/or sell any such assets, use the proceeds to settle any and all amounts owed by the Company to Banque Saudi Fransi. Even after Banque Saudi Fransi exercises its right of set-off, the Company will remain liable for any outstanding amounts. The Company undertakes the following: • The controlling majority of ownership and management of the Company shall be held by Vision Invest. • 70% of business revenues shall be directed through the Company's account with Banque Saudi Fransi. • To allow the issuance of letters of credit or guarantee for any subsidiaries or special purpose vehicles created to be reserved under the Company's account with Banque Saudi Fransi, provided that a letter of awareness or compensation is submitted.
Jurisdiction	This Agreement shall be governed and construed in accordance with the laws and regulations of the Kingdom. Any dispute arising between the two parties that cannot be resolved amicably shall be referred to the Committee for the Settlement of Banking Disputes (CSBD) in the Kingdom.

Source: The Company

B- Islamic Credit Facility Agreement with Arab National Bank

Table (12.15): Islamic Credit Facility Agreement with Arab National Bank

Parties	The Company and Arab National Bank
Date	24/04/1445H (corresponding to 08/11/2023G)
Type of Financing	• Revolving Islamic letters of guarantee (unfunded facilities) with a total limit of sixty million Saudi Riyals (SAR 60,000,000) for the issuance of letters of guarantee (including Murabaha letters of credit) to beneficiaries accepted by Arab National Bank in the government and private sectors within the Kingdom and abroad. • On-demand Tawarruq facilities with a total limit of four hundred million Saudi Riyals (SAR 400,000,000), for the purpose of financing future water and wastewater treatment and transfer projects for the Company and its Subsidiaries, the value of which exceeds two hundred million Saudi Riyals (SAR 200,000,000) and consists of the following key financing documents: - Fixed-term Tawarruq facilities. - Fixed-term Tawarruq facilities (equity bridge loan). - Fixed-term Tawarruq facilities (for construction). - Islamic letters of guarantee (development guarantee and advance payment). - Short-term Tawarruq facilities. - Documentary Murabaha letters of credit or Tawarruq facilities. - Credit facilities. - Profit margin facilities.
Term	Until 27/03/1446H (corresponding to 30/09/2024G).
Purpose	Financing future projects of the Company and its Subsidiaries for water and wastewater treatment and transfer and for the issuance of letters of guarantee.
Amount Used as of 30 September 2023G	No amounts were used as of 30 September 2023G.
Collateral	These facilities are secured as follows: • A promissory note for a total amount of four hundred and sixty million Saudi Riyals (SAR 460,000,000), signed by the Company. • Irrevocable assignment to Arab National Bank of all revenues from contracts with a value exceeding fifty million (SAR 50,000,000) in respect of advance payment guarantees or performance bonds, except where the contract is related to a concession agreement. • Any other collateral as required by the Arab National Bank.
Termination and Events of Default	The following events (defaults), among others, entitle the Arab National Bank to terminate the Agreement: • If the Company fails to fulfill any or all dues or fails to comply with any of the terms of the Agreement. • Any change to the ownership structure of the Company. • The Company ceases to carry on a substantial part of its business, materially changes the scope and nature of its business, transfers a substantial part of its business and assets or proposes any of the aforementioned. • In the event that any indebtedness owed by the Company or any guarantor becomes payable, or is deemed to become payable before the specified due date, or if such indebtedness is not paid when due, or if any confiscation is imposed on the Company's business, assets or part thereof, or if the Company is subject to liquidation, bankruptcy or any similar action. • In the event of the issuance of a law, a judgment or an amendment that exempts the Company or any guarantor from the fulfillment of its obligations. Upon the occurrence of any of the above, Arab National Bank shall be entitled to take any of the following actions: • Claim any unpaid amounts that are immediately due and payable. • Offset and use any credit balance in the Company's account with the Bank to pay the due amounts. • Execute on any mortgage and use all proceeds or commission resulting from the sale or any part thereof to cover the due amounts.

Material Restrictions	• Any change in the Company's ownership structure shall give Arab National Bank the right to: - Claim any unpaid amounts that are immediately due and payable. - Offset and use any credit balance in the Company's account with the Bank to pay the due amounts. - Execute on any mortgage and use all proceeds or commission resulting from the sale or any part thereof to cover the due amounts. • The Company undertakes not to pay or declare any dividends or distributions to the Shareholders or to repay any of the Shareholders' loans in the event of any of the breaches mentioned in the Agreement. • The Arab National Bank shall have the right to set off any amounts owed by the Company to the Arab National Investment Company or any other subject entity engaged in financial activity, in accordance with the rules issued by the competent authority. • Arab National Bank shall have the right, from time to time, upon request of the Company, to transfer between the facility limits and increase the amount of the facilities allocated to the Company for a specified period by such additional steps as the Bank deems fit. The Company shall repay such facilities together with the resulting commissions and expenses.
Jurisdiction	This Agreement shall be governed and construed in accordance with the laws and regulations of the Kingdom. Any dispute arising between the two parties that cannot be amicably resolved shall be referred to the Committee for the Settlement of Banking Disputes (CSBD) in the Kingdom.

Source: The Company

C- (First) Facility Agreement with Riyad Bank

Table (12.16): (First) Facility Agreement with Riyad Bank

Parties	The Company and Riyad Bank
Date	03/12/1443H (corresponding to 03/07/2022G)
Type of Financing	Letters of guarantee with a total value of sixty million Saudi Riyals (SAR 60,000,000).
Term	Until 07/01/1447H (corresponding to 03/07/2025G).
Purpose	Financing the Company's projects through the issuance of letters of guarantee.
Amount Used as of 30 September 2023G	Fifty-nine million, nine hundred and ninety thousand Saudi Riyals (SAR 59,990,000).
Collateral	• A promissory note for a total amount of sixty million Saudi Riyals (SAR 60,000.000), signed by the Company. • Any other collateral required by Riyad Bank.

Termination and Events of Default	The following events are considered breaches under the Riyad Bank Facility Agreement: • In the event of a lawsuit or legal action, or if a court ruling, court order or decision is issued to dissolve the Company, its guarantors, sister companies or subsidiaries (except for changes in legal form or mergers previously approved by Riyad Bank in writing). • If the Company ceases to pay any of its other liabilities, submits a written notice to Riyad Bank stating that it intends to stop its activity or a substantial part thereof, fails to pay its liabilities or enters into a protective settlement with its creditor. • If the Company fails to pay any amount payable to it on the due dates, including amounts under its guarantee, or if it becomes obliged to pay any liabilities despite receiving a notice from Riyad Bank, or if its financial conditions deteriorate to the extent that it fails to pay the remaining installments, all debt installments shall be immediately due and payable, unless the Company provides a guarantor or other collateral acceptable to Riyad Bank to fulfill the obligation. • Breach of the Riyad Bank Facility Agreement or the guarantees, including: - The Company's failure to fulfill any of its contractual obligations, including, but not limited to, its failure to meet its representations, guarantees and declarations made by the Company or its guarantors. - The Company's failure to fulfill any of its obligations under any guarantees provided by the Company in relation to its financial obligations to Riyad Bank. - The Company's failure to adhere to the validity or accuracy of any representations, guarantees and declarations made by the Company under the Riyad Bank Facility Agreement and its Annexes, or the validity or accuracy of any representations, warranties and declarations made by the guarantors under the guarantee documents, whether explicit or implicit. - Failure of any of the guarantors to fulfill their joint obligations under the guarantee documents provided by the guarantors in favor of Riyad Bank as a guarantee of the Company's obligations under the Riyad Bank Facility Agreement or any other agreements. • The issuance of any judgment against any Subsidiary or sister companies of the Company/guarantor/pledgor or any other company in which the Company/guarantor/pledgor is a partner, which, in the opinion of Riyad Bank, may have a clear adverse impact on the ability of the Company, any of its Subsidiaries, sister companies, any company in which it is engaged, or any guarantor to fulfill its obligations under the registration documents. The Riyad Bank Facility Agreement also includes a mutual breach provision, where the following are considered defaults: • If the Company, its Subsidiaries or sister companies fail to fulfill their obligations, representations and guarantees under any financial agreements, contracts or arrangements with Riyad Bank or any other creditor. • If the Company or its Subsidiaries or sister companies fail to fulfill their obligations under any agreement, or if any guarantees provided by them or by others are affected by financial obligations with Riyad Bank or any other creditor. • Any changes in the legal form, ownership or management of the Company, its guarantors, Subsidiaries or sister companies or any decisions that would affect their obligations towards Riyad Bank or in respect of the guarantees without the prior written approval of Riyad Bank.

Material Restrictions	• Issuance of any letters of guarantee shall be subject to: - The Company's ownership of 30% or more of joint venture companies. - Assignment of monetary returns in projects for which guarantees and advance payments have been provided. - Issuance of letters of guarantee or advance payments for project bids shall not be considered an obligation on Riyad Bank to finance such project in the event of winning the project tender. • Riyad Bank shall have the right to set off and use any credit balance in the Company's account with the Bank to pay the due amounts without reference to the Company. • The Company shall undertake not to modify or alter any leased assets (which are assets subject to purchase orders issued for the purpose of issuing letters of guarantee in relation to the Facility Agreement concluded with Riyad Bank) or change the purpose thereof for any reason whatsoever, and they may not be assigned, transferred to a third party or used in a manner other than as set out in the lease agreements concluded between the Company and Riyad Bank for the purpose of issuing purchase orders without the prior written approval of Riyad Bank. • The Company undertakes to inform Riyad Bank in writing of any allocations, mortgages or existing or future assets, and to not mortgage or sell any of its property until all Riyad Bank dues have been paid and after obtaining its written approval. • The Company undertakes that any change in its legal form, Shareholders, their shareholding percentages, limits of liability and obligations or their representatives, the activities of the Company or any other change, shall not affect the Facility Agreement concluded with Riyad Bank, and the Bank shall be given immediate notice of any change. • The Company undertakes that no change in its legal form or ownership structure shall take place without obtaining the prior written approval of Riyad Bank.
Jurisdiction	This Agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom, and any dispute arising out of the Agreement shall be referred to the competent judicial authority.

Source: The Company

D- Common Terms Agreement with Saudi Awwal Bank, Saudi National Bank and HSBC Saudi Arabia

Table (12.17): Common Terms Agreement with Saudi Awwal Bank, Saudi National Bank and HSBC Saudi Arabia

Parties	RWPC, Saudi Awwal Bank, Saudi National Bank and HSBC Saudi Arabia
Date	20/02/1437H (corresponding to 02/12/2015G)
Type of Financing	• Primary and reserve facilities with a total limit of two hundred and forty-three million, seven hundred and eighty-six thousand Saudi Riyals (SAR 243,786,000). • Renewal of Murabaha financing facilities with a total limit of five million, nine hundred and fifty thousand Saudi Riyals (SAR 5,950,000).
Term	Until 05/11/1460H (corresponding to 02/12/2038G).
Purpose	Financing of the potable water system project at KKIA under the KKIA Concession Agreement (for more information on the details of the KKIA Concession Agreement, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus).
Amount Used as of 30 September 2023G	Two hundred and sixteen million, six hundred and seventy-six thousand, nine hundred and ninety-six Saudi Riyals (SAR 216,676,996).
Collateral	• Promissory notes for a total amount of two hundred and thirty-three million, four hundred and sixty-four thousand, one hundred and thirty-three Saudi Riyals (SAR 233,464,133). • Guarantee documents, which include the RWPC Common Terms Agreement and the finance documents entered into by the Parties in accordance with the Common Terms Agreement. • Credit granted in favor of any person in the ordinary course of the business of RWPC, in a total amount of, from time to time, no more than two million Saudi Riyals (SAR 2,000,000). • Deferred payment terms of no more than sixty (60) days, resulting from invoices issued to Riyadh Airports under the KKIA Concession Agreement. • Making any non-recourse investment or deposit financed from the outstanding balance to the distribution account balance. • Guarantees, letters of credit and compensation granted for the purpose of challenging, in good faith, taxes and zakat in respect of RWPC in a total amount, from time to time, not exceeding two million Saudi Riyals (SAR 2,000,000). • Investments authorized pursuant to this Agreement or other transaction documents.

Termination and Events of Default	The following events shall be considered defaults under the Common Terms Agreement: • The failure of RWPC to fulfill any of the obligations or undertakings under the Agreement. • Any indebtedness of RWPC, the total amount of all such indebtedness being not less than a total amount of twelve million, five hundred thousand Saudi Riyals (SAR 12,500,000) (or its equivalent in other currencies), where the non-fulfillment of the obligations are reasonably likely to have or result in a material adverse impact. • Any party suspending or ceasing (or threatening to suspend or cease) the execution of all or a material part of its business and such action (or threatening of action) being reasonably likely to have or result in a material adverse impact. • Taking any corporate or legal action for the liquidation, administration or bankruptcy of the Company or, as the case may be, any other party, unless such action is frivolous, malicious, unfounded or continues without being disregarded for a period not exceeding sixty (60) days, provided that the relevant entity objects thereto in good faith and by appropriate means. • In the event of any of the following occurring at any time: - It is or becomes irregular for any party to fulfill or comply with any or all of the obligations set out to be assumed by it in any finance document, or that the relevant material obligations of the parties to such finance documents are subject to any mandatory or statutory reservations. - It is or becomes irregular for any party to fulfill or comply with any or all of the material obligations set out to be assumed by it in any project document, or the relevant material obligations are subject to any mandatory or statutory reservations, if such event is reasonably likely to have or result in a material adverse impact. • Any approval (including any approvals required under any environmental regulations) that is suspended, revoked, forfeited, delivered, terminated, determined to be invalid, not renewed (whether wholly or partially), altered or modified and the same is reasonably likely to have or result in a material adverse impact. • In the event that RWPC abandons the construction and O&M of the Plant. • The occurrence of any event or circumstance that is reasonably likely to have or result in a material adverse impact.
Material Restrictions	• RWPC undertakes to make any mandatory advance payments under the Agreement by payment of early advance rental after the handover date, and HSBC Saudi Arabia (in its capacity as Intercreditor Agent) directs itself (in its capacity as Facility Agent) to give a purchase exercise notice under the purchase undertaking in respect of any advance payment to be made. • RWPC undertakes to abide by the confidentiality provisions in accordance with the Agreement, in relation to the Agreement itself or the project or finance documents.
Jurisdiction	This Agreement and any non-contractual obligations arising out thereof shall be governed by and construed in accordance with English law, and any dispute arising out thereof shall be referred to the Committee for the Settlement of Banking Disputes (CSBD) and courts that have jurisdiction. Any dispute may also be referred to arbitration and resolved under the rules of the United Nations Commission on International Trade Law (UNCITRAL) applicable during the arbitration proceedings.

Source: The Company

E- (Second) Facility Agreement with Riyad Bank

Table (12.18): (Second) Facility Agreement with Riyad Bank

Parties	Araha Environmental Services Company and Riyad Bank
Date	23/07/1444H (corresponding to 14/02/2023G)
Type of Financing	The provision of facilities amounting to seventy million, nine hundred and twenty-six thousand, two hundred and seven Saudi Riyals (SAR 70,926,207.04). Such facilities consist of the following sub-facilities: • Term facility with a total limit of SAR 65,113,880; • Reserve facility with a total limit of SAR 663,763.84; • Working capital Murabaha facility with a total limit of SAR 952,427.85; and • VAT facilities with a total limit of SAR 4,196,134.86.
Term	Riyad Bank shall provide facilities until: • Term Facility and Reserve Facility: Riyad Bank shall provide facilities until: (a) The date on which the facility amount is fully used or cancelled; (b) The date falling ninety (90) days after the date on which Riyad Bank gives notice to the Company that certain criteria have been met or waived; (c) The date falling one hundred and eighty (180) days after the scheduled completion date (being thirty-six (36) months after all conditions precedent under the agreement have been met); and (d) The date falling six (6) months after the date of completion of the initial scheduled rehabilitation package (being thirty-six (36) months after the closure date). • Working Capital Murabaha Facility: Riyad Bank shall provide the facilities during the period starting from the date of fulfillment of all conditions precedent and ending thirty (30) days before the date falling ten (10) years after the date of fulfillment of all conditions precedent (extendable) under the Working Capital Agreement in relation to the Agreement. • VAT Facility: Riyad Bank shall provide the facilities during the period starting from the date of fulfillment of all conditions precedent and ending on the date falling three (3) months before the end of the date falling six (6) months after the end of the rehabilitation works package, as per the long-term O&M Agreement with NWC (for more information, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus). • Equity Bridge Loan Facility: Riyad Bank shall provide the facilities until the earlier of: (a) the date on which all facilities have been depleted, and (b) the date falling four (4) days after Riyad Bank has given notice to Araha of its receipt of all documents and other evidence that are deemed to be conditions for first use
Purpose	To finance the Company's project in Hada and Arana as per the Hada and Arana Agreement (for more information on the details of the KKIA Concession Agreement, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus).
Amount Used as of 30 September 2023G	No amounts were used as of 30 September 2023G. However, an advance fee of SAR 1,139,644 was paid for the term facility, with a total limit of SAR sixty-five million, one hundred and thirteen thousand, eight hundred and eighty Saudi Riyals (SAR 65,113,880).
Collateral	• Promissory note for a total amount of sixty-eight million, five hundred and fifty-two thousand, six hundred and forty-four Saudi Riyals (SAR 68,552,644), signed by Araha Environmental Services Company. • One or more promissory notes, in a total amount equal to the maximum commission amount, reasonably estimated by Riyad Bank as likely to accrue within twelve (12) months after the availability date. • A support guarantee agreement concluded by the Company, Thabat Construction Company, Abdulkadir Al Muhaidib & Sons Co. and Riyad Bank on 23/7/1444H (corresponding to 14/02/2023G). • Guarantee documents, which include any direct agreement, all internal share pledge agreements, internal contract assignment agreements, internal account pledge agreements and internal assignment of proceeds of insurance policies agreements.

Termination and Events of Default	Upon the occurrence and continuation of any default, Riyad Bank shall have the right, upon giving written notice to Araha Environmental Services Company, to: • Cancel the term and reserve facilities. • Notify that all or part of the receivables, in addition to the commissions due or those due under the relevant finance documents and any other due amounts, shall become immediately due and payable. • Notify that any of the security interests constituted by the guarantee documents are enforceable, and any of Riyad Bank's rights may be exercised under the guarantee documents. Any of the following shall be deemed a default event under the Agreement: • Failure of Araha Environmental Services Company to pay any amounts due under the Agreement or any related finance documents. • Failure of Araha Environmental Services to comply with any of its obligations under the Agreement or any related finance documents. • In the event that any of the undertakings provided by Araha Environmental Services Company prove to be incorrect, where this has a material impact. • Taking any corporate or legal action for the liquidation, administration or bankruptcy of the Company or, as the case may be, any other party, unless such action is frivolous, malicious, unfounded or continues without being disregarded for a period not exceeding sixty (60) days, provided that the relevant entity objects thereto in good faith and by appropriate means. • A decision is issued for the bankruptcy, insolvency, or liquidation of Araha Environmental Services Company, or its exposure to any similar action. • In the event of non-payment of any outstanding debt exceeding twelve million Saudi Riyals (SAR 12,000,000). • If there is written evidence that Araha Environmental Services Company intends to repudiate or cancel the transaction document under the Agreement. • In the event that the debt service coverage ratio for any accounting period falls below 1.05:1. • If it becomes unlawful for the Company to continue to fulfill its obligations under the Agreement. • In the event that the Company ceases to operate and maintain any of the waste water plants in Hada and Arana for any reason. • In the event of the invalidity of any of the guarantee documents (excluding any of the direct agreements).
Material Restrictions	Araha Environmental Services Company undertakes to notify Riyad Bank of any change in the ownership structure of the Company.
Jurisdiction	This Agreement shall be governed by English law, and any dispute resulting therefrom shall be referred to the competent judicial authority in the Kingdom.

Source: The Company

F- Equity Bridge Loan Agreement with Riyad Bank

Table (12.19): Equity Bridge Loan Agreement with Riyad Bank

Parties	Araha Environmental Services Company and Riyad Bank
Date	23/07/1444H (corresponding to 14/02/2023G)
Type of Financing	The provision of facilities amounting to eighteen million, nine hundred and sixty thousand, three hundred and seventy-three Saudi Riyals (SAR 18,960,373).
Term	A period of four (4) years from the date of receipt of all Company documents.
Purpose	Financing of Hada and Arana plants under the Hada and Arana Agreement.
Amount Used as of 30 September 2023G	Eighteen million, nine hundred and sixty thousand, three hundred and seventy-three Saudi Riyals (SAR 18,960,373).
Collateral	• A promissory note for a total amount of fourteen million, one hundred and thirty-seven thousand, two hundred and eighty-six Saudi Riyals and nine halalas (SAR 14,137,286.09), signed by the Company. • A promissory note for a total amount of six million, fifty-eight thousand, eight hundred and thirty-six Saudi Riyals and eighty-nine halalas (SAR 6,058,836.89), signed by Thabat Construction Company. • The Company's guarantee of the payment obligations of Araha Environmental Services which shall remain valid until the repayment of the loan. • Riyad Bank shall also have the right to assign the loan at any time or create a guarantee over all or any of its rights under the Equity Bridge Loan Agreement (whether by way of a guarantee or otherwise) without recourse to or obtaining the approval of Araha Environmental Services Company.

Termination and Default	The following events shall be deemed to be defaults under the Agreement: • The failure of Araha Environmental Services Company to pay any due amounts, unless such payment is made within five (5) days. • The failure of the Company to pay any due amounts as a guarantor to Araha Environmental Services, unless such payment is made within ten (10) days. • The non-compliance of Araha Environmental Services Company with the regulations in respect of its business. • In the event that any representations or guarantees made by Araha Environmental Services Company in any of the relevant finance documents prove to be incorrect. • Any indebtedness that is proven to be owed by the Company as a guarantor or by Araha Environmental Services Company. • If the Company, as a guarantor, or Araha Environmental Services Company, is subject to insolvency.
Material Restrictions	The Parties shall maintain confidentiality of all information and shall not disclose such information to any person, except to the extent permitted by the Agreement or in accordance with applicable laws and regulations.
Jurisdiction	This Agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom, and any dispute arising out of the Agreement shall be referred to the competent judicial authority.

Source: The Company

G- Murabaha Facility Agreement with Riyad Bank

Table (12.20): Murabaha Facility Agreement with Riyad Bank

Parties	ICDOC and Riyad Bank
Date	22/10/1438H (corresponding to 17/07/2017G), as amended on 01/12/1438H (corresponding to 24/08/2017G) and 08/01/1442H (corresponding to 27/08/2020G).
Type of Financing	Facilities in the amount of three hundred and fifty million Saudi Riyals (SAR 350,000,000), as follows: • Murabaha facilities (Facilities (A)), with a total limit of two hundred and thirty million Saudi Riyals (SAR 230,000,000). • Murabaha facilities (Facilities (B)), with a total limit of ninety million Saudi Riyals (SAR 90,000,000). • Murabaha Facilities (Facilities (C) and (D)), with a total limit of thirty million Saudi Riyals (SAR 30,000,000). In addition to Riyad Bank providing ICDOC with a revolving letter of credit and facilitating the issuance of a letter of guarantee in a total amount not exceeding the facility limits (C) and (D), providing a revolving letter of credit and facilitating the issuance of a letter of guarantee to be submitted only for the following purposes: • Fulfillment of ICDOC's payment obligations by letter of credit, related to amounts owed by ICDOC to its suppliers, in respect of either of the two concession agreements concluded with Modon in Dammam and Jeddah (for more information on the details of the two concession agreements concluded with Modon in Dammam and Jeddah, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus). • Fulfillment of the ICDOC's obligations by a letter of guarantee in respect of (other than the status of a bid bond, which ICDOC may approve, at its absolute discretion) either of the two concession agreements concluded with Modon in Dammam and Jeddah. Riyad Bank is not obliged to monitor or verify the application of any amount used under the Agreement.
Term	Facilities (A) until 11/09/1447H (corresponding to 28/02/2026G). Facilities (B) until 07/03/1447H (30/08/2025G). Facilities (C) and (D) until 14/02/1445H (corresponding to 30/08/2023G).
Purpose	• ICDOC wishes to benefit from a Murabaha-based financing facility provided by Riyad Bank, whereby the Bank, upon the request of ICDOC, shall: • Purchase certain commodities from suppliers at a price to be negotiated between ICDOC and Riyad Bank. • Sell such commodities to ICDOC on deferred payment terms, and ICDOC shall pay the price thereof on deferred payment terms.
Amount Used as of 30 September 2023G	Two hundred and thirteen million, nine hundred and seventy thousand Saudi Riyals (SAR 213,970,000).

Collateral	• Promissory note for a total amount of one hundred and twenty-three million, nine hundred and seventy thousand Saudi Riyals (SAR 123,970,000), signed by ICDOC. • Promissory note for a total amount of ten million, eighteen thousand, seven hundred fifty-nine Saudi Riyals and fifty-two halalas (SAR 10,018,759.52), signed by ICDOC. • Promissory note for a total amount of ninety million Saudi Riyals (SAR 90,000,000), signed by ICDOC. • Promissory note for a total amount of seven million, two hundred and seventy-three thousand, four hundred and forty Saudi Riyals (SAR 7,273,440), signed by ICDOC. • Guarantee Assignment and Undertaking to Pledge Proceeds Agreement concluded between ICDOC and Riyad Bank on 22/10/1438H (corresponding to 17/07/2017G), as amended 08/01/1442H (corresponding to 27/08/2020G). • Undertaking to Pledge Accounts Agreement concluded between ICDOC and Riyad Bank on 22/10/1438H (corresponding to 17/07/2017G), as amended on 08/01/1442H (corresponding to 27/08/2020G).
Termination and Events of Default	Among other things, the following are considered defaults under the Murabaha Facility Agreement: • The expiry of any of the concession agreements concluded with Modon in Dammam and Jeddah, or the occurrence of any event or circumstance that entitles one of the Parties to terminate any of the concession agreements. • If Vision Invest or the Company ceases to directly own at least 90% of the share capital of ICDOC without obtaining prior written approval from Riyad Bank. • ICDOC ceases to conduct its business or substantial parts thereof. • The failure of ICDOC to pay the payable amounts on the due date. • The expiry of insurance policies under the Assignment of Insurance Agreement provided as a guarantee for the Murabaha Facility Agreement. • If any representations made by ICDOC are proven to be incorrect or misleading. • In the event of bankruptcy or insolvency of ICDOC. Riyad Bank's Murabaha Facility Agreement also includes a mutual default provision, where the following circumstances constitute events of default: - Failure to pay any financial indebtedness to ICDOC when due or during any grace period originally applied. - Declaration that any financial indebtedness of ICDOC is due and payable prior to its specified due date as a result of a default of payment (of any type). - Cancellation or suspension of any liability for any financial indebtedness of ICDOC by a creditor of ICDOC as a result of an event of default (of any type). - If it is proven that any creditor has the right to claim any financial indebtedness of ICDOC that is due and payable before its specified due date as a result of a default (of any type). • The aforementioned mutual default shall not be deemed a default if the total financial indebtedness or liability for financial indebtedness is less than ten million Saudi Riyals (SAR 10,000,000). • Upon the occurrence of a default event, Riyad Bank may, by notice to ICDOC, cancel the provided facilities, terminate its obligations under the Facility Agreement, and declare all amounts due and payable.
Material Restrictions	ICDOC undertakes to notify Riyad Bank of any changes to the Shareholders or their share interests prior to the occurrence of such change.
Jurisdiction	This Agreement shall be governed and construed in accordance with the laws and regulations of the Kingdom. Any dispute arising between the two parties that cannot be resolved amicably shall be referred to the Committee for the Settlement of Banking Disputes (CSBD) in the Kingdom.

Source: The Company

H- Shareholders' Loan Agreement

Table (12.21): Shareholders' Loan Agreement

Parties	The Company, Manila Water (hereinafter referred to as the "Lenders") and IWP II.
Date	11/08/1443H (corresponding to 14/03/2022G)
Type of Financing	The provision of a total amount of twenty million Saudi Riyals (SAR 20,000,000) by the lenders to IWP II, with an amount of commission payable by IWP II every three (3) months at a rate of 5.6% per annum.
Term	The payment date shall be until 22/08/1444H (corresponding to 14/03/2023G) or until IWP II obtains a working capital facility from a bank, whichever is earlier. The Agreement remains valid as of the date of this Prospectus.
Purpose	Financing of the Hada and Arana plants under the Hada and Arana Agreement.

Collateral	N/A
Termination and Events of Default	N/A
Material Restrictions	N/A
Jurisdiction	This Agreement shall be governed by and construed in accordance with the laws and regulations of the Kingdom, and any dispute arising out of the Agreement shall be referred to the competent judicial authority.

Source: The Company

12.4.6 Transactions and Contracts with Related Parties

The volume of transactions with Related Parties amounted to fourteen million, eight hundred and fifty-six thousand, two hundred and fifty-three Saudi Riyals (SAR 14,856,253), eighteen million, eighty-two thousand, two hundred and thirty-three Saudi Riyals (SAR 18,082,233), thirteen million, three hundred and one thousand, six hundred and eighty-three Saudi Riyals (SAR 13,301,683), and thirty-two million, eight hundred and forty-four thousand, eight hundred and nineteen Saudi Riyals (SAR 32,844,819) for the financial years ended 31 December 2020G, 2021G and 2022G and the nine-month period ended 30 September 2023G, respectively. This section outlines a summary of key Related Party agreements and transactions that the Directors believe to be substantial in relation to the business of the Company or that may influence the decision of investors to subscribe to the Offer Shares. The summary of agreements and contracts referred to below does not cover all terms and conditions and it cannot be considered a substitute for the terms and conditions of such agreements.

The Directors confirm that none of the agreements with Related Parties described in this section include any preferential conditions and all such agreements have been executed legitimately and legally and on an arm's length basis. Except as disclosed in this section of the Prospectus, the Directors confirm that the Company is not bound by any transactions, agreements, commercial relations or real estate transactions with any Related Party.

The Directors also declare their intention to abide by the restrictions and requirements of Articles 27 and 71 of the Companies Law and the provisions of Articles 42 and 44 of the Corporate Governance Regulations issued by the CMA in relation to agreements with Related Parties.

The following table shows the transactions with Related Parties, based on the audited consolidated financial statements, for the financial year ended 31 December 2022G.

Table (12.22): Transactions with Related Parties based on the Audited Consolidated Financial Statements for the Financial Year Ended 31 December 2022G

#	Related Party	Nature of Relationship
1.	Abunayyan Trading Company	Partner in the parent company
2.	Vision Invest	Parent company
3.	Istedamah Projects Company	Partner
4.	Jeddah Water Services Company	Associate company
5.	Toledo Arabia Company	Subsidiary of the ultimate parent company
6.	Advanced Piping Solutions	Associate of the ultimate parent company
7.	Beyotna Limited	Subsidiary of the ultimate parent company
8.	Welspun Middle East Pipes LLC	Associate of the ultimate parent company
9.	MEPCO	Associate of a partner in the ultimate parent company
10.	Water and Environment Treatment Company	Subsidiary of the ultimate parent company
11.	International Water Partners Company (IWP)	Associate company
12.	International Water Partners-2 (IWP II)	Associate company

Source: The audited consolidated financial statements of the Company for the financial year ended 31 December 2022G

Below is a summary of the agreements concluded between the Company and Related Parties requiring the authorization of the General Assembly in accordance with Articles 27 and 71 of the Companies Law, as well as the agreements concluded between the Company and Related Parties in accordance with the OSCOs.

A- Transactions with Subsidiaries

1- Transactions with IWP

The Company concluded an agreement with IWP related to the provision of accounting services, dated 16/07/1442H (corresponding to 28/02/2021G). The total value of this Agreement is an annual fee of four hundred and twelve thousand, five hundred Saudi Riyals (SAR 412,500). Moreover, the Company concluded a novation agreement with IWP on 19/08/1442H (corresponding to 01/04/2021G) (for more information on the details of the novation agreement, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus). These agreements are considered Related Party transactions because they were concluded with an affiliate of the Company as per the OSCOs. However, such agreements do not require the authorization of the General Assembly pursuant to Articles 27 and 71 of the Companies Law.

2- Transactions with IWP II

The Company concluded the Shareholders' Loan Agreement with IWP II on 11/08/1443H (corresponding to 14/03/2022G) (for more information on the details of the Shareholders' Loan Agreement, please refer to Section 12.4.5 "**Financing Agreements**" of this Prospectus). Moreover, the Company entered into a novation agreement with International Water Partners-2 (IWP II), dated 27/07/1443H (corresponding to 28/02/2022G) (for more information on the details of the novation agreement, please refer to Section 12.4.2 "**MOM Agreements**" of this Prospectus). These agreements are considered Related Party transactions because they were concluded with an affiliate of the Company as per the OSCOs. However, such agreements do not require the authorization of the General Assembly pursuant to Articles 27 and 71 of the Companies Law.

3- Transactions with Araha Environmental Services Company

The Company concluded a novation agreement with Araha Environmental Services Company, dated 21/07/1444H (corresponding to 12/02/2023G) (for more information on the details of the novation agreement, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus). The novation agreement is considered a Related Party transaction because it was concluded with an affiliate of the Company as per the OSCOs. However, such agreement does not require the authorization of the General Assembly pursuant to Articles 27 and 71 of the Companies Law.

B- Transactions with Etihad Energy International

The Company concluded a transaction with Etihad Energy International on 27/05/1443H (corresponding to 31/12/2021G), where it purchased furniture from Etihad Energy International for a total amount of two hundred and sixty-two thousand and ninety-six Saudi Riyals (SAR 262,096). This transaction considered a Related Party transaction since Etihad Energy International is controlled by Vision Invest, which is a Substantial Shareholder in the Company as per the definition of Related Parties under the OSCOs. However, such transaction does not require the authorization of the General Assembly pursuant to Articles 27 and 71 of the Companies Law.

C- Transactions with Vision Invest

The Company has concluded a lease as a tenant with Vision Invest in relation to its head office in Riyadh. The lease with Vision Invest is a Related Party transaction since Vision Invest is a Substantial Shareholder in the Company in accordance with the definition of Related Parties contained in the OSCOs. Moreover, Director Khaled Abdullah Abunayyan and his relatives collectively own more than 5% of Vision Invest. This transaction was presented to the General Assembly and an authorization was obtained therefrom on 01/06/1445H (corresponding to 14/12/2023G), pursuant to Article 27 of the Companies Law (for more information on the details of the lease contract, please refer to Section 12.5.2 "**Real Estate Leased by the Company and its Material Subsidiaries**" of this Prospectus).

D- Transactions with Toledo Arabia Company LLC

The Company provided a credit bond to Toledo Arabia Company LLC to pay end of service gratuity to employees on 01/03/1439H (corresponding to 19/11/2017G), with a total value of two hundred and four thousand and ten Saudi Riyals (SAR 204,010). The transaction with Toledo Arabia Company LLC is considered a Related Party transaction since Toledo Arabia Company LLC is controlled by Vision Invest and is a Substantial Shareholder in the Company as per the definition of Related Parties under the OSCOs. Moreover, Director Sultan Samir Saeed Joudieh is a director of Toledo Arabia Company LLC. This transaction was presented to the General Assembly of the Company and an authorization was obtained therefrom on 01/06/1445H (corresponding to 14/12/2023G) pursuant to Article 27 of the Companies Law.

12.4.7 Insurance

The Company and its Material Subsidiaries procure insurance policies covering the various types of risks associated with their business. The following table shows the key details of the insurance policies of the Company and its Material Subsidiaries:

Table (12.23): Insurance Agreements Concluded by the Company

#	Type of Coverage	Insurer	Insured	Policy No.	Coverage Expiration Date	Insured Value/Maximum Compensation (SAR)
The Company						
1.	Workers' Compensation and Employer's Liability Insurance	Al-Etihad Co-operative Insurance Co.	The Company	3/3/1/35/1/23/122	23/11/1445H (corresponding to 31/05/2024G)	• SAR 1,200,000 for estimated annual wages. • SAR 5,000,000 for limitation of the employer's liability.
2.	Comprehensive General Liability Insurance	Al-Etihad Co-operative Insurance Co.	The Company and its Subsidiaries, ICDOC and JECO	3/3/1/35/23/23/123	14/12/1447H (corresponding to 31/5/2026G)	SAR 37,500,500 per incident.
3.	Employee Medical Insurance	Bupa Arabia for Cooperative Insurance Company	The Company	N/A	24/03/1446H (corresponding to 01/10/2024G)	A maximum of SAR 1,000,000 in annual coverage per member.
ICDOC						
1.	Professional Liability Insurance	Liva Insurance (formerly Al Alamiya)	ICDOC	5/1/013/1350000073	28/04/1446H (corresponding to 31/10/2024G)	• SAR 5,000,000 per claim. • SAR 10,000,000 for total penalties.
2.	Property All Risk Insurance (Dammam)	Liva Insurance (formerly Al Alamiya)	ICDOC	2/1/013/1320000095	28/04/1446H (corresponding to 31/10/2024G)	• Non-residential properties, up to a maximum of SAR 40,000,000. • Residential properties, up to a maximum of SAR 40,000,000. • All types of property, in an amount ranging from SAR 40,000,001 to SAR 100,000,000. • All types of property, in an amount ranging from SAR 100,000,001 to SAR 500,000,000.

#	Type of Coverage	Insurer	Insured	Policy No.	Coverage Expiration Date	Insured Value/Maximum Compensation (SAR)
3.	Property All Risk Insurance (Jeddah)	Liva Insurance (formerly Al Alamiya)	ICDOC	2/1/013/1320000096	28/04/1446H (corresponding to 31/10/2024G)	• Non-residential properties, up to a maximum of SAR 40,000,000. • Residential properties, up to a maximum of SAR 40,000,000. • All types of property, in an amount ranging from SAR 40,000,001 to SAR 100,000,000. • All types of property, in an amount ranging from SAR 100,000,001 to SAR 500,000,000.
4.	Civil and Production Liability Insurance	Liva Insurance (formerly Al Alamiya)	ICDOC	7/1/013/1370000107	28/04/1446H (corresponding to 31/10/2024G)	• Civil liability: - SAR 10,000,000 per incident. - SAR 10,000,000 as a total limit. • Production liability: - SAR 10,000,000 per incident. - SAR 10,000,000 as a total limit.
5.	Employee Medical Insurance	Bupa Arabia for Cooperative Insurance Company	ICDOC	N/A	24/03/1446H (corresponding to 01/10/2024G)	A maximum of SAR 1,000,000 in annual coverage per member.
JECO						
1.	Professional Indemnity	Bupa Arabia for Cooperative Insurance Company	JECO	WA-BUPA-2-C-12-001	27/03/1446H (corresponding to 1/10/2024G)	SAR 1,000,000 in comprehensive annual coverage per member.
2.	Employee Medical Insurance	Bupa Arabia for Cooperative Insurance Company	JECO	N/A	24/03/1446H (corresponding to 01/10/2024G)	A maximum of SAR 1,000,000 in annual coverage per member.
RWPC						
1.	Trade Credit Insurance	Al Rajhi Takaful	RWPC	P0821-CGL-TCRO-14197088/R2	24/12/1445H (corresponding to 30/06/2024G)	SAR 37,500,500.
2.	Political Violence Insurance	Al Rajhi Takaful	RWPC	P0821-PAR-TCRO-14196967/R2	24/12/1445H (corresponding to 30/06/2024G)	• SAR 209,000,000 for material damage. • SAR 33,697,500 for business interruption.

#	Type of Coverage	Insurer	Insured	Policy No.	Coverage Expiration Date	Insured Value/Maximum Compensation (SAR)
3.	Property Risks, Business Interruption, Machinery and Contractors' Equipment Breakdown Insurance	Al Rajhi Takaful	RWPC	P0821-PBI-TCRO-14196966/R2	24/12/1445H (corresponding to 30/06/2024G)	• SAR 209,000,000 for material damage. • SAR 33,697,500 for business interruption.
4.	Employee Medical Insurance	Bupa Arabia for Cooperative Insurance Company	RWPC	N/A	24/03/1446H (corresponding to 01/10/2024G)	A maximum of SAR 1,000,000 in annual coverage per member.
Araha Environmental Services Company (Araha)						
1.	Public Liability Insurance	Al Rajhi Takaful	• NWC • Contractors under the Long-Term O&M Agreement with NWC (Araha Environmental Services Company and Thabat Construction Company) • Each of the contractors' security trustees and secured financing parties • Any subcontractor (of any class) for its activities at the site • Any affiliates of the insureds and their officers, directors and employees • All parties according to their rights and interests	P0124-CGL-GOV-00127476	30/06/1446H (corresponding to 31/12/2024G)	SAR 20,000,000 per incident and SAR 40,000,000 in total.

#	Type of Coverage	Insurer	Insured	Policy No.	Coverage Expiration Date	Insured Value/Maximum Compensation (SAR)
2.	Property All Risk Insurance	Al Rajhi Takaful	• NWC • Contractors under the Long-Term O&M Agreement with NWC (Araha Environmental Services Company and Thabat Construction Company) • Each of the contractors' security trustees and secured financing parties • Any subcontractor (of any class) for its activities at the site • Any affiliates of the insureds and their officers, directors and employees • All parties according to their rights and interests	P0124-PAR-GOV-00115767	30/06/1446H (corresponding to 31/12/2024G)	Insured value: • SAR 443,711,028 for the wastewater treatment plant in Hada. • SAR 397,310,069 for the wastewater treatment plant in Arana. The maximum compensation is SAR 70,000,000 per incident and in total (per site) and the full insured value for earthquakes.

#	Type of Coverage	Insurer	Insured	Policy No.	Coverage Expiration Date	Insured Value/Maximum Compensation (SAR)
3.	Business Interruption and Property Damage All Risk Insurance	Al Rajhi Takaful	• NWC • Contractors under the Long-Term O&M Agreement with NWC (Araha Environmental Services Company and Thabat Construction Company) • Each of the contractors' security trustees and secured financing parties • Any subcontractor (of any class) for its activities at the site • Any affiliates of the insureds and their officers, directors and employees All according to their rights and interests	P0124-PAR-GOV-00115767	30/06/1446H (corresponding to 31/12/2024G)	• SAR 13,188,000 for the year 2024G and SAR 13,296,000 for the year 2025G for the wastewater treatment plant in Hada. • SAR 15,588,000 for the year 2024G and SAR 15,696,000 for the year 2025G for the wastewater treatment plant in Arana.

#	Type of Coverage	Insurer	Insured	Policy No.	Coverage Expiration Date	Insured Value/Maximum Compensation (SAR)
4.	Machinery Insurance	Al Rajhi Takaful	• NWC • Contractors under the Long-Term O&M Agreement with NWC (Araha Environmental Services Company and Thabat Construction Company) • Each of the contractors' security trustees and secured financing parties • Any subcontractor (of any class) for its activities at the site • Any affiliates of the insureds and their officers, directors and employees All according to their rights and interests	P0124-EMB-GOV-00115773	30/06/1446H (corresponding to 31/12/2024G)	• SAR 139,510,287 for the wastewater treatment plant in Hada. • SAR 120,923,512 for the wastewater treatment plant in Arana.
5.	Sabotage, Terrorism, Strike, Riot and Civil Commotion Insurance	Al Rajhi Takaful	Araha Environmental Services Company (Araha)	P0223-CAR-TCRO-00173004	09/09/1447H (corresponding to 06/02/2026G)	SAR 20,000,000 per incident in total.
6.	Contractors' All Risk and Third Party Liability Insurance	Al Rajhi Takaful	Araha Environmental Services Company (Araha)	P0223-CAR-TCRO-00173003	09/09/1447H (corresponding to 06/02/2026G)	• SAR 112,000,000 for material damages. • SAR 25,000,000 for any third party liability.
7.	Employer's Liability and Workers' Compensation Insurance	Al Rajhi Takaful	Araha Environmental Services Company (and others)	P0223-CAR-TCRO-00262726	25/07/1445H (corresponding to 06/02/2024G)*	• SAR 4,000,000 for estimated annual wages. • SAR 3,750,000 for limitation of the employer's liability.
8.	Contractors' Machinery and Equipment Insurance	Al Rajhi Takaful	Araha Environmental Services Company (among others)	P0223-CAR-TCRO-00276811	25/07/1445H (corresponding to 06/02/2024G)*	Compensation of the insured against any sudden and unforeseen bodily loss or damage resulting from any cause specifically excluded under the policy in the amount of SAR 1,352,906

#	Type of Coverage	Insurer	Insured	Policy No.	Coverage Expiration Date	Insured Value/Maximum Compensation (SAR)
9.	Professional Liability Insurance	Al Rajhi Takaful	Araha Environmental Services Company (among others)	P0223-CAR-TCRO-00262721	25/07/1445H (corresponding to 06/02/2024G)*	• SAR 37,500,000 per incident. • SAR 75,000,000 as a total limit.

Source: The Company

* This policy has expired in the ordinary course of the Company's business and is being renewed as of the date of this Prospectus.

12.5 Real Estate

12.5.1 Real Estate Owned by the Company and its Material Subsidiaries

A- The Company

The Directors of the Company confirm that there is no real estate owned by the Company as of the date of this Prospectus.

B- Material Subsidiaries

The Directors of the Company confirm that there is no real estate owned by the Material Subsidiaries.

12.5.2 Real Estate Leased by the Company and its Material Subsidiaries

A- The Company

The following table shows the real estate leased by the Company:

Table (12.24): Real Estate Leased by the Company

#	Lessee	Lessor	Location	Effective Date of the Lease	Annual Rent (SAR)	Lease Term	Lease Expiry Date
1.	Vision Invest	The Company	Office space located in Riyadh with a total area of 1,221,5 sqm.	15/10/1444H (corresponding to 05/05/2023G)	1,160,425	365 days	25/10/1445H (corresponding to 04/05/2024G)

Source: The Company

B- Material Subsidiaries

The following table shows the real estate leased by the Subsidiaries:

Table (12.25): Real Estate Leased by the Subsidiaries

#	Lessee	Lessor	Location	Effective Date of the Lease	Annual Rent (SAR)	Lease Term	Lease Expiry Date
ICDOC							
1.	Modon	ICDOC	Office space located in Jeddah 1st Industrial City with a total area of 408 sqm.	12/05/1444H (corresponding to 06/12/2022G)	8,160 per year	5 years	11/05/1449H (corresponding to 11/10/2027G)
2.	Himmah Consortium Company	ICDOC	Office space in a commercial building located on Makkah Al-Mukarramah Street, 2nd Industrial City, Dammam, with a surface area of 112 sqm.	15/04/1444H (corresponding to 09/11/2022G)	111,500 per year	364 days, automatically renewable for a similar period unless either party gives notice to the other party of its intention not to renew two months prior to the expiry date.	06/05/1446H (corresponding to 08/11/2024G), automatically renewable

#	Lessee	Lessor	Location	Effective Date of the Lease	Annual Rent (SAR)	Lease Term	Lease Expiry Date
3.	Himmah Consortium Company	ICDOC	Office space with a total area of 95 sqm., located in Dammam 2nd Industrial City.	14/01/1445H (corresponding to 01/08/2023G)	47,500 per year	365 days, automatically renewable for a similar period unless either party gives notice to the other party of its intention not to renew two months prior to the expiry date.	25/01/1446H (corresponding to 31/07/2024G), automatically renewable
JECO							
1.	Habes Abdullah Al Mutairi	JECO	One apartment within a residential building located in Abqaiq, with a surface area of 200 sqm.	20/10/1444H (corresponding to 10/05/2023G)	35,000 per year	365 days	01/11/1445H (corresponding to 09/05/2024G)
2.	Fahad Amer Al Khaledi	JECO	30 apartments in a residential building located at 123 Street, Dammam.	08/06/1444H (corresponding to 01/01/2023G)	402,000 per year	364 days, automatically renewable for a similar period unless either party gives notice to the other party of its intention not to renew two months prior to the expiry date.	30/06/1446H (corresponding to 31/12/2024G), automatically renewable
3.	Mubarak Saad Al Sindi	JECO	One unit located in Dammam, with a total area of 100 sqm. for staff accommodation.	15/11/1444H (corresponding to 04/06/2023G)	12,000 per year	365 days	26/11/1445H (corresponding to 03/06/2024G)
4.	Saad Ali Al Thunayan	JECO	One apartment in a residential and commercial building located in the Wase'at Al Oyoun District, Al Ahsa.	19/06/1445H (corresponding to 01/01/2024G)	15,000 per year	364 days	30/06/1446H (corresponding to 31/12/2024G)
5.	Dhafer Mujab Al Dosari	JECO	Residential building located in Al Masanaa District, Mansourah Road in Riyadh.	12/06/1444H (corresponding to 05/01/2023G)	75,000 per year	364 days, automatically renewable for a similar period unless either party gives notice to the other party of its intention not to renew two months prior to the end of the term.	04/07/1446H (corresponding to 04/01/2025G), automatically renewable
6.	Faleh Rashrash Al Anazi	JECO	Residential building located in Al Qadisiyah District, Wadi Al Amariya Road, Riyadh.	01/08/1444H (corresponding to 21/02/2023G)	92,500 per year	364 days	10/08/1445H (corresponding to 20/02/2024G)
7.	Ali Ayedh Asiri	JECO	Six apartments located in a residential building in Bahrah district, Jeddah.	01/08/1444H (corresponding to 21/02/2023G)	90,000 per year	1,095 days	03/09/1447H (corresponding to 20/02/2026G)

#	Lessee	Lessor	Location	Effective Date of the Lease	Annual Rent (SAR)	Lease Term	Lease Expiry Date
8.	Saleh Mohamed Al Zahrani	JECO	One apartment located in a residential building in Al Ajaweed District, Abdulghani Al-Hajjar Street, Jeddah, with a surface area of 1.0 sqm.	22/08/1443H (corresponding to 25/03/2022G)	140,000 per year	1,095 days	24/09/1446H (corresponding to 24/03/2025G)
9.	Tasmu Organization for Operation and Maintenance	JECO	One apartment in Dammam with a surface area of 32 sqm.	02/11/1442H (corresponding to 12/06/2021G)	12,000 per year	364 days, automatically renewable for a similar period unless either party gives notice to the other of its intention not to renew two months before the expiry date.	05/12/1445H (corresponding to 11/06/2024G), automatically renewable
10.	Mubarak Saad Al Sindi	JECO	One apartment located in a residential building in Al Shifa District, Imam Ali bin Abi Talib Road, Dammam, with a surface area of 100 sqm.	15/11/1444H (corresponding to 04/06/2023G)	12,000 per year	365 days	26/11/1445H (corresponding to 03/06/2024G)
RWPC							
1.	General Authority of Civil Aviation	RWPC	Locations of reverse osmosis plants at KKIA.	02/12/1436H (corresponding to 15/09/2015G)	N/A	The lease period commences on 02/12/1436H (corresponding to 15/09/2015G) and shall remain in full force and effect until the end of the concession agreement concluded with KKIA (for further details, please refer to Section 12.4.1 "**Concession Agreements**" of this Prospectus)	20/08/1469H (corresponding to 14/06/2047G)
Araha Environmental Services Company (Araha)							
1.	Yahya Hussein Al Sherif	Araha Environmental Services Company (Araha)	Office space located at the 3rd Ring Road, Rusaifa District, Riyadh, with a total area of 112 sqm.	08/06/1444H (corresponding to 01/01/2023G)	49,280 per year	364 days, automatically renewable for a similar period unless either party gives notice to the other party of its intention not to renew two months prior to the end of the period.	12/12/1445H (corresponding to 31/12/2024G), automatically renewable

Source: The Company

* This agreement has expired in the ordinary course of the Company's business and is being renewed as of the date of this Prospectus.

12.6 Intangible Assets

The Company and JECO have each registered one trademark in the Kingdom. The Company has also submitted two (2) trademark applications for its Material Subsidiaries, ICDOC and JECO, which are still under review with the Saudi Authority for Intellectual Property as of the date of this Prospectus. In its dealings, reputation and maintaining the quality of its business, the Group substantially relies on its trademarks and intellectual property rights. The Group's success and competitiveness depend on its ability to protect its intellectual property, including its trademarks (for further details, please refer to Section 2.1.22 "**Risks related to the Protection of the Group's Trademarks and Intellectual Property Rights**" of this Prospectus).

Except for the above, the Directors confirm that the Company and its Material Subsidiaries do not own any trademarks, patents, or intellectual property rights inside or outside the Kingdom as of the date of this Prospectus. The following table sets out the key details of trademarks registered by the Company and its Material Subsidiaries:

Table (12.26): Key Details of Registered Trademarks

#	Trademark	Country of Registration	Owner	Registration No.	Protection Start Date	Protection Expiration Date	Category
The Company							
1.	Miahona	The Kingdom	The Company	1441007837	15/03/1441H (corresponding to 12/11/2019G)	14/03/1451H (corresponding to 26/07/2029G)	40
JECO							
2.	JECO	The Kingdom	JECO	1441007814	14/03/1441H (corresponding to 11/11/2019G)	14/03/1451H (corresponding to 26/07/2029G)	40

Source: The Company

Table (12.27): Key Details of Trademarks undergoing Registration

Trademarks Under Registration						
#	Trademark	Country of Registration	Owner	Deposit No.	Application Date	Category
1.	araha	The Kingdom	Araha Environmental Services Company (Araha)	450793	13/05/1445H (corresponding to 27/11/2023G)	37
2.	icdoc	The Kingdom	ICDOC	451306	15/05/1445H (corresponding to 29/11/2023G)	40
3.	rwpc	The Kingdom	RWPC	451387	16/05/1445H (corresponding to 30/11/2023G)	40

Source: The Company

12.7 Litigation and Claims

The Directors confirm that the Company and its Material Subsidiaries are not, as of the date of issuance of this Prospectus, a party to any litigation, arbitration, administrative proceedings or investigations that may, individually or collectively, adversely affect their financial position and the results of their operations. The Directors further declare that they are not aware of any threatened lawsuits or claims.

12.8 Zakat and Tax Status of the Company

The Group is subject to the zakat and tax requirements in the Kingdom. The Group has submitted zakat and tax returns for the financial years up to 2022G, and has paid zakat and tax dues within the required timeframe. The Group obtained the final zakat assessments from ZATCA for all Subsidiaries until 2018G and for the Company until 2017G. The Group also received a final zakat certificate. There is a risk that ZATCA may revert to any of the previous five (5) years in the event that there is no zakat assessment and ZATCA challenges the submitted returns and request the Company or any of its Subsidiaries to pay additional zakat amounts. Any differences in ZATCA's assessment of the Group's zakat will negatively and materially affect the Group's business, results of operations, financial position and prospects.

12.9 Description of Shareholder Rights

12.9.1 Share Capital of the Company

As of the date of this Prospectus, the Company's share capital is one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three Saudi Riyals (SAR 160,925,543), divided into one hundred and sixty million, nine hundred and twenty-five thousand, five hundred and forty-three (160,925,543) ordinary shares with an equal nominal value of one Saudi Riyal (SAR 1) per share.

12.9.2 Voting Rights

Each Shareholder shall have a vote for every share represented by them in the General Assemblies. Cumulative voting shall be used in electing the Board of Directors.

12.9.3 Rights to Dividends

Shareholders shall be entitled to their share of dividends under a resolution of the General Assembly issued in this regard. The resolution shall specify the date of maturity and the date of distribution. Dividends shall be provided to owners of the shares recorded in the Shareholder register at the end of the maturity day.

In accordance with the Company's Bylaws, the Company's net profits shall be distributed after the deduction of general expenses and other costs as follows:

1- The owner of the share capital may, when determining the portion of the shares in the net profits, decide to form reserves to the extent that is in the interest of the Company, or that ensures the distribution of fixed profits as much as possible to the Shareholders. The said assembly may deduct amounts from the net profit for social objectives that benefit the Company's employees.

2- The General Assembly shall determine the percentage to be distributed to the Shareholders from the net profits after deduction of the reserves, if any.

3- The decision of the owner of the share capital shall indicate the due date and the date of distribution. The Board of Directors shall implement the decision of the owner of the share capital with respect to the distribution of profits within the period specified by the Implementing Regulations of the Companies Law.

12.9.4 Redemption or Buyback Rights

Under Article 107 of the Companies Law, Shareholders shall have all rights associated with shares, particularly the right to obtain dividends announced for distribution, the right to obtain a portion of the Company's assets upon liquidation, the right to attend and participate in deliberations and vote on resolutions at General Assemblies, the right to dispose of shares, the right to access the Company's books and documents, monitor Board activities, file a liability suit against the Directors and challenge resolutions issued by General Assemblies for invalidity, in accordance with the conditions and limitations set forth in the Companies Law and Bylaws of the Company.

In accordance with Article 114 of the Companies Law, the Company may purchase, mortgage or sell its ordinary, preferred or redeemable shares in accordance with controls set by the competent authority. Shares purchased by the Company shall not have voting rights at Shareholder Assemblies. The Company may purchase its shares for the purpose of allocating them to its employees within the employee stock ownership scheme and in accordance with the controls issued by the competent authority.

12.9.5 Rights to Asset Surplus upon Liquidation or Dissolution

Based on the provisions of Article 255 of the Companies Law, the asset surplus shall be distributed to the Shareholders in proportion to their shareholding, unless the Company's Bylaws stipulate otherwise.

12.9.6 Approvals Necessary to Amend the Voting Rights

The Company's Bylaws shall be amended to the effect that the rights and voting mechanism at the General Assemblies of the Company are modified. The Extraordinary General Assembly shall be competent to amend the Bylaws in accordance with the provisions of Article 85 of the Companies Law. Extraordinary General Assembly meetings shall not be valid unless attended by Shareholders representing at least half the share capital. If the quorum required for holding the meeting of the Extraordinary General Assembly is not met, a call shall be made for a second meeting under the same conditions provided for in Article 30 of the Company's Bylaws. The second meeting may be held after one hour from the expiration of the period specified for holding the first meeting, provided that the call for the first meeting shall state an announcement of the possibility of holding such a meeting. In all cases, the second meeting shall be valid if attended by a number of Shareholders representing at least a quarter of the Company's voting shares.

The Bylaws of the Company may be amended by a resolution of the Extraordinary General Assembly, unless it relates to the following:

1- Depriving a Shareholder or modifying any of their basic rights as a Shareholder, taking into account the nature of the rights relating to the type or class of shares owned by the Shareholder, in particular:

   - Receiving a portion of the dividends to be distributed.
   - Receiving a portion of the Company's assets upon liquidation.
   - Attending General Assemblies, participating in their deliberations and voting on their resolutions.
   - Disposing of shares in accordance with the provisions of the Companies Law.
   - Requesting to review the Company's books and documents, monitor the business of the Board of Directors, file a liability lawsuit against the Directors, and challenge the validity of the General Assembly resolutions.

2- Amendments that would result in an increase in the financial liabilities of Shareholders, unless approved by all Shareholders.

13. UNDERWRITING

The Company, the Selling Shareholder and the Underwriters (Saudi Fransi Capital and EFG Hermes KSA) entered into an underwriting agreement on 00/00/0000H (corresponding to 00/00/0000G)) (hereinafter referred to as the "**Underwriting Agreement**") under which the Underwriters have agreed to fully underwrite the Offering of forty-eight million, two hundred and seventy-seven thousand, six hundred and sixty-three (48,277,663) shares, subject to certain terms and conditions contained in the Underwriting Agreement. The names and addresses of the Underwriters are set out below:

13.1 Names and Addresses of the Underwriters

Saudi Fransi Capital
King Fahd Road
Olaya 8092
P.O. Box 23454 Riyadh 11426
Kingdom of Saudi Arabia
Tel.: +966 11 2826666
Fax: +966 11 2826823
Website: www.sfc.sa
Email: Miahona.IPO@fransicapital.com.sa

EFG Hermes KSA
Third Floor, North Tower
Sky Tower, King Fahd Road
Al Olaya, Riyadh
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13.2 Summary of the Underwriting Agreement

Under the terms and subject to the conditions contained in the Underwriting Agreement:

13.2.1 The Selling Shareholder undertakes to the Underwriters that, on the first business day after allocation of the Offer Shares following the end of the Offering Period, they shall:

1- Sell and allocate the Offer Shares to any Individual Subscriber or Participating Party whose application for Offer Shares has been accepted by the Receiving Agents.

2- Sell and allocate to the Underwriters the Offer Shares that have not been subscribed for by Individual Subscribers or Participating Parties pursuant to the Offering.

13.2.2 The Underwriters undertake to the Selling Shareholder that they will purchase any Offer Shares that are not subscribed for by Individual Subscribers or Participating Parties, as set out below:

Table (13.1): Underwritten Shares

Underwriters	No. of Offer Shares Underwritten	Percentage of Offer Shares Underwritten
Saudi Fransi Capital	28,966,598	60%
EFG Hermes KSA	19,311,065	40%
Total	**48,277,663**	**100%**

Source: The Company

The Company and the Selling Shareholder have committed to satisfy all the provisions of the Underwriting Agreement.

13.3 Underwriting Costs

The Selling Shareholder will pay to the Underwriters underwriting fees based on the total value of the Offering. Moreover, the Selling Shareholder has agreed on behalf of the Company to pay the Underwriter's fees and expenses in connection with the Offering.

14. OFFERING EXPENSES

The Selling Shareholder shall be responsible for all expenses and costs related to the Offering, which are estimated at approximately [˜] Saudi Riyals (SAR [˜]). These expenses include the fees of the Financial Advisors, Underwriters, Lead Manager, Bookrunners, Legal Advisor, Legal Advisor to the Underwriters, Auditor, Market Consultant, Financial Due Diligence Advisor and Receiving Agents, in addition to marketing, printing, distribution, translation and other related expenses. The Offering Expenses shall be paid from the Offering proceeds. The Company shall not bear any costs associated with the Offering.

15. COMPANY'S POST-LISTING UNDERTAKINGS

Following Listing, the Company undertakes to:

1- Provide the CMA with the date on which the first General Assembly will be held following Listing so that a representative thereof may attend.

2- Submit transactions and contracts in which Directors have a direct or indirect interest for authorization by General Assembly (in accordance with the Companies Law, Corporate Governance Regulations and the Rules for Listed Companies), provided that interested Directors shall be prohibited from voting on the relevant resolution whether in the Board or the General Assembly.

3- Comply with all mandatory provisions set out in the Corporate Governance Regulations immediately upon Listing.

4- Fill out Form 8 (regarding the observance of the Corporate Governance Regulations), and, if it fails to meet any of the requirements set out in the Corporate Governance Regulations, the Company shall provide the relevant justifications therefor.

5- Comply, immediately upon Listing, with all provisions of the Listing Rules in relation to the Company's continuing obligations.

6- Comply, immediately upon Listing, with all provisions of the OSCOs in relation to the Company's continuing obligations.

7- Call for a General Assembly meeting to update the Company's Bylaws immediately upon Listing.

Accordingly, following admission to Listing, the Directors undertake to:

1- Record all resolutions and deliberations in written meeting minutes signed by the Chairman and Board Secretary.

2- Disclose the details of any transactions with Related Parties in accordance with the requirements of the Companies Law and the Corporate Governance Regulations, and notify the Board of any direct or indirect personal interest they have in the business and contracts entered into by the Company. Such notice shall be recorded in the Board meeting minutes.

16. WAIVERS

The Company has not applied to the CMA for any waivers from any regulatory requirements.

17. SUBSCRIPTION TERMS AND CONDITIONS

The Company has applied to the CMA for the registration and offer of the shares and has applied to the Exchange for listing of the shares in accordance with the OSCOs and the Listing Rules. All Subscribers must read the subscription terms and conditions carefully before completing the Subscription Application Form. Signing the Subscription Application Form and delivering it to the Receiving Agent or the Bookrunner is deemed as acceptance and approval of the subscription terms and conditions.

17.1 Subscription to the Offer Shares

The Offering will consist of forty-eight million, two hundred and seventy-seven thousand, six hundred and sixty-three (48,277,663) ordinary shares at an Offer Price of [•] Saudi Riyals (SAR [•]), with a fully paid nominal value of one Saudi Riyal (SAR 1) per share. The Offer Shares represent 30% of the Company's share capital. The total value of the Offering is [•] Saudi Riyal (SAR [•]). Note that the Offering to Individual Subscribers and subsequent Listing of the Company's shares is subject to the successful subscription by Participating Parties for all of the shares. The Offering will be canceled if it is not fully subscribed for during such period. The CMA also has the right to suspend the Offering if, after its approval of this Prospectus and before registration and admission to Listing of the shares on the Exchange, a material adverse change occurs with respect to the Company's operations.

The Offering shall be limited to the following two tranches of investors:

Tranche A- Participating Parties: This tranche comprises the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (for more information, please see Section 1 "**Definitions and Abbreviations**" of this Prospectus). Participating Parties will be initially allocated forty-eight million, two hundred and seventy-seven thousand, six hundred and sixty-three (48,277,663) Offer Shares, representing 100% of the total Offer Shares. In the event that Individual Subscribers (as defined in Tranche B below) subscribe for all of the Offer Shares allocated thereto, the Financial Advisors shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of thirty-eight million, six hundred and twenty-two thousand, one hundred and thirty (38,622,130) Offer Shares, representing 80% of the total Offer Shares. The number and percentage of Offer Shares that will be allocated to Participating Parties shall be determined by the Financial Advisors, in consultation with the Company, using the discretionary share allocation mechanism. Certain Participating Parties may not be allocated any shares, in accordance with what the Company and Financial Advisors deem appropriate.

Tranche B - Individual Subscribers: This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, or GCC nationals who, in each case, have a bank account and are entitled to open an investment account with any of the Receiving Agents. A subscription for shares made by a person in the name of his divorcee shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of nine million, six hundred and fifty-five thousand, five hundred and thirty-two (9,655,532) Offer Shares, representing 20% of the total Offer Shares, will be allocated to Individual Subscribers. If Individual Subscribers do not subscribe for all the Shares allocated thereto, the Financial Advisors may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares for which they subscribed.

17.2 Offering Period

Two (2) days, commencing on Tuesday, 13/11/1445H (corresponding to 21/05/2024G), and ending on Wednesday, 14/11/1445H (corresponding to 22/05/2024G).

17.3 Subscription Method and Terms for Each Category of Subscribers

17.3.1 Book-Building for Participating Parties

d- The Financial Advisors, in consultation with the Company, will determine the price range for the purposes of book-building, which will be made available to all Participating Parties, using the discretionary allocation mechanism. The Financial Advisors may not allocate shares to certain Participating Parties, as they deem appropriate, in cooperation with the Company.

e- Each of the Participating Parties must submit requests to participate in the book-building process by filling out the Bid Form for Participating Parties, which will be made available by the Bookrunners. Participating Parties may change or cancel their Application Forms at any time during the book building process, provided that such change is made by submitting an amended or additional Application Form, where applicable, before the determination of the Offer Price and prior to the commencement of the Offering Period. The number of Offer Shares to be subscribed for by each Participating Party shall neither be less than one hundred thousand (100,000) shares nor more than eight million, forty-six thousand, two hundred seventy-six (8,046,276) shares. Public investment funds must not exceed the maximum amount specified for each participating public fund, as determined in accordance with the Book Building Instructions, and the number of shares requested must be allocatable. The Bookrunners shall notify the Participating Parties of the Offer Price and the number of Offer Shares initially allocated thereto. Subscriptions by the Participating Parties shall commence during the Offering Period, which also includes Individual Subscribers, in accordance with the subscription terms and conditions as detailed in the Subscription Application Forms.

f- All Participating Parties must submit genuine applications which are allocatable. Participating Parties must not submit non-genuine or inflated Subscription Application Forms with the aim of obtaining a greater allocation. They must have the ability to cover their application by having the necessary cash coverage or arrangements to pay the value thereof from the submission of the Bid Form until the final allocation.

g- Upon completion of the book-building process for Participating Parties, the Financial Advisors will announce the percentage of coverage by Participating Parties.

h- The Financial Advisors and the Company will have the power to determine the Offer Price, based on the supply and demand, provided that it does not exceed the price set out in the Underwriting Agreement and is in accordance with the tick size applied by the Exchange.

17.3.2 Subscription by Individual Subscribers

Each Individual Subscriber shall subscribe for a minimum of ten (10) Offer Shares and a maximum of two million, five hundred thousand (2,500,000) Offer Shares. Changes to or withdrawal of the Subscription Application Forms shall not be permitted once they have been submitted.

Subscription Application Forms will be available during the Offering Period from the Receiving Agents. Subscription Application Forms must be completed in accordance with the instructions mentioned below. Individual Subscribers may also subscribe through the internet, telephone banking or ATMs of any of the Receiving Agents' branches that offer any or all such services to its customers, provided that:

a- The Individual Subscriber must have an account at the Receiving Agent which offers such services.

b- No changes have been made to the Individual Subscriber's personal information since their subscription in a recent offering.

c- Individual Subscribers who are not Saudi or GCC nationals must have an account at one of the Capital Market Institutions which offers such services.

Submission of a signed Subscription Application Form to any of the Receiving Agents constitutes a binding agreement between the Selling Shareholder and the relevant Individual Subscriber submitting such application.

Individual Subscribers may obtain a copy of this Prospectus from the websites of the following Receiving Agents (the Prospectus copy is also available on the websites of the CMA, the Financial Advisors and the Company):

Banque Saudi Fransi King Saud Road P.O. Box 56006, Riyadh 11554 Kingdom of Saudi Arabia Tel.: +966 920000579 Fax: +966 11 402 7261 Website: www.alfransi.com.sa Email: Fransiplusadmin@alfransi.com.sa	البنك السعودي الفرنسي Banque Saudi Fransi
Riyad Bank Eastern Ring Road P.O. Box 22622, Riyadh 11614 Kingdom of Saudi Arabia Tel.: +966 11 401 3030 Fax: +966 11 403 0016 Website: www.riyadbank.com Email: customercare@riyadbank.com	بنك الرياض Riyad Bank

17.4 Offering Period and Conditions for Individual Subscribers

The Receiving Agents offering such service will commence receiving Subscription Application Forms at some of their branches throughout the Kingdom or through the internet, telephone banking or ATMs of the Receiving Agents that offer any or all such services, from Tuesday, 13/11/1445H (corresponding to 21/05/2024G) until Wednesday, 14/11/1445H (corresponding to 22/05/2024G). Once the Subscription Application Form is signed and submitted, the Receiving Agent will stamp it and provide the Individual Subscriber with a copy of the completed thereof. In the event that the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Agent, the Subscription Application Form will be considered void. Individual Subscribers do not have the right to claim any compensation for the damages incurred due to such cancellation.

Each Individual Subscriber is required to specify the number of Offer Shares applied for in the Subscription Application Form, and the total subscription amount will be equal to the number of Offer Shares applied for multiplied by the Offer Price of [•] Saudi Riyals (SAR [•]) per Offer Share.

Subscriptions for less than ten (10) Offer Shares or fractional shares will not be accepted. Increments are to be made in multiples of the said number, while the maximum number of Offer Shares to be applied for is two million, five hundred thousand (2,500,000) Offer Shares.

Subscription Applications for Individual Subscribers should be submitted during the Offering Period and accompanied (where applicable) with the following documents (the Receiving Agent will verify all copies against the originals and will return the originals to the relevant Individual Subscriber):

a- Original and copy of the Individual Subscriber's national civil identification card or residency identification card (for Individual Subscribers, including GCC nationals, and non-Saudi residents).

b- Original and copy of the family identification card (when subscribing on behalf of family members).

c- Original and copy of a power of attorney (when subscribing on behalf of others).

d- Original and copy of a certificate of guardianship (when subscribing on behalf of orphans).

e- Original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman).

f- Original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman).

g- Original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

In the event a Subscription Application Form is made on behalf of an Individual Subscriber (applies to parents and children only), the name of the person signing on behalf of the Individual Subscriber should be stated in the Subscription Application Form, accompanied with a valid original and a copy of the power of attorney. The power of attorney shall be issued by a notary public (Najiz service) for Individual Subscribers residing in the Kingdom and must be legalized through a Saudi embassy or consulate in the relevant country or through an apostille certificate for Individual Subscribers outside the Kingdom. The concerned official of the Receiving Agent shall match the copy with the original version and return the original version to the Individual Subscriber, as applicable.

One Subscription Application should be completed for each primary Individual Subscriber applying for himself and members appearing on his family identification card if the family members are applying for the same number of Offer Shares as the primary Individual Subscriber. In this case:

a- All Offer Shares allocated to the primary Individual Subscriber and dependent Individual Subscribers will be registered in the primary Individual Subscriber's name.

b- The primary Individual Subscriber will receive any refund of amounts not allocated and paid for by himself or dependent Individual Subscribers.

c- The primary Individual Subscriber will receive all dividends distributed with respect to the Offer Shares allocated to himself and dependent Individual Subscribers (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

a- The Offer Shares to be allocated are to be registered in a name other than the name of the primary Individual Subscriber.

b- Dependent Individual Subscribers intend to apply for a different number of Offer Shares than the primary Individual Subscriber.

c- The wife subscribes in her name, adding allocated Offer Shares to her account (she must complete a separate Subscription Application Form from the Subscription Application Form completed by the relevant primary Individual Subscriber). In the latter case, applications made by husbands on behalf of their spouses will be canceled and the wives' independent application will be processed by the Receiving Agent.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband may subscribe on behalf of those children provided she submits proof of motherhood. A subscription for Offer Shares made by a person in the name of his divorcee shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law.

During the Offering Period, only a valid residence permit will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as primary Individual Subscribers. The maximum age for non-Saudi dependents to be included with their mother is 18. Any documents issued by a foreign government must be legalized through a Saudi embassy or consulate in the relevant country.

Each Individual Subscriber agrees to subscribe for and purchase the number of Offer Shares specified in his/her Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of [•] Saudi Riyals (SAR [•]) per Offer Share. Each Individual Subscriber shall be deemed to have acquired the number of Offer Shares allocated to him/her upon:

a- Delivery by the Individual Subscriber of the Subscription Application Form to any Receiving Agent.

b- Payment in full by the Individual Subscriber to the Receiving Agent of the total value of the Offer Shares subscribed for.

Ownership of a share shall only be deemed transferred from the date of recording the same in the Shareholders register, in accordance with the applicable regulations governing the trading of shares in the Kingdom. The total value of the Offer Shares subscribed for must be paid in full at a branch of the Receiving Agents by authorizing a debit of the Individual Subscriber's account held with the Receiving Agent to whom the Subscription Application Form is being submitted.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Offering, the Company shall have the right to reject, in full or in part, such an application. Individual Subscribers shall accept any number of Offer Shares allocated to them unless the allocated shares exceed the number of Offer Shares they have applied for.

17.5 Allocation of Shares and Refund of Excess Subscription Monies

The Bookrunners, Lead Manager and Receiving Agents shall open and operate an escrow account, for the purpose of depositing and holding subscription monies collected from Participating Parties and the Receiving Agent (on behalf of Individual Subscribers). Each Receiving Agent shall deposit all amounts received from the Individual Subscribers into the escrow account.

The Lead Manager or the Receiving Agents (as the case may be) will notify the Subscribers of the final number of Offer Shares allocated to each of them along with the amounts to be refunded. Excess subscription monies, if any, will be refunded to the Subscribers in whole without any deductions or fees and will be deposited in the Subscribers' accounts specified in the Subscription Application Forms. The final allocation process will be announced no later than Sunday, 18/11/1445H (corresponding to 26/05/2024G). Subscribers should communicate with the Lead Manager or the branch of the Receiving Agents where they submitted their Subscription Application Form, as applicable, for any further information.

17.5.1 Allocation of Offer Shares to Participating Parties

The allocation of the Offer Shares to the Participating Parties will be made as the Financial Advisors deem appropriate, in coordination with the Company, after the allocation of the Offer Shares to Individual Subscribers has been completed, provided that the number of Offer Shares allocated to the Participating Parties shall not be less than forty-eight million, two hundred and seventy-seven thousand, six hundred and sixty-three (48,277,663) ordinary shares, representing 100% of the Offer Shares, on the condition that the final allocation of the Participating Parties shall not be less than thirty-eight million, six hundred and twenty-two thousand, one hundred and thirty (38,622,130) ordinary shares, representing 80% of the Offer Shares. Initially, and in the event that there is sufficient demand from public funds, fourteen million, four hundred and eighty-three thousand, two hundred and ninety-nine (14,483,299) shares will be allocated to public funds, representing 30% of the total number of Offer Shares. It should be noted that if there is sufficient demand from Individual Subscribers to subscribe for the Offer Shares, the Financial Advisors shall have the right to reduce the number of shares allocated to public funds to a minimum of eleven million, five hundred and eighty-six thousand, six hundred and thirty-nine (11,586,639) shares, representing 24% of the total number of Offer Shares after the completion of the subscription process for Individual Subscribers.

17.5.2 Allocation of Offer Shares to Individual Subscribers

A maximum of nine million, six hundred and fifty-five thousand, five hundred and thirty-two (9,655,532) ordinary Offer Shares, representing 20% of the total Offer Shares, will to be allocated to Individual Subscribers. The minimum allocation per Individual Subscriber is ten (10) shares, while the maximum allocation per Individual Subscriber is two million, five hundred thousand (2,500,000) shares. The balance of the Offer Shares (if any) will be allocated pro-rata based on the ratio of Offer Shares applied for by each Individual Subscriber to the total number of Offer Shares requested for subscription. In the event that the number of Individual Subscribers exceeds four hundred and eighty-two thousand, seven hundred and seventy-six (482,776) Individual Subscribers, the Company will not guarantee the minimum allocation and the allocation will be determined at the discretion of the Company and the Financial Advisors. Excess subscription monies, if any, will be refunded to the Individual Subscribers without any charge or commission being withheld by the Receiving Agents.

17.6 Circumstances Where Listing May Be Suspended or Canceled

17.6.1 Power to Suspend or Cancel Listing

a- The CMA may suspend trading of the shares or cancel the Listing at any time as it deems fit, in any of the following circumstances:
   1- The CMA considers it necessary for the protection of investors or the maintenance of an orderly market.
   2- The Company fails, in a manner which the CMA considers material, to comply with CML, its Implementing Regulations or the Exchange Rules.
   3- The Company fails to pay on time any fees due to the CMA or the Exchange or any fines due to the CMA.
   4- The CMA considers that the Company or its business, the level of its operations or its assets are no longer suitable for the continued listing of the shares on the Exchange.
   5- When a reverse takeover announcement does not contain sufficient information about the proposed transaction. If the Company announces sufficient information regarding the target and the CMA is satisfied, following the Company's announcement, that there will be sufficient information available to the public regarding the proposed reverse takeover transaction, the CMA may decide not to suspend trading at this stage.
   6- When information about the proposed transaction of reverse takeover is leaked and the Company cannot accurately assess its financial position and the Exchange cannot be informed accordingly.
   7- When an application for financial restructuring of the Company in case of its accumulated losses reaching 50% or more of its capital is registered with the court under the Bankruptcy Law.
   8- When an application for a liquidation procedure or administrative liquidation of the Company is registered with the court under the Bankruptcy Law.
   9- Upon issuance of a final judgment terminating the financial restructuring and initiating the administrative liquidation procedure of the Company under the Bankruptcy Law.
   10- Upon issuance of a final judgment initiating a liquidation proceeding or the administrative liquidation of the Company by the court under the Bankruptcy Law.

b- The lifting of suspension imposed by Paragraph (a) above shall be subject to the following considerations:

1- The Company's adequate addressal of the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors.

2- The lifting of the suspension being unlikely to affect the normal activity of the Exchange.

3- The Company complying with any other conditions that the CMA may require.

4- Upon issuance of a final judgment initiating the financial reorganization of the Company under the Bankruptcy Law, unless it was suspended from its activities by the relevant competent authority, in the event that the suspension is made in accordance with Paragraph (a)(7) above.

5- Upon issuance of a court's final judgment refusing to initiate a liquidation proceeding or administrative liquidation proceeding in accordance with the Bankruptcy Law unless it is suspended from its activities by the relevant competent authority, if the suspension is made in accordance with Paragraph (a)(8) above.

c- The Exchange shall suspend the trading of the Company's securities in any of the following cases:

1- When the Company does not comply with the deadlines for the disclosure of its periodic financial information within the periods specified in the OSCOs.

2- When the Auditor's report on the financial statements of the Company contains an opposing opinion or an abstention from expressing an opinion until the opposing opinion or abstention from expressing an opinion is removed.

3- If the liquidity requirements in Parts 2 and 8 of the Listing Rules are not satisfied after Listing by the time limit set by the Exchange for the Company to rectify its conditions, unless the CMA agrees otherwise.

4- Upon the issuance of a resolution by an Extraordinary General Assembly of the Company to reduce its capital for the two trading days following the issuance of such resolution.

d- The Exchange shall remove the suspension referred to in Paragraphs 1 and 2 above after the lapse of one trading session following the end of the suspension circumstances. In the event that the Company's shares are provided for trading outside the platform, the Exchange shall remove the suspension within a period not exceeding five (5) trading sessions after the end of the suspension circumstances.

e- The Exchange may, at any time, suggest to the CMA to suspend trading or cancel its listing if it believes that any of the cases mentioned in Paragraph (a) above is likely to occur.

f- The Company must continue to abide by the Capital Market Law, its Implementing Regulations, and the Exchange Rules even if trading of its securities has been suspended.

g- In the event that the listing suspension continues for six (6) months with no appropriate procedure taken by the Company to correct such suspension, the CMA may cancel the Company's Listing.

h- Upon the Company's completion of a reverse takeover, the Company's shares are de-listed. If the Company wishes to re-list its shares, it must submit a new application for registration and admission for Listing in accordance with the requirements stipulated in the OSCOs.

i- This paragraph does not prejudice the suspension of trading or cancellation of listing resulting from the Company's losses based on the relevant Implementing Regulations and Exchange Rules.

17.6.2 Voluntary Cancellation of Listing

a- The Company may not cancel the Listing of its securities on the Exchange after they have been listed without the prior approval of the CMA. To obtain the CMA's approval, the Company must submit a cancellation application to the CMA along with a simultaneous notice to the Exchange. The application must include the following:

1- Specific reasons for requesting the cancellation.

2- A copy of the disclosure described in Paragraph (d) below.

3- A copy of the relevant documentation and a copy of each related communication to Shareholders if the cancellation is to take place as a result of a takeover or other corporate action by the Company.

4- The names and contact information of the Financial and Legal Advisors appointed according to the OSCOs.

b- The CMA may, at its discretion, approve or reject the cancellation request.

c- The Company must obtain the consent of the Extraordinary General Assembly on the cancellation of the Listing after obtaining the CMA's approval.

d- When the cancellation is made at the Company's request, the Company must disclose the same to the public as soon as possible. The disclosure must include the reason for the cancellation, the nature of the event resulting in the cancellation, and the extent to which it affects the Company's activities.

17.6.3 Temporary Trading Suspension

a- The Company may request a temporary trading suspension of its securities from the Exchange upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the Capital Market Law, its Implementing Regulations or the Exchange Rules, where the Company cannot maintain the confidentiality of this information until the end of the trading period. The Exchange shall suspend trading of the securities of the Company immediately upon receiving such request.

b- When trading is temporarily suspended at the Company's request, the Company must disclose to the public as soon as possible the reason for the suspension, its anticipated period and the nature of the event that caused it, as well as the extent to which it affects the Company's activities.

c- The CMA may impose a temporary trading suspension without a request from the Company where the CMA becomes aware of information or circumstances affecting the Company's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the jeopardize the protection of investors. If its securities are subject to temporary trading suspension, the Company must continue to comply with the Capital Market Law, its Implementing Regulations and the Exchange Rules.

d- A temporary trading suspension will be lifted following the lapse of the period referred to in the disclosure specified in Paragraph (b) above, unless the CMA or the Exchange decide otherwise.

e- The Exchange may propose that the CMA exercise its authorities under Paragraph (c) if it finds that there is information or circumstances that may affect the Issuer's activities and that are likely to interrupt the operation of the Exchange or the protection of investors.

17.6.4 Lifting of Suspension

The lifting of the trading suspension under Paragraph (a) of Section 17.6.1 "**Power to Suspend or Cancel Listing**" of this Prospectus is subject to the following:

a- Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors.

b- The lifting of the suspension being unlikely to have any impact the normal activity of the Exchange.

c- The Company complying with any other conditions that the CMA may require.

In the event that the listing suspension continues for six (6) months with no appropriate procedure made by the Company to correct such suspension, the CMA may cancel the Company's Listing.

17.7 Resolutions and Approvals for the Offering

The resolutions and approvals pursuant to which the Offer Shares will be offered are as follows:

a- The Company's Board of Directors' resolution recommending to the General Assembly approval of the Offering dated 01/06/1445H (corresponding to 14/12/2023G).

b- The General Assembly resolution approving the Offering, dated 01/06/1445H (corresponding to 14/12/2023G).

c- The CMA's approval of the Offering, dated 10/09/1445H (corresponding to 20/03/2024G).

d- The conditional approval issued by the Saudi Exchange to list the shares dated 04/08/1445H (corresponding to 14/02/2024G).

17.8 Lock-up Period

The Substantial Shareholders, whose names appear on page (xii) may not dispose of their shares for a period of six (6) months from the date on which trading of the Offer Shares commences on the Exchange. Following the Lock-up Period, the Substantial Shareholders may dispose of such shares without the prior approval of the Authority.

17.9 Subscription Undertakings

By completing and submitting the Subscription Application Form, each Subscriber:

a- agrees to subscribe for the number of Offer Shares specified in the Subscription Application Form;

b- warrants that they have read and carefully examined this Prospectus and understood all its content;

c- accepts the Company's Bylaws and all Offering instructions and terms mentioned in this Prospectus and the Subscription Application Form, and subscribes for the Offer Shares accordingly;

d- declares that neither they themselves nor any of their family members included in the Subscription Application Form have previously subscribed for any shares and that the Company has the right to reject any or all duplicate applications;

e- accepts the number of Offer Shares allocated thereto (up to the maximum of the amount subscribed for) as per the Subscription Application Form;

f- warrants not to cancel or amend the Subscription Application Form after submitting it to a Receiving Agent; and

g- undertakes to maintain their right to sue the Company for damages caused by incorrect or incomplete information contained in the Prospectus, or due to the omission of material information that should have been included in the Prospectus and could affect their decision to purchase the shares.

17.10 Share Register and Trading Arrangements

The Depository Center shall maintain a Shareholder register containing the names, nationalities, addresses, and professions of the Shareholders, the shares held by them and the amounts paid for such shares.

17.11 Saudi Exchange (Tadawul)

In 1990G, full electronic trading of equities in the Kingdom was introduced. Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "**Tadawul**" system through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each business day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, outside of those times, orders may be entered, amended or canceled from 9:30 a.m. to 10:00 a.m. Said times change during the month of Ramadan and are announced on the official website of Tadawul. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders placed at a price limit), provided that, if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link, which supplies trading data in real time to information providers such as Reuters. Exchange transactions are settled on a T+2 basis, i.e., share ownership transfer takes place two working days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information of importance to the investors via Tadawul. Surveillance and monitoring is the responsibility of Tadawul as the operator of the market to ensure fair trading and an orderly market.

17.12 Securities Depository Center (Edaa)

The Securities Depository Center Company (Edaa) was established in 2016G pursuant to the Saudi Companies Law issued by Royal Decree No. M/3, dated 28/01/1437H (corresponding to 10/11/2015G). Edaa is a closed joint-stock company wholly owned by Tadawul Group with a share capital of four hundred million Saudi Riyals (SAR 400,000,000), divided into forty million (40,000,000) shares, with a nominal value of ten (10) Saudi Riyals per share.

This is after the Authority's Board approved the request of the board of directors of Tadawul to convert the Securities Depository Center into a joint-stock company in accordance with the Capital Market Law issued by Royal Decree No. M/30, dated 02/06/1424H (corresponding to 31/07/2003G).

The activities of the Depository Center are represented in the business of depositing securities, registering their ownership, transferring, settling and clearing them, and registering any ownership restrictions on deposited securities. The Depository Center also deposits and manages the records of securities issuers and organizes the general assemblies of issuers, including the remote voting service for such assemblies and the filing of reports, notices and information, in addition to providing any other services related to its activities that are deemed by the Depository Center to be provided in accordance with the Capital Market Law and its Implementing Regulations.

17.13 Trading of Company's Shares

Trading of the shares is expected to commence after finalization of the allocation process and the announcement of the start date of trading of the Company's shares. Following Listing, Saudi nationals, non-Saudi nationals holding valid residence permits in the Kingdom, GCC nationals, companies, banks, and investment funds will be permitted to trade in the Offer Shares once they are traded on the Exchange. Qualified foreign investors will be able to invest in the Company's Shares in accordance with the QFI Rules. Foreign investors who are non-GCC nationals residing outside the KSA and non-GCC institutions incorporated outside the KSA will also have the right to invest indirectly to acquire the economic benefits of the shares by entering into swap agreements with a Capital Market Institution. Capital Market Institutions may hold and trade in the Shares on the Exchange on behalf of a foreign non-GCC investor. It should be noted that Capital Market Institutions shall be deemed the legal owners of the Shares under such swap agreements.

The Offer Shares may only be traded after the allocated Offer Shares have been credited to Subscribers' accounts at Tadawul, the Company has been registered and its Shares deposited and listed on the Exchange. Pre-trading in shares is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company and the Selling Shareholder shall have no legal responsibility in connection with pre-trading activities.

17.14 Miscellaneous

The Subscription Application Form and all related terms, conditions and covenants thereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs. Neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions, the terms and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

This Prospectus has been issued in both Arabic and English, and the Arabic version is the only one approved by the Authority. In the event of a discrepancy between the English and Arabic texts, the Arabic text of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited except for foreign financial institutions subject to the applicable laws and directives. Recipients of this Prospectus are required to inform themselves of any regulatory restrictions relevant to the Offering and the sale of the Offer Shares and to observe all such restrictions.

Subject to the requirements of the OSCOs, the Company must submit a supplementary prospectus to the Authority if, at any time after the publication of this Prospectus, and before the end of the Offering, the Company becomes aware that: (a) there has been a significant change in any material matters contained in the Prospectus or any document required by the OSCOs or the Listing Rules; or (ii) any significant issues have arisen that should have been included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned, other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's headquarters located at 3769 Al Thumama Road, Al Rabie District, Unit 30, Riyadh 13316 – 8580, Kingdom of Saudi Arabia, between 09:00 a.m. and 17:00 p.m. from Wednesday, 15/10/1445H (corresponding to 24/04/2024G) until Wednesday, 14/11/1445H (corresponding to 22/05/2024G), provided that such period shall not be less than twenty (20) days before the end of the Offering Period:

a- The announcement of the Authority's approval of the Offering, dated 10/09/1445H (corresponding to 20/03/2024G).

b- The announcement of Tadawul's conditional approval of the Listing, dated 04/08/1445H (corresponding to 14/02/2024G).

c- The resolution of the Company's Board of Directors recommending approval of the IPO by the General Assembly, dated 01/06/1445H (corresponding to 14/12/2023G).

d- The resolution of the Company's General Assembly approving the Offering, dated 01/06/1445H (corresponding to 14/12/2023G).

e- The Company's Bylaws and amendments thereto.

f- The Company's Memorandum of Association and amendments thereto.

g- The Company's commercial registration certificate issued by MoC.

h- The Company's audited and consolidated financial statements for the financial years ended 31 December 2020G, 2021G, 2022G, and 2023G.

i- The interim financial statements for the nine-month period ended 30 September 2023G.

j- A document showing the mechanism relied on in ascertaining the price range used in the book-building or valuation report.

k- The Market Study Report prepared by the Market Consultant.

l- All other reports, letters, documents, valuations and data prepared by any expert wholly or partly included or referred to in this Prospectus.

m- The contracts and agreements disclosed in Section 12.4 "**Material Agreements**" and Section 12.4.6 "**Transactions and Contracts with Related Parties**" of this Prospectus.

n- Letters of consent from each of:

  1- The Financial Advisor, Lead Manager, Bookrunner and Underwriter (Saudi Fransi Capital) for the inclusion of its name and logo in this Prospectus.

  2- The Financial Advisor, Bookrunner and Underwriter (EFG Hermes KSA) for the inclusion of its name, logo, and in this Prospectus.

  3- The Legal Advisor (The Law Firm of Latham & Watkins) for the inclusion of its name, logo and statement in this Prospectus.

  4- The Legal Advisor to the Financial Advisors, Lead Manager, Bookrunners and Underwriters (Zeyad Sameer Khoshaim Company (Professional Limited Liability Company) for the inclusion of its name, logo and statement in this Prospectus.

  5- The Financial Due Diligence Advisor (PricewaterhouseCoopers - Public Accountants and Auditors) for the inclusion of its name, logo and statements in this Prospectus.

  6- The Auditor (KPMG Professional Services) for the inclusion of its name, logo, statement and financial reports for the financial years ended 31 December 2020G, 2021G, 2022G, and 2023G and the nine-month period ended 30 September 2023G in this Prospectus.

  7- The Market Consultant (Arthur D. Little Middle East FZ-LLC.) for the inclusion of its name, logo and statements in this Prospectus.

o- The Underwriting Agreement.

p- A document summarizing the future prospects and statements regarding the Company's projected financial performance.

19. FINANCIAL STATEMENTS AND AUDITOR'S REPORT

This section contains the Group's audited consolidated financial statements for the financial years ended 31 December 2020G, 2021G, 2022G, and 2023G and the notes thereto, which were prepared in accordance with the IFRS endorsed in the Kingdom and other standards and issuances approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA), and the condensed consolidated unaudited interim financial statements for the nine-month period ended 30 September 2023G and the notes thereto included in other parts of this Prospectus, in accordance with IAS 34 "**Interim Financial Reporting**", as endorsed in the Kingdom. The audited consolidated financial statements of the Company for the financial years ended 31 December 2020G, 2021G, 2022G, and 2023G were audited and the Group's unaudited condensed interim consolidated financial statements for the nine-month period ended 30 September 2023G were reviewed by KPMG Professional Services.

MIAHONA COMPANY
(A Saudi Joint Stock Company - Closed)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023
together with the
Independent Auditor's Report

MIAHONA COMPANY
(A Saudi Joint Stock Company - Closed)
Consolidated Financial Statements
For the year ended 31 December 2023

KPMG Professional Services
Roshn Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Miahona Company

Opinion

We have audited the consolidated financial statements of Miahona Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of SAR 40,000,000. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and 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.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً " شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

KPMG

Independent Auditor's Report

To the Shareholders of Miahona Company (Continued)

Revenue recognition under service concession arrangements	
Refer to note 4(k) to the consolidated financial statements for the accounting policy relating to revenue recognition under service concession arrangements and note 25 to the consolidated financial statements for the related disclosures	
The key audit matter	**How the matter was addressed in our audit**
During the year ended 31 December 2023, the Group recognised revenue primarily from service concession arrangements amounting to SAR 298.62 million. The Group has service concession arrangements which are classified as intangible asset model or financial assets model as per the requirements of applicable accounting standards. During the concession periods, the Group is responsible for construction or rehabilitation and for operations and maintenance of the arrangements, and receives consideration as per the terms of the arrangements. The consideration received includes fixed and variable amounts. Revenue from service concession arrangements is recognized by the Group over a period of time as the related services are performed. We have determined revenue recognition from service concession arrangements to be a key audit matter because of its significance to the Group's total revenue and the underlying contractual arrangements based on which revenue is recognised by the Group.	Our audit procedures included amongst other the following: - Assessing the appropriateness of the Group's revenue recognition accounting policies by considering the requirement of applicable accounting standards. - Assessing the design and implementation and testing the operating effectiveness of key controls implemented by the Group relating to revenue recognition. - Testing, on a sample basis, the amount of revenue recognised for service concession arrangements considering service concession agreements with the customers and relevant documentation. - Performing cut off procedures to assess whether revenue is recognised in the correct period. - Assessing the adequacy of the disclosures in the consolidated financial statements considering the requirements of applicable accounting standards.

KPMG

Independent Auditor's Report

To the Shareholders of Miahona Company (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e., Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

KPMG

Independent Auditor's Report

To the Shareholders of Miahona Company (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Miahona Company ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460

Riyadh, 16 April 2024
Corresponding to 7 Shawwal 1445H

Miahona Company
(A Saudi Joint Stock Company - Closed)
Consolidated statement of financial position
As at 31 December 2023
(Amounts in Saudi Arabian Riyals)

	Notes	2023	2022
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	8,413,083	8,445,830
Intangible assets	6	2,755	222,310
Intangible assets arising from service concession arrangements	7	345,824,800	359,494,047
Plant under construction		160,786	-
Right-of-use assets	8	11,680,901	7,760,046
Investment in associates	9	13,406,907	8,301,414
Concession contract receivables	10	270,411,073	263,967,200
Prepayments and advances	11	13,527,315	3,240,493
Non-current assets		663,427,620	651,431,340
CURRENT ASSETS			
Concession contract receivables	10	34,586,026	20,761,130
Inventories	12	5,772,457	4,499,892
Prepayments and advances	11	25,830,425	27,511,644
Derivative financial instruments	15	1,977,120	5,167,411
Trade and other receivables	13	62,921,487	122,430,022
Contract assets	14	38,082,881	22,629,006
Due from related parties	30.3	4,514,655	5,405,905
Term deposits	16	16,061,000	35,356,000
Cash and cash equivalents	17	136,166,214	67,821,386
Current assets		325,912,265	311,582,396
TOTAL ASSETS		989,339,885	963,013,736

Miahona Company
(A Saudi Joint Stock Company - Closed)
Consolidated statement of financial position
As at 31 December 2023
(Amounts in Saudi Arabian Riyals)

EQUITY AND LIABILITIES	Notes	2023	2022
EQUITY			
Share capital	18.1	160,925,543	500,000
Additional capital contribution	18.2	-	160,425,543
Statutory reserve		250,000	250,000
Cash flow hedge reserve	15	1,705,695	4,362,751
Retained earnings		229,971,854	176,967,131
Sub-total		392,853,092	342,505,425
Non-controlling interest		385,268	-
Total equity		393,238,360	342,505,425
LIABILITIES			
Loans and borrowings	19	400,722,135	422,541,594
Lease liabilities	8	9,538,537	5,242,334
Fair value of derivative financial instruments	15	387,749	804,660
Defined employee benefits obligation	20	22,393,896	16,286,064
Other liabilities	21	-	5,892,326
Deferred revenue and contract liability	22	13,105,682	14,797,373
Non-current liabilities		446,147,999	465,564,351
Loans and borrowings	19	41,828,378	39,222,049
Lease liabilities	8	1,736,816	2,241,754
Trade and other payables	23	94,976,966	103,075,661
Other liabilities	21	5,892,326	5,055,254
Zakat payable	24	5,519,040	5,349,242
Current liabilities		149,953,526	154,943,960
Total liabilities		596,101,525	620,508,311
TOTAL EQUITY AND LIABILITIES		989,339,885	963,013,736

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

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Chairman
Khalid Abunayyan

DocuSigned by:
Awaadh Al Otaibi
75DAF92230844AB...
Chief executive officer
Awaad Al Otaibi

DocuSigned by:
BCA1A75B148B463...
Chief financial officer
Rehan Masood

Miahona Company
(A Saudi Joint Stock Company - Closed)
Consolidated statement of profit or loss
For the year ended 31 December 2023
(Amounts in Saudi Arabian Riyals)

	Notes	2023	2022
Revenue	25	324,462,898	276,023,072
Cost of revenue	26	(215,055,671)	(189,164,297)
Gross profit		109,407,227	86,858,775
Other income	27	470,902	1,647,992
General and administrative expenses	28	(38,703,210)	(30,161,879)
(Allowance for) / reversal of expected credit losses on trade receivables, contract asset and concession contract receivables	10 / 13	(919,327)	244,127
Modification of concession contract receivable	10	-	(1,982,788)
Operating profit		70,255,592	56,606,227
Finance costs	29	(33,519,595)	(21,599,347)
Finance income	10	15,829,062	15,041,162
Income on term deposits		4,215,185	-
Share of profit of investment in equity accounted investees	9	6,476,468	5,411,247
Profit before Zakat		63,256,712	55,459,289
Zakat expense	24	(6,334,598)	(5,349,242)
Profit for the year		56,922,114	50,110,047
Profit for the year attributable to:			
Equity holders of the Group		56,718,308	50,110,047
Non-controlling interest		203,806	-
		56,922,114	50,110,047
Earnings per share			
Basic earnings per share	35	0.35	0.31
Diluted earnings per share	35	0.35	0.31

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

DocuSigned by:
874C6993D83246B...
Chairman
Khalid Abunayyan

DocuSigned by:
Awaadh Al Otaibi
75DAF92230844AB...
Chief executive officer
Awaad Al Otaibi

DocuSigned by:
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Chief financial officer
Rehan Masood

Miahona Company
(A Saudi Joint Stock Company - Closed)
Consolidated statement of other comprehensive income
For the year ended 31 December 2023
(Amounts in Saudi Arabian Riyals)

	Notes	2023	2022
Profit for the year		56,922,114	50,110,047
Item that are or may be reclassified subsequently to profit or loss			
Cash flow hedges – effective portion of changes in fair value	*15*	(2,773,380)	7,345,527
Item that will not be reclassified to profit or loss			
Actuarial (loss) / gain on defined employee benefits obligation	*20*	(3,715,799)	189,914
Other comprehensive (loss) / income for the year		(6,489,179)	7,535,441
Total comprehensive income for the year		50,432,935	57,645,488
Other comprehensive income for the year attributable to:			
Equity holders of the Group		(6,370,641)	7,535,441
Non-controlling interest		(118,538)	-
		(6,489,179)	7,535,441
Total comprehensive income for the year attributable to:			
Equity holders of the Group		50,347,667	57,645,488
Non-controlling interest		85,268	-
		50,432,935	57,645,488

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

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Chairman	*Chief executive officer*	*Chief financial officer*
Khalid Abunayyan	*Awaad Al Otaibi*	*Rehan Masood*

Miahona Company
(A Saudi Joint Stock Company - Closed)
Consolidated statement changes in equity
For the year ended 31 December 2023
(Amounts in Saudi Arabian Riyals)

	Share capital	Additional capital contribution	Statutory reserve	Cash flow hedge reserves	Retained earnings	Equity attributable to owners of the Group	Non-controlling interest reserves	Total equity
As at 1 January 2022	500,000	160,425,543	250,000	(2,982,776)	146,667,170	304,859,937	-	304,859,937
Profit for the year	-	-	-	-	50,110,047	50,110,047	-	50,110,047
Other comprehensive income for the year	-	-	-	7,345,527	189,914	7,535,441	-	7,535,441
Total comprehensive income for the year	-	-	-	7,345,527	50,299,961	57,645,488	-	57,645,488
Dividend (note 18.3)	-	-	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
As at 31 December 2022	500,000	160,425,543	250,000	4,362,751	176,967,131	342,505,425	-	342,505,425
As at 1 January 2023	500,000	160,425,543	250,000	4,362,751	176,967,131	342,505,425	-	342,505,425
Share capital of non-controlling interest	-	-	-	-	-	-	300,000	300,000
Profit for the year	-	-	-	-	56,718,308	56,718,308	203,806	56,922,114
Other comprehensive income for the year	-	-	-	(2,657,056)	(3,713,585)	(6,370,641)	(118,538)	(6,489,179)
Total comprehensive income for the year	-	-	-	(2,657,056)	53,004,723	50,347,667	85,268	50,432,935
Capitalization of additional capital contribution (note 18)	160,425,543	(160,425,543)	-	-	-	-	-	-
As at 31 December 2023	160,925,543	-	250,000	1,705,695	229,971,854	392,853,092	385,268	393,238,360

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

DocuSigned by:
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Chairman
Khalid Abunayyan

DocuSigned by:
Awaadh Al Otaibi
75DAF92230844AB...
Chief executive officer
Awaad Al Otaibi

DocuSigned by:
BCA1A75B148B463...
Chief financial officer
Rehan Masood

11

Miahona Company
(A Saudi Joint Stock Company - Closed)
Consolidated statement of cash flow
For the year ended 31 December 2023
(Amounts in Saudi Arabian Riyals)

	Notes	2023	2022
OPERATING ACTIVITIES			
Profit for the year		63,256,712	55,459,289
Adjustments for:			
Depreciation of property and equipment	5	2,654,389	2,221,590
Loss / (gain) on disposal of property and equipment		517	(129,917)
Amortization of intangible assets	6	219,555	484,032
Amortization of intangibles arising from service concession arrangements	7	39,302,099	36,299,313
Modification of the concession contract receivable		-	1,982,788
Depreciation of right-of-use assets	8	2,536,046	2,388,432
Gain on derecognition of right-of-use assets		(1,155)	(17,545)
Interest on lease liabilities	8	466,372	317,555
Share of profit of investment in associate	9	(6,476,468)	(5,411,247)
Allowance for / (reversal of) expected credit losses on trade receivables, contract asset and concession contract receivables	10 / 13	919,327	(244,127)
Employee defined benefits obligation	20	3,243,920	2,954,043
Amortisation of the upfront fees	19	1,048,546	1,165,595
Interest on loans and borrowings, net	29	32,695,737	20,929,780
Concession contract receivables amortisation	10	29,977,727	20,476,549
Interest income on term deposits		(4,215,185)	-
Finance income	10	(15,829,062)	(15,041,162)
		149,799,077	123,834,968
Changes in operating assets and liabilities:			
Inventories		(1,272,565)	(260,958)
Trade and other receivables		58,735,296	(6,913,533)
Contract assets		(15,453,875)	(15,767,536)
Due from related parties		891,250	5,190,759
Prepayments and advances		(8,605,605)	(13,063,225)
Other liabilities, deferred revenue and contract liability		(6,746,945)	(4,285,407)
Trade and other payables		(10,966,980)	(1,219,240)
		166,379,653	87,515,828
Interest income on term deposits received		3,510,185	-
Defined employee benefits paid	20	(851,887)	(2,143,225)
Interest paid		(30,293,824)	(21,247,335)
Zakat paid	24	(6,164,800)	(4,115,597)
Net cash generated from operating activities		132,579,327	60,009,671
INVESTING ACTIVITIES			
Acquisition of property and equipment	5	(2,622,159)	(4,749,099)
Acquisition of plant under construction		(160,786)	-
Proceeds from sale of property and equipment		-	204,781
Acquisition of intangible assets arising from service concession arrangements	7	(25,632,852)	(23,642,204)
Acquisition of Concession contract receivable	10	(34,563,521)	-
Placement of term deposits		(83,000,000)	(20,000,000)
Proceeds of term deposits		103,000,000	-
Dividend received from associates		1,370,975	-
Shareholders loan to associate		-	(3,500,000)
Acquisition of investment in associates		-	(175,000)
Net cash used in from investing activities		(41,608,343)	(51,861,522)

Miahona Company
(A Saudi Joint Stock Company - Closed)
Consolidated statement of cash flow
For the year ended 31 December 2023
(Amounts in Saudi Arabian Riyals)

	Notes	2023	2022
FINANCING ACTIVITIES			
Repayment of loan and borrowings	18	(39,222,049)	(38,225,720)
Proceeds from loans and borrowings	18	18,960,373	24,500,000
Dividends paid to shareholders	16	-	(20,000,000)
Payment of lease liabilities	8	(2,664,480)	(2,480,144)
Non-controlling interest		300,000	-
Net cash used in financing activities		(22,626,156)	(36,205,864)
Net increase / (decrease) in cash and cash equivalent		68,344,828	(28,057,715)
Cash and cash equivalent at the beginning of the year		67,821,386	95,879,101
Cash and cash equivalents at the end of the year	14	136,166,214	67,821,386
Non-Cash items			
Addition to Right of use assets		(6,473,085)	(1,067,836)
Addition to Lease liabilities		6,473,085	1,067,836
Proceed from term deposits		15,536,000	15,536,000
Placement of term deposits		(15,536,000)	(15,536,000)

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

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Chief executive officer
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DocuSigned by: BCA1A75B148B463...
Chief financial officer
Rehan Masood

Miahona Company
(A Saudi Joint Stock Company - Closed)
Notes to the consolidated financial statements
For the year ended 31 December 2023

1. REPORTING ENTITY

Miahona Company (the "Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration numbered 1010253603 dated 16 Rajab 1429 H (corresponding to 20 July 2008).

The main activities of the Company and its subsidiaries (collectively referred to as "the Group") are to engage in water transportation and distribution, operation of sewage treatment networks and facilities, general construction of the non-residential buildings (schools, hospitals, hotels etc.), establishing main water distribution stations and lines and establishing sewage stations and project, sewage networks and pumps.

The Company was formed on 16 Rajab 1429 H (corresponding to 20 July 2008) as a Limited Liability Company. On 16 Jumada'l 1445H (corresponding to 31 October 2023), the legal status of the Company changed from a Limited Liability Company to a Saudi Closed Joint Stock Company. This is pursuant to the Company's listing process on Tadawul, the Company has filed the application of listing with Capital Market Authority (CMA) and Tadawul on 17 December 2023. Tadawul has approved the application on 14 February 2024. CMA has approved the application on 20 March 2024.

The Group has following subsidiaries and associates:

Name	Activities	Country of incorporation	Percentage of ownership (effective)	
			2023	2022
Industrial Cities Development and Operating Company ("ICDOC") (refer note (a) below)	The main activity of ICDOC is to engage in the construction, operation and maintenance of water desalination stations, for industrial cities, water and wastewater networks, torrents networks, developing and operating industrial cities, constructing and operating of electricity stations for industrial cities, purchase of lands for constructions, developing and investing in buildings by sale and rent.	Saudi Arabia	100%	100%
Riyadh Water Production Company ("RWPC") (refer note (b) below)	The main activity of RWPC is to engage in drilling all kind of water well, water technology, production, distribution transport, sell, sewerage, drainage, processors, re-use of water, sold, public construction contracting, piping, electrical work, mechanical work, maintenance, operations and road works.	Saudi Arabia	100%	100%
Araha Environmental Sciences Company ("ARAHA") (refer note (c) below)	The main activity of Araha is operation of sewer systems or sewer treatment facilities, repair and maintenance of sewer systems, sewage disposals plants and pumping station, Construction of sewer systems, sewage disposal plants and pumping stations.	Saudi Arabia	70%	70%
Al Jazzirah Environment Company ("JECO") refer note (d) below)	The main activity of JECO is operation and maintenance of water desalination plant including brackish and sea water, sewerage treatment plant, water and sewerage networks, and recycle water treatment and networks.	Saudi Arabia	100%	100%

Miahona Company
(A Saudi Joint Stock Company - Closed)
Notes to the consolidated financial statements
For the year ended 31 December 2023

1. REPORTING ENTITY (Continued)

Name	Activities	Country of incorporation	Percentage of ownership (effective) 2023	2022
Sustainable Water Company for Environmental Services ("SWES") (refer note (e) below)	The main activity of SWES is construction of utility projects, sewage, operation and maintenance of water supply, sanitation, waste management and treatment activities.	Saudi Arabia	70%	NA
International Water Partner Company (IWP) (refer note (f) below)	The main activity is for Management, Operations and Maintenance (MOM) Services for the first Cluster i.e., North-west consisting of the areas of Madinah and Tabuk	Saudi Arabia	40%	40%
International Water Partner Company the second (IWP2) (refer note (g) below)	The main activity is for Management, Operations and Maintenance (MOM) Services for the Cluster i.e., Eastern consisting of the areas of Dammam	Saudi Arabia	35%	35%

a) ICDOC is engaged in the following service concession arrangements as at the reporting date:
- A service concession arrangement with a Government related entity in Jeddah dated 24 March 2002, effective from 15 March 2005, for rehabilitating, operating and maintaining the wastewater plant and related network system ("wastewater treatment facilities") of Jeddah Industrial city. The wastewater treatment facilities will be transferred back to the Government related entity at the end of the concession arrangement period of 20 years.
- A service concession arrangement with a Government related entity for industrial cities in Dammam and Al-Ahsa dated 22 October 2007, effective from 30 January 2008, for rehabilitating, operating and maintaining the water utilities and wastewater plant and related network system ("water utilities and wastewater treatment facilities") of the first and second industrial cities in Dammam and building, operating and maintaining the water utilities and wastewater treatment facilities of the first industrial city in Al-Ahsa. The water utilities and wastewater treatment facilities in industrial cities in Dammam and Al-Ahsa will be transferred back to the Government related entity at the end of the concession arrangement period of 30 years.

Miahona Company
(A Saudi Joint Stock Company - Closed)
Notes to the consolidated financial statements
For the year ended 31 December 2023

1. REPORTING ENTITY (Continued)

b) RWPC is engaged in a service concession arrangement with a Government related entity dated 15 September 2015 to perform the following:
   - further, develop, own, finance engineer, design, procure, construct, commission, start up and test the new Water Treatment Station ("WTS").
   - operate, maintain and transfer the new WTS.

c) On 30 November 2022, the Company formed Araha. The Company injected cash of SR 350,000 equal to 70% of Araha's shares.

   Araha is engaged in a service concession arrangement with a Government related entity dated 28 August 2022, effective from 2 May 2023, to perform the rehabilitation remediation and financing, completion, testing, operation and maintenance, handover, and transfer of the existing two sewage treatment plants (STP) in Makkah called Hadda and Arana STPs.

d) JECO is a subcontractor for operations and maintenance of the above service concession contracts relating to ICDOC, RWPC and Araha.

e) On 27 February 2023, the Company was awarded a contract through competitive tendering process for the Ras Tanura Refinery ("RTR") wastewater treatment plant project – to treat industrial waste water of Saudi Aramco. The Company's share capital amounted to SR 350,000 equal to 70% of SWES's shares.

   The industrial wastewater treatment plant, wastewater and effluent transmission systems will be developed on a Build-Own-Operate-Transfer ("BOOT") basis for a period of 25 years. As on the reporting date, the Company has achieved the commercial close and signed a concession arrangement.

f) The Group made an investment in IWP to the extent of 40% of the share capital, for a consideration of SR 200,000 in February 2021.

   IWP is engaged in a contract with a Government related entity to perform management and operations of the water supply lines between the cities engaged in water wells, water technology, production, distribution, transport, sell, sewerage, drainage and re-use of water and public construction contracting, piping, electrical work, mechanical work, maintenance, operating and road works.

g) The Group made an investment in IWP2 to the extent of 35% of the share capital, for a consideration of SR 175,000 in January 2022.

   IWP2 is engaged in a contract with a Government related entity to perform management and operations of the water supply lines between the cities engaged in water wells, water technology, production, distribution, transport, sell, sewerage, drainage and re-use of water and public construction contracting, piping, electrical work, mechanical work, maintenance, operating and road works.

Miahona Company
(A Saudi Joint Stock Company - Closed)
Notes to the consolidated financial statements
For the year ended 31 December 2023

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) Accounting Standards (IFRS Accounting Standards) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (hereinafter referred to as "IFRSs").

2.2 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date. Further, the financial statements are prepared using the accrual basis of accounting and on a going concern basis.

Items	Measurement basis
Derivative financial instruments	Fair value
Defined benefit liability	Present value of the defined benefit obligation
Investment in equity accounted investees	Equity method of accounting.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (SR), which is the Company's functional currency. The Group have used SR as the presentation currency. All amounts have been rounded to the nearest SR, unless otherwise indicated.

2.4 Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Miahona Company
(A Saudi Joint Stock Company - Closed)
Notes to the consolidated financial statements
For the year ended 31 December 2023

2. BASIS OF PRESENTATION (Continued)

2.5 Basis of equity accounted investees

An equity accounted investee is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Interests in equity accounted investee are accounted using the equity method.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Therefore, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made the following estimates and judgements, which are significant to the consolidated financial statements:

a) Revenue recognition: allocation of transaction price to performance obligations, measurement of significant financing component.
b) Measurement of defined employee benefits obligation - key actuarial assumptions.
c) Allowance for expected credit losses on trade receivables, contract assets and concession contract receivables.

Miahona Company
(A Saudi Joint Stock Company - Closed)
Notes to the consolidated financial statements
For the year ended 31 December 2023

4. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

New Standards, Amendment to Standards and Interpretations:

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023.

Standard, interpretation, amendments	Description	Effective date
Narrow scope amendments to IAS 1, IFRS Practice Statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances.	Annual periods beginning on or after January 1, 2023
Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The amendments did not have a material impact on the consolidated financial statements of the Group.	Annual periods beginning on or after January 1, 2023

Standards issued but not yet effective:

A number of new standards and amendments are effective for annual years beginning on or after 1 January 2024 and earlier application is permitted. These amended standards and interpretations are not expected to have a material impact on the consolidated financial statements of the Group. The Group has not early adopted the new or amended standards in preparing these financial statements.

Miahona Company
(A Saudi Joint Stock Company - Closed)
Notes to the consolidated financial statements
For the year ended 31 December 2023

4. MATERIAL ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective (continued):

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities as current or non-current	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	January 1, 2024
Amendments to IFRS 10 and IAS 28	Amendments to IFRS 10 consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	The effective date of the amendments has yet to be set by The IASB.
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	It requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.	Annual periods beginning on or after January 1, 2024
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. No material impact is expected for the Group.	Annual periods beginning on or after 1 January 2025 (early adoption is available)
Amendment to IAS 7 and IFRS 7 Supplier finance	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. No material impact is expected for the Group	Annual periods beginning on or after 1 January 2024 (with transitional reliefs in the first year)

Miahona Company
(A Saudi Joint Stock Company - Closed)
Notes to the consolidated financial statements
For the year ended 31 December 2023

4. MATERIAL ACCOUNTING POLICIES (Continued)

a) Property and equipment

Property and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of property and equipment for current and comparative periods are as follows:

Leasehold improvements	10 years or lease term whichever lower
Furniture and fixtures	4 - 10 years
Office equipment and computer	4 years
Machinery and equipment	5 years
Pump meters	2 - 5 years
Motor vehicles	4 years

The depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Capital work in progress at year end includes certain assets that have been acquired but are not ready for their intended use. These assets are transferred to relevant assets categories and are depreciated once they are available for their intended use.

The assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

Miahona Company
(A Saudi Joint Stock Company - Closed)
Notes to the consolidated financial statements
For the year ended 31 December 2023

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Intangible assets arising from service concession arrangements

The Group recognizes an intangible asset when it has a contractual right to charge the public for usage of the concession infrastructure. The intangible asset is recognized equal to the consideration for providing construction or upgrade services in a service concession arrangement which is measured at cost including capitalized borrowing costs, less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

Amortization is calculated to write off the cost of intangible asset using the straight-line method over the period of concession arrangement or their estimated useful lives whichever is lower, and is recognised in profit or loss.

c) Leases

Right of use assets and Lease Liabilities.

The Group recognises new assets and liabilities for its leases of various types of contracts including accommodation/office rental premises, commercial vehicles etc. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Consolidated Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, the management generally considers certain
factors including historical lease durations, significant leasehold improvements over the term of the lease that have significant economic benefit to the Group's operation, the importance of the leased asset to the Group's operation and whether alternatives are available for the Group and business disruption required to replace the leased asset.

Miahona Company
(A Saudi Joint Stock Company - Closed)
Notes to the consolidated financial statements
For the year ended 31 December 2023

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments

I. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at Fair Value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

II. Financial assets -classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Miahona Company
(A Saudi Joint Stock Company - Closed)
Notes to the consolidated financial statements
For the year ended 31 December 2023

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments (Continued)

Financial assets
Financial assets at amortised cost the amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

III. Derecognition
Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The Group derecognises financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

IV. Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

V. Derivative financial instruments and hedge accounting
The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Miahona Company
(A Saudi Joint Stock Company - Closed)
Notes to the consolidated financial statements
For the year ended 31 December 2023

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments (Continued)

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedge
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

e) Cash and cash equivalents:

Cash and cash equivalents include bank balances, cheques in hand and deposits with original maturities of three months or less, if any.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

f) Term deposits:

Term deposits include placements with banks and other short-term highly liquid investments, with original maturities of more than three months but not more than one year from the date of placement. Term deposits are placed with financial institutions with investment grade rating which are considered to have low credit risk.

Investment income in term deposits is accrued on a timely basis by reference to the principal outstanding and at the applicable effective interest rate.

g) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

h) Defined employee benefits obligation

Defined employee benefit plan

The Group's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount. These benefits are currently unfunded. The calculation of defined employee benefits obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Group determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Interest expense (income) and other expenses related to defined benefit plan, are recognised in profit or loss.

i) Zakat

The Group is subject to Zakat in accordance with the Zakat regulation issued by the Zakat, Tax and Customs Authority ('ZATCA') in the Kingdom of Saudi Arabia which is subject to interpretations. Zakat is recognized in the consolidated statement of profit or loss. Zakat is levied at a fixed rate of 2.5% of the zakat base as defined in the Zakat regulations.

The Group's management establishes provisions where appropriate on the basis of amounts expected to be paid to the ZATCA and periodically evaluates positions taken in the Zakat returns with respect to situations in which applicable Zakat regulation is subject to interpretation. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

j) *Revenue*

Service concession arrangements:

The Group entered into service concession arrangements with certain governmental authorities and a government related entity (the "Grantor"). As per terms of the arrangements it consists of two Build-Operate-Transfer (the "BOT") arrangements and three Rehabilitate-Operate-Transfer (the "ROT") arrangements. During the concession periods, the Group is responsible for construction or rehabilitation and for operations and maintenance of the arrangements, and receives consideration as per the terms of the arrangements. The consideration received includes a fixed and variable amount.

BOT arrangements

i. The Group carries out construction work, operation and maintenance of new Water Treatment Station ("WTS"). The Group receives in return the rights to operate the service project concerned for a specified period of time (the "operation period"). As per terms of arrangement at the end of the operation period i.e. 28 years from the date of commencement of operations) the new WTS and water facilities will be transferred to the Grantor with nil consideration. This BOT arrangement is classified as a financial asset model under IFRIC 12, Service Concession Arrangements.

ii. The Group would carry out construction work, operation and maintenance of Independent Wastewater Treatment Plant ("IWWTP"), water utilities and wastewater treatment facilities. The Group would receive in return right to operate IWWTP and operate the plant for a specified period of time ("the operation period"). As per terms of arrangement, the construction period is 3 years and operations period is 25 years. At the end of operations period, the IWWTP will be transferred to the Grantor with nil consideration.

ROT arrangements

Under the ROT, Group carries out remediation, operation and maintenance of the existing WTS and water utilities and wastewater treatment facilities.

i. The Group receives in return the rights to operate the service project concerned for a period of 20 years and 30 years for Jeddah and Dammam, respectively (the "operation period"). As per terms of arrangement at the end of the operation period the water utilities and wastewater treatment facilities will be transferred to the Grantor with nil consideration. This ROT arrangement is classified as an intangible asset model under IFRIC 12, Service Concession Arrangements.

ii. The Group is obliged to operate for a specified period of time (the "operation period") under the long-term operation and maintenance agreement ("LTOM Agreement"). As per terms of arrangement at the end of the operation period (i.e. 10 years from the date of commencement of operations) the WTS and water facilities should be transferred to the Grantor with nil consideration (refer note 10.1). This ROT arrangement is classified as a financial asset model under IFRIC 12, Service Concession Arrangements.

iii.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Revenue (continued)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers.

Type of service	Nature and timing of satisfaction of performance obligation
Management and engineering services	Revenue comprises the value of services provided during the year. Revenue is recognized over time when the customer simultaneously receives and consumes the benefits provided by Group's performance.
Project development and advisory services	Revenue earned by the Group for project development and advisory services provided in relation to the development of projects is typically recognized upon financial close of the project (being the point in time at which committed funding for the project has been achieved).
Construction revenue	Revenue from construction and rehabilitation services are recognized based on the actual service provided to the customer as a proportion of the total services to be provided by using the percentage of completion method.
Operation and general maintenance revenue	Revenue from providing operation and maintenance services is recognized over a period of time as the related services are performed. Revenue for operation and maintenance services is linked to the output of the plant and revenue is recognized for the amount for which the Group has delivered the services.
Lifecycle maintenance revenue	Revenue from providing life cycle maintenance services is recognized over a period of time as the related services are performed. The Group recognize revenue of this services as and when the relevant cost are incurred.
Water treatment and supply	Revenue from providing operations services is recognized over a period of time as the related services are performed. Transaction price for operations service is linked to the output of the plant, and revenue is recognized for the amount for which the Group has delivered the services.
Connection services	Revenue from connection service is recognized over time. The amount received for connection services is recognized as revenue over the remaining service concession period. The unamortized balance of such revenue is classified as deferred revenue under contract liabilities.
Finance income	Finance income is recognized by applying the effective interest rate method to the amortised cost of the financial assets (i.e., concession contract receivables).

Revenue under the contract is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to a customer on the satisfaction of the performance obligation.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Revenue (continued)

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. The contract assets are transferred to receivable when the rights are unconditional. This usually occurs when the Group issues an invoice to the customer.

Contract liability
The contract liabilities primarily relate to the advance consideration received from customers for several costs to be incurred over the term of contract life at milestone basis (specific years). Management considers these as life cycle costs. Therefore, the revenue is considered unearned and deferred against the cost to be incurred in particular stage of the contract.

l) Impairment

I. Financial instruments

Financial instruments and contract assets

The Group recognizes Expected Credit Losses (ECLs) on the accounts receivable and contract assets. The Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Group and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate.

Other financial assets such as employees' receivables, bank balances have low credit risk and the impact of applying ECL is immaterial.

Write-off:

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

II. Non-financial assets
At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

l) Impairment (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

m) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Considering the Group's intended use of inventories is supply of services, net realizable value is based on the estimated selling price of the services in which they will be incorporated (less the estimated costs of completion and sale).

n) Fair value measurement

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

The Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

o) Provisions

A provision is recognised if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

p) Expenses

Costs incurred in relation to contracts and employees directly related to projects is classified as cost of revenue. All other expenses, excluding cost of sales and financial charges, are classified as administrative expenses. Allocations of common expenses between cost of revenue and administrative expenses, when required, are made on a consistent basis.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

q) *Dividends*

Interim dividends are recorded as a liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders.

r) *Borrowings*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of profit or loss over the period of the borrowings using the effective interest method. Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The borrowings are classified as a current liability when the remaining maturity is less than 12 months.

n) *Borrowing* costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time, that is more than one year, to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. No borrowing costs are capitalised during idle periods.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

o) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the board of directors (Chief Operating Decision Makers) which in the Group's case is to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

p) Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable are recorded in the financial statement under accounts payable and accruals. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

q) Earnings per share

Earnings per share are calculated by dividing net profit for the year by the weighted average number of ordinary shares outstanding during the year.

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5. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Office equipment and computer	Machinery and equipment	Pump meters	Motor vehicles	Total
Cost:							
As at 1 January 2022	1,298,751	8,484,741	4,369,605	6,014,511	1,240,500	7,071,394	28,479,502
Additions during the year	13,400	3,644,014	211,812	396,799	-	483,074	4,749,099
Disposals during the year	-	(15,791)	(24,472)	-	-	(563,649)	(603,912)
As at 31 December 2022	1,312,151	12,112,964	4,556,945	6,411,310	1,240,500	6,990,819	32,624,689
Additions during the year	20,230	376,807	681,674	360,976	-	1,182,472	2,622,159
Disposals during the year	-	-	(1,553)	-	-	-	(1,553)
As at 31 December 2023	1,332,381	12,489,771	5,237,066	6,772,286	1,240,500	8,173,291	35,245,295
Depreciation:							
As at 1 January 2022	173,648	6,366,044	3,591,367	4,841,835	1,240,500	6,272,922	22,486,316
Charge for the year	105,023	932,156	304,972	536,205	-	343,234	2,221,590
Disposals during the year	-	(15,791)	(14,187)	-	-	(499,069)	(529,047)
As at 31 December 2022	278,671	7,282,409	3,882,152	5,378,040	1,240,500	6,117,087	24,178,859
Charge for the year	106,936	1,282,788	293,671	519,185	-	451,809	2,654,389
Disposals during the year	-	-	(1,036)	-	-	-	(1,036)
As at 31 December 2023	385,607	8,565,197	4,174,787	5,897,225	1,240,500	6,568,896	26,832,212
Net book value:							
As at 31 December 2023	946,774	3,924,574	1,062,279	875,061	-	1,604,395	8,413,083
As at 31 December 2022	1,033,480	4,830,555	674,793	1,033,270	-	873,732	8,445,830

Depreciation charge for the year is allocated to cost of revenue and general and administration expenses as follows:

	2023	2022
Cost of revenue (note 26)	1,073,462	925,663
General and administrative expenses (note 28)	1,580,927	1,295,927
	2,654,389	2,221,590

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6. INTANGIBLE ASSETS

	Software
Cost:	
As at 1 January 2022	2,145,426
Additions during the year	-
As at 31 December 2022	2,145,426
Additions during the year	-
As at 31 December 2023	2,145,426
Accumulated amortization:	
As at 1 January 2022	1,439,084
Charge for the year	484,032
As at 31 December 2022	1,923,116
Charge for the year	219,555
As at 31 December 2023	2,142,671
Net carrying value:	
As at 31 December 2023	2,755
As at 31 December 2022	222,310

Amortization charge for the year is allocated to cost of revenue and general and administration expenses as follows:

	2023	2022
Cost of revenue (note 26)	1,533	1,075
General and administrative expenses (note 28)	218,022	482,957
	219,555	484,032

7. INTANGIBLE ASSETS ARISING FROM SERVICE CONCESSION ARRANGEMENTS

	2023	2022
Cost:		
As at the beginning of the year	713,487,665	689,845,461
Additions during the year (note 7.1 and note 7.2)	25,632,852	23,642,204
As at the end of the year	739,120,517	713,487,665
Accumulated amortization:		
As at the beginning of the year	353,993,618	317,694,305
Charge for the year (note 26)	39,302,099	36,299,313
As at the end of the year	393,295,717	353,993,618
Net book value:		
As at 31 December	345,824,800	359,494,047

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7. INTANGIBLE ASSETS ARISING FROM SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

Intangible assets arising from service concession arrangements includes the costs below:

- the cost of the rehabilitation of water utilities and wastewater treatment facilities for the first and second industrial cities of Dammam;
- the cost of construction of water utilities and wastewater treatment facilities for the first industrial city of Al-Ahsa;
- the cost of the rehabilitation of water utilities and wastewater treatment facilities for reverse osmosis plant at the second industrial city in Dammam; and
- the cost for the rehabilitation of wastewater treatment facilities for Jeddah Industrial City.

7.1 Additions majorly represent enhancements to water and wastewater treatment station and networks.

7.2 Included in additions during the year are finance charges capitalised amounting to SR 1,342,986 (2022: SR 901,886). The rate used for finance charges capitalisation is 6.08% (2022: 3.73%) per annum.

8. RIGHTS-OF-USE ASSETS AND LEASE LIABILITIES

	2023	2022
Right-of-use assets		
At the beginning of the year	7,760,046	9,377,410
Addition during the year	6,473,085	1,067,835
Depreciation charge for the year:		
Cost of revenue (note 26)	(890,165)	(823,317)
General and administrative expenses (note 28)	(1,645,880)	(1,565,115)
	(2,536,045)	(2,388,432)
Derecognition during the year	(16,185)	(296,767)
Balance as at 31 December	11,680,901	7,760,046
Lease liabilities		
At the beginning of the year	7,484,088	9,210,709
Addition during the year	6,473,085	1,067,835
Lease payments	(3,130,852)	(2,797,699)
Interest on lease liabilities (note 29)	466,372	317,555
Derecognition during the year	(17,340)	(314,312)
Balance as at 31 December	11,275,353	7,484,088
Classified as:		
- Non-current	9,538,537	5,242,334
- Current	1,736,816	2,241,754
	11,275,353	7,484,088

Right of use assets (class wise)

	2023		2022	
	Depreciation	Balance	Depreciation	Balance
Buildings	2,224,607	10,602,607	1,904,456	7,362,978
Vehicles	311,438	1,078,294	483,976	397,068
Total	2,536,045	11,680,901	2,388,432	7,760,046

** includes head office premise and labour accommodation.*

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9. INVESTMENT IN ASSOCIATES

	Ownership %	2023	2022
International Water Partners Company ("IWP")	40	9,952,855	6,888,392
International Water Partners Company 2 ("IWP 2")	35	3,454,052	1,413,022
		13,406,907	8,301,414

	Ownership %	Opening balance	Additions	Share in profit	Dividend	Closing balance
As at 31 December 2023						
IWP	40%	6,888,392	-	4,435,438	(1,370,975)	9,952,855
IWP2	35%	1,413,022	-	2,041,030	-	3,454,052
		8,301,414	-	6,476,468	(1,370,975)	13,406,907

	Ownership %	Opening balance	Additions	Share in profit	Dividend	Closing balance
As at 31 December 2022						
IWP	40%	2,715,167	-	4,173,225	-	6,888,392
IWP2	35%	-	175,000	1,238,022	-	1,413,022
		2,715,167	175,000	5,411,247	-	8,301,414

Following is the summarized financial Information of IWP and IWP 2, based on financial statements prepared in accordance with IFRS Accounting Standards as endorsed in KSA:

a) International Water Partners Company:

	2023	2022
Revenue	49,707,978	43,960,822
Net profit for the period	9,894,442	9,099,172
Other comprehensive gain for the period	-	1003
Total comprehensive Income for the period	9,894,442	9,100,175
Non-current assets	159,227	349,930
Current assets	45,829,490	29,410,889
Non-current liabilities	1,753,301	1,341,494
Current liabilities	21,703,266	13,296,696
Net Assets	22,532,151	15,122,628
Miahona's interest in net assets of investee at beginning of the year	6,888,392	2,715,167
Share of total comprehensive income	4,435,438	4,173,225
Miahona's interest in net assets of investee at end of the year	9,952,855	6,888,392

b) International Water Partners Company the second

	2023	2022
Revenue	32,944,749	18,275,583
Net profit for the period	4,847,879	2,779,355
Other comprehensive gain for the period	-	-
Total comprehensive Income for the period	4,847,879	2,779,355
Non-current assets	278,515	247,689
Current assets	28,153,135	27,134,257
Non-current liabilities	1,209,875	557,555
Current liabilities	19,094,537	23,545,037
Net Assets	8,127,234	3,279,355
Miahona's interest in net assets of investee at beginning of the year	1,413,022	-
Share of total comprehensive income	2,041,030	1,413,022
Miahona's interest in net assets of investee at end of the year	3,454,052	1,413,022

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10. CONCESSION CONTRACT RECEIVABLES

	2023	2022
Concession contract receivables	304,997,099	284,728,330
Classified as:		
- Non-current	270,411,073	263,967,200
- Current	34,586,026	20,761,130
	304,997,099	284,728,330

The movement in concession contract receivables is as follows:

	2023	2022
Balance at the beginning of the year	284,728,330	292,146,505
Additions for the year *(refer note 10.1)*	34,563,521	-
Finance income for the year	15,829,062	15,041,162
Amortization for the year	(29,977,727)	(20,476,549)
Modification of the concession contract receivable	-	(1,982,788)
	305,143,186	284,728,330
Allowance for ECL	(146,087)	-
Balance at the end of the year	304,997,099	284,728,330

10.1 During the period, the Group has entered into a long-term operation and maintenance agreement ("LTOM Agreement") with a Government related entity for a period of 10 years. The scope of the LTOM agreement is rehabilitation and remediation work of the water 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.

11. PREPAYMENTS AND ADVANCES

	2023	2022
Amount paid as margin for bank guarantee	13,036,723	19,026,224
Prepayments and other current assets	13,185,270	7,548,153
Advances to suppliers	13,135,747	4,177,760
	39,357,740	30,752,137
Classified as:		
- Non-current	13,527,315	3,240,493
- Current	25,830,425	27,511,644
	39,357,740	30,752,137

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12. INVENTORIES

	2023	2022
Spare parts	2,970,853	2,344,044
Consumables	1,874,341	1,256,259
Chemicals and other	927,263	899,589
	5,772,457	4,499,892

During 2023, inventories of SR 12.31 million (2022: SR 13.79 million) were recognized as an expense during the year and included in 'Cost of revenue.' In addition, no write down to net realizable value was recognized in respect of inventories during the year (2022: Nil).

13. TRADE AND OTHER RECEIVABLES

	2023	2022
Trade receivables	67,116,913	141,266,514
Less: Impairment allowance for trade receivables	(4,480,484)	(19,239,225)
	62,636,429	122,027,289
Staff and other receivables	285,058	402,733
	62,921,487	122,430,022

The movement of impairment allowance for trade receivables is as follows:

	2023	2022
At the beginning of the year	19,239,225	19,483,352
Impairment loss / (gain) for the year	773,239	(244,127)
Written-off during the year	(15,531,980)	-
At the end of the year	4,480,484	19,239,225

14. CONTRACT ASSETS

	2023	2022
Contract assets	38,082,881	22,629,006

Significant change in the contract assets balance during the year is as follows.

	2023	2022
Opening balance	22,629,006	6,852,470
Unbilled amount during the year (revenue)	15,453,875	25,464,000
Billed amount during the year	-	(9,687,464)
Closing balance	38,082,881	22,629,006

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15. FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

	2023	2022
Fair value of derivative financial instruments – Assets	**1,977,120**	5,167,411
Fair value of derivative financial instruments – Liability	**(387,749)**	(804,660)
	1,589,371	4,362,751

The Group has interest rate hedging contracts with several banks to hedge the fluctuations in interest rates on loans with a notional amount of SR 128,052,347 (2022: SR 246,299,111). In this respect the variable rate loans of the Group are hedged to fixed rates.

All derivatives as at 31 December 2023 and 2022 are classified as cash flow hedges. Derivative financial instruments – asset is classified as current asset considering the maturity is in next 12 months whereas derivative financial instruments – liability is classified as non-current liability as the maturity is after more than 12 months as of the reporting date.

Movement in the fair value of derivative instruments is as follows:

	2023	2022
Balance at the beginning of the year	**(4,362,751)**	2,982,776
Cash flow hedges – effective portion of changes in fair value	**2,773,380**	(7,345,527)
Balance at the end of the year	**(1,589,371)**	(4,362,751)

The table below shows the changes in fair values of derivatives financial instruments, recorded as positive and negative fair value. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

	2023			2022	
Description of the derivative instrument	*Positive fair value*	*Negative fair value*		*Positive fair value*	*Negative fair value*
Interest Rate Swaps ("IRS")	-	**2,773,380**		7,345,527	-

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate of the underlying derivative contract may have a significant impact on the equity of the Group.

The Group measures fair value of derivative instruments at each reporting date.

Sensitivity analysis

	2023	2022
Gain / (loss)		
Floating rate debt:		
SAIBOR + 100bps	**181,748**	(621,254)
SAIBOR - 100bps	**(181,748)**	621,254

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16. TERM DEPOSITS

	2023	2022
Term deposits with maturities of more than three months*	16,061,000	35,356,000

* includes a restricted term deposit for the purposes of Debt Service Reserve Account ("DSRA"). This can be withdrawn by giving DSRA letter of credit (LC).

17. CASH AND CASH EQUIVALENTS

	2023	2022
Cash at bank	136,093,011	67,712,783
Cash in hand	73,203	108,603
	136,166,214	67,821,386

18. SHARE CAPITAL

18.1 Share capital is divided into 160,925,543 shares of SR 1 each (2022: 5,000 shares of SR 100 each). The value of share capital is distributed as follows:

	2023	2022
Vision International Investment Company	160,925,543	475,000
Estydama Projects Company	-	25,000
	160,925,543	500,000

On 01/05/1445H (corresponding to 15/11/2023G), the shareholders' resolution was approved to increase the Company's share capital from SR 500,000 to SR 160,925,543 by transferring an amount of SR 160,425,543 from "Additional Capital Contribution" account to the "Share Capital" account (refer note 18.2). Additionally the nominal value of the Company's shares was reduced from SR 100 to SR 1 through the split of 1,604,255 shares to 160,425,543 shares, without any change in ownership percentage of the shareholders as mentioned below.

	2023		2022	
	Number of shares	Percentage holding	Number of shares	Percentage holding
Vision International Investment Company	152,879,266	95%	4,750	95%
Estydama Projects Company	8,046,277	5%	250	5%
	160,925,543	100%	5,000	100%

On 12/06/1445H (corresponding to 26/11/2023G), Estydama Projects Company assigned its 8,046,277 shares to Vision International Investment Company without any cash consideration.

	Number of shares	Percentage holding
Vision International Investment Company	160,925,543	100%
Estydama Projects Company	-	0%
	160,925,543	100%

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18. SHARE CAPITAL (Continued)

18.2 As of 31 December, additional capital contribution is as follows:

	2023	2022
Relating to acquisition of ICDOC (a)	-	156,774,496
Relating to acquisition of JECO (b)	-	3,543,169
Relating to acquisition of RWPC (c)	-	107,878
	-	160,425,543

During 2023, share capital of the Company increased by transfer of SR 160,425,543 from additional capital contribution to share capital as follows:

	Additional capital contribution	Share capital
Opening balance – as of 31 December 2022	**160,425,543**	**500,000**
Transfer		
• ICDOC (a)	(156,774,496)	156,774,496
• JECO (b)	(3,543,169)	3,543,169
• RWPC (c)	(107,878)	107,878
Closing balance – as of 31 December 2023	**-**	**160,925,543**

a) During 2023, the Company has issued shares to Vision International Investments Company ("VIIC" / "Parent Company") amounting to SR 156,774,496 on completion of legal formalities for issuance of shares by the Company. These shares have been issued in respect of transfer of ownership of ICDOC from the Parent Company to the Company in prior years which required settlement consideration by issuance of shares of the Company.

b) During 2023, the Company has issued shares to Vision International Investments Company ("VIIC" / "Parent Company") amounting to SR 3,543,169 on completion of legal formalities for issuance of shares by the Company. These shares have been issued in respect of transfer of ownership of JECO from the Parent Company to the Company in prior years which required settlement consideration by issuance of shares of the Company.

c) During 2023, the Company has issued shares to Vision International Investments Company ("VIIC" / "Parent Company") amounting to SR 107,878 on completion of legal formalities for issuance of shares by the Company. These shares have been issued in respect of transfer of ownership of RWPC from the Parent Company to the Company in prior years which required settlement consideration by issuance of shares of the Company.

18.3 During the year ended 31 December 2023, no dividends were paid by the Company to its shareholders (2022: SR 20,000,000).

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19. LOANS AND BORROWINGS

	2023	2022
Murabaha term loan (a)	213,970,000	247,780,000
Murabaha term loan (b)	214,092,865	219,504,914
Equity bridge loan (EBL) (c)	18,960,373	-
Sub-total	447,023,238	467,284,914
Less: Borrowing cost subject to amortization	(4,472,725)	(5,521,271)
Amortized cost of term loans*	442,550,513	461,763,643
Less: current portion of term loans	(41,828,378)	(39,222,049)
	400,722,135	422,541,594

* Movement of amortised cost of term loans during the year is as follows:

Opening balance	461,763,643	474,323,768
Proceeds received during the year	18,960,373	24,500,000
Repayments made during the year	(39,222,049)	(38,225,720)
Borrowing cost subject to amortization	1,048,546	1,165,595
Closing balance	442,550,513	461,763,643

The Group's facilities utilised and unutilised against loans and borrowings as of 31 December are as follows:

a. Murabaha facilities of SR 350,000,000 secured from a local bank, which includes non-recourse term-facility of SR 320,000,000 (fully utilized) and a working capital line of SR 30,000,000 (availability period has ended). This facility is secured by an irrevocable and unconditional assignment of proceeds of Dammam and Jeddah projects or any new related contract extensions. These facilities carry financing costs based on Enhanced Saudi Inter Bank Offer Rate (SIBOR) plus margin. The facilities are repayable in unequal semi-annual instalments till maturity date i.e., 28 February 2026. As at 31 December 2023, the Group is in compliance with all stipulated Financial covenants.

b. The Group signed a Murabaha term loan facility agreement amounting to SR 249,736,000 with a consortium of local banks to finance the construction of a water treatment station. The facilities includes long-term loan of SR 243,786,000 on non-recourse basis and a working capital line of SR 5,950,000 (unutilized). The commission on this loan is charged at a floating rate based on SIBOR plus a margin. The loan is repayable in semi-annual installments with the first installment paid on 30 November 2018 and last installment due on 30 September 2038. As at 31 December 2023, the Group is in compliance with the financial covenants stipulated.

c. During 2023, the Group signed an Equity bridge loan facility agreement amounting to SR 18,960,373 with a local bank. The commission on this loan is charged at a floating rate based on SAIBOR plus a margin. The maturity date is 14 February 2026 repayable in one bullet payment.

The Group's facilities utilised and unutilised against commitments as of 31 December are as follows:

d. The Group entered into a bundled facilities arrangement of SR 70,926,207 with a local commercial bank. These facilities include a senior term loan of SR 65,777,644 repayable in unequal quarterly instalments ending on 19 February 2033, a working capital and VAT facility of SR 952,428 and SR 4,196,135 respectively. As at the reporting date, the Group has not withdrawn any amount from these facilities.

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19. LOANS AND BORROWINGS (Continued)

e. The Group entered into Islamic Credit facilities of SR 60,000,000 (a revolving LGs line) and standby facility of SR 400,000,000 (multi-purpose facility) with a local bank. As at the reporting date, the Group has utilised the revolving LG facility amounting to SR 51,869,313 for issuing bid or performance guarantees (reported under Note 33).

f. The Group entered into a multi-purpose working capital facility of SR 25,000,000 with a local bank. The facility is mainly available for issuing LGs/LCs. As at the reporting date, has Group has utilised the facility amounting to SR 24,375,000 for issuing the bid and performance guarantees (reported under Note 33).

g. The Group entered into Islamic Credit facilities (working capital line) of SR 60,000,000 with a local bank. The facility is mainly available for issuing LGs. As at the reporting date, the Group has fully utilised the facility for issuing bid and performance guarantees (reported under Note 33).

20. DEFINED EMPLOYEE BENEFITS OBLIGATION

The Group is committed to the following un-funded post-employment defined benefit plan:

In Kingdom of Saudi Arabia, the plan entitles an employee who completed over two but less than five years of service, to receive a payment equal to one-third of their final monthly salary for each completed year of service. Similarly, an employee who completed over five but less than ten years of service, to receive a payment equal to two-third of their final monthly salary for each completed year of service. Further, an employee who completed over ten years of service, to receive a payment equal to their final salary for each completed year of service.

The following table shows a reconciliation of opening balances to the closing balances for defined employee benefits obligation:

	2023	2022
Balance at the beginning of the year	**16,286,064**	15,666,672
Included in profit or loss		
Current service cost	**2,446,543**	2,504,055
Interest cost	**797,377**	449,988
	3,243,920	2,954,043
Included in other comprehensive income		
Actuarial loss / (gain) on defined employee benefits obligation	**3,715,799**	(189,914)
Others		
Benefit paid	**(851,887)**	(2,143,225)
Transferred from related parties	**-**	(1,512)
Balance at the end of the year	**22,393,896**	16,286,064

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20. DEFINED EMPLOYEE BENEFITS OBLIGATION (Continued)

Significant actuarial assumptions

The significant assumptions used in determining defined benefit obligations for the year ended are as follows:

	2023	2022
Economic assumptions		
Discount rate	4.65%	4.75%
Weighted average future salary increases	6.65%	4.75%
Demographic assumptions		
Mortality rate	75%	75%
Retirement age	60	60
Turnover	Moderate	Moderate

Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would affect the defined benefit obligation by the amounts shown below.

		2023		2022	
Sensitivity level	*% of change*	*Increase*	*Decrease*	*Increase*	*Decrease*
Discount rate	0.5	21,401,411	23,210,647	15,697,095	16,914,676
Salary growth rate	0.5	23,034,297	21,556,386	16,797,727	15,800,840
Mortality rate	10	22,258,935	22,290,802	16,282,063	16,290,763

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21. OTHER LIABILITIES

	2023	2022
Other liabilities	5,892,326	10,947,580

This represents payable to a Government related entity. Pursuant to an amendment to the original concession arrangement with the Government related entity , a reverse osmosis plant for water utilities and wastewater treatment facilities at the second industrial city in Dammam was made available to the Group. The consideration payable was a fixed amount which was recognized as a liability to the Government related entity. A corresponding intangible asset under IFRIC 12 was recognised by the Group which is being amortised over the period of concession arrangement. This liability is payable to the Government related entity over the period from the proceeds of the operation of the reverse osmosis plant, as stipulated in the amendment to the concession arrangement.

	2023	2022
Current	5,892,326	5,055,254
Non-current	-	5,892,326
	5,892,326	10,947,580

22. DEFERRED REVENUE AND CONTRACT LIABILITY

	2023	2022
Deferred revenue (a)	8,826,186	8,822,822
Contract liability (b)	4,279,496	5,974,551
	13,105,682	14,797,373

(a) Deferred revenue arises from the Group's connection services under service concession contract. Connection services consideration is received upfront, accordingly, the consideration received in respect of connection services is recognized as a deferred revenue and is recognized as revenue on a straight-line basis over the term of the concession arrangement.

(b) The contract liabilities primarily relate to the advance consideration received from customers.

	2023	2022
Opening balance	5,974,551	5,249,805
Revenue recognized during the year	(6,566,577)	(1,105,785)
Billed during the year	4,871,522	1,830,531
Closing balance	4,279,496	5,974,551

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23. TRADE AND OTHER PAYABLES

	2023	2022
Trade payables	20,488,511	31,542,606
Accrued expenses	57,009,224	44,523,068
Due to related parties (note 30.4)	52,185	9,910,506
Retention payable	1,522,040	1,300,912
Advance from customer	391,995	199,664
Value added tax (VAT) payable	1,236,153	1,548,482
Employee accruals	14,276,858	14,050,423
	94,976,966	103,075,661

24. ZAKAT

Charge for the year

The charge for the year represents Zakat charged in the consolidated statement of profit or loss for the Group.

The Group comprise of Saudi companies which present their financial statements and file their Zakat declarations, where applicable, on individual basis to the Zakat, Tax and Customs Authority ('ZATCA') in the Kingdom of Saudi Arabia.

The movement for the year is as follows:

	2023	2022
At the beginning of the year	5,349,242	4,115,597
Charge for the year - current	5,519,040	5,349,242
Charge for the year – prior	815,558	-
Payments during the year	(6,164,800)	(4,115,597)
At the end of the year	5,519,040	5,349,242

Status of assessments

As of 31 December 2023, the Group entities have filed Zakat declarations with ZATCA for all years up to 2022. During 2023, certain assessments of prior periods have been settled with ZATCA. The impact of the same is recognised as a Zakat expense in the consolidated statement of profit or loss of SR 0.8 million.

Miahona Company Limited	ZATCA assessments till 2017, are finalized by ZATCA. Zakat declaration for the years 2018 to 2022 is yet to be assessed by ZATCA.
ICDOC	ZATCA assessments till 2018, are finalized by ZATCA. Zakat declaration for the years 2019 to 2022 is yet to be assessed by ZATCA.
JECO	ZATCA assessments till 2018, are finalized by ZATCA. Zakat declaration for the years 2019 to 2022 is yet to be assessed by ZATCA.
RWPC	ZATCA assessments till 2018, are finalized by ZATCA. Zakat declaration for the years 2019 to 2022 is yet to be assessed by ZATCA.

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25. REVENUE

a) Revenue from contract with customers

	2023	2022
Revenue recognised under service concession arrangements:		
• Water and wastewater services	237,470,528	213,383,995
• Construction revenue - concession contract receivable	34,563,521	-
• Construction revenue – intangible assets	25,632,852	23,642,204
• Connection revenue	953,635	865,870
	298,620,536	237,892,069
Management and engineering services	1,965,144	2,064,850
Operation and maintenance revenue	23,877,218	36,066,153
	324,462,898	276,023,072

Service concession arrangements.

Revenue from the service concession arrangement is recognized as follows:

i. The amount of consideration to which the Group expects to be entitled from the Grantor for the services provided is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement with the Government related entity, the Group is obliged to Build-Operate-Transfer a Water Treatment Station ("WTS") for 28 years.

   The total expected consideration over 28 years is allocated to the performance obligations based on the relative stand-alone selling prices of the construction services and operation & maintenance services, taking into account the significant financing component, as follows:
   - For construction services under one BOT arrangement, the Group estimates the relative stand-alone selling price by reference to the forecast cost plus 5%.
   - For operation & maintenance services under one BOT arrangement, the Group estimates the relative stand-alone selling price by reference to the forecast cost plus 7.7%.
   - The implied interest rate of 5.2% is assumed to be the rate that would be reflected in a financing transaction between the Group and the Grantor.

ii. The amount of consideration to which the Group is entitled to by providing services to the public is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement with the Government related entity, the Grantor is not obliged to make any payment to the Group and the Group earns revenue by providing services to the public and charging them for the same. Accordingly, the revenue earned from construction services is recognized as an intangible asset under IFRIC 12, Service Concession Arrangements.

iii. The amount of consideration to which the Group expects to be entitled from the Grantor for the services provided is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement with the Government related entity, the Group is obliged to Rehabilitate-Operate-Transfer a Water Treatment Station ("WTS") for 10 years.

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25. REVENUE (Continued)

The total expected consideration over 10 years is allocated to the performance obligations based on the relative stand-alone selling prices of the rehabilitation services and operation & maintenance services, taking into account the significant financing component, as follows:

- For construction services under one ROT arrangement, the Group estimates the relative stand-alone selling price by reference to the forecast cost plus 5%.
- For operation & maintenance services under one ROT arrangement, the Group estimates the relative stand-alone selling price by reference to the forecast cost plus 5%.
- The implied interest rate of 5.7% is assumed to be the rate that would be reflected in a financing transaction between the Group and the Grantor.

b) Timing of revenue from contract with customers

	2023	2022
Timing of revenue recognition		
- Services transferred over time	**324,462,898**	276,023,072
- Services at point in time	**-**	-
	324,462,898	276,023,072

26. COST OF REVENUE

	2023	2022
Amortization of intangible assets arising from service concession (note 7)	**39,302,099**	36,299,313
Salaries and employee related costs	**56,934,818**	44,761,392
Royalty	**22,152,641**	27,129,882
Electricity	**18,346,797**	14,714,737
Subcontract costs	**5,855,866**	13,606,221
Chemicals	**8,338,623**	9,856,471
Maintenance service, spare parts and consumables	**4,483,745**	7,712,494
Sludge transportation and violated discharge treatment expense	**2,271,695**	2,204,356
IT Services	**1,117,021**	1,046,771
Depreciation (note 5)	**1,073,462**	925,663
Amortization (note 6)	**1,533**	1,075
Insurance expense	**1,538,096**	1,667,147
Depreciation of right-of-use assets (note 8)	**890,165**	823,317
Other	**3,680,152**	4,773,254
Operation cost	**165,986,713**	165,522,093
Construction cost	**49,068,958**	23,642,204
	215,055,671	189,164,297

27. OTHER INCOME

	2023	2022
Other income	**470,902**	1,647,992
	470,902	1,647,992

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28. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Business development expense	18,459,130	14,440,026
Salaries and employee related costs	10,124,426	8,046,071
IT cost and other utilities	623,370	434,352
Professional fees*	4,440,059	2,982,048
Advertising and training	185,020	47,916
Depreciation (note 5)	1,580,927	1,295,927
Amortization (note 6)	218,022	482,957
Depreciation of right-of-use assets (note 8)	1,645,880	1,565,115
Business travel	283,155	131,705
Other	1,143,221	735,762
	38,703,210	30,161,879

*Auditors' remuneration for the statutory audit of the Group's consolidated financial statements and the financial statements of its subsidiary for the year ended 31 December 2023 amounts to SR 0.86 million (2022: SR 0.49 million). Auditors' remuneration for the review of the Group's interim financial statements for the years ended 2023 and 2022 amounts to SR 1.61 million. Fee for other statutory and related services provided by the auditors to the Group amounts to SR 0.22 million (2022: SR 0.14 million).

29. FINANCE COSTS

	2023	2022
Interest on loans and borrowings*	34,038,723	21,831,666
Less: Borrowing cost capitalized (note 7)	(1,342,986)	(901,886)
	32,695,737	20,929,780
Bank charges	357,486	352,012
Interest on lease liabilities (Note 8)	466,372	317,555
	33,519,595	21,599,347

* includes finance cost relating to Murabaha term loan facilities amounting to SR 31.30 million (2022: SR 21.83 million)

30. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors and key management personnel of the Group, and entities jointly controlled or significantly influenced by such parties. In the ordinary course of its activities, the Group transacts with related parties at terms mutually agreed between the parties. Balances and transactions between the Group entities are eliminated on consolidation. Details of major transactions and balances between the Group and other related parties are as follows:

Name of related party	Nature of relationship
Abunayyan Trading Company	Shareholder having significant influence over the parent company (VIIC)
Abdulkadir Al-Muhaidib and Sons Company	Shareholder having significant influence over the parent company (VIIC)
Vision International Investment Company (VIIC)	Parent company, Ultimate parent company and Ultimate Controlling Party

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30. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

30.1 Transactions with key management personnel

Key management personnel compensation comprised the following:

	2023	2022
Short term employee benefits	11,648,248	11,926,815
Post-employment benefits	662,518	936,300

30.2 Related party transactions

Nature of transaction	*Nature of relationship*	*Transactions* 2023	2022
Expenses paid on behalf of the related party	Associate	217,809	-
Providing services	Associate	691,125	-
Services received	Parent company	1,917,884	1,917,884
	Shareholder of Parent company	3,853,526	-

30.3 Due from related parties	*Nature of relationship*	Balances 2023	2022
Toledo Arabia	Subsidiary of parent company	204,010	204,010
International Water Partners	Associate	331,041	199,217
International Water Partner 2			
- Loan*	Associate	3,500,000	3,500,000
- Other receivables	Associate	479,604	1,502,678
		4,514,655	5,405,905

* Above loan balance is charged at a fixed rate and repayable on demand.

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30. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

30.4 Due to related parties	*Nature of relationship*	Balances 2023	2022
Vision International Investment Company	Parent company	-	2,211,969
AbuNayyan Trading Company	Shareholder of parent company	52,185	7,698,537
		52,185	9,910,506

All the above balances are unsecured and expected to be paid in next 12 months.

31. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Management assessed that the fair values of cash and cash equivalents, trade and other receivables, trade and other payables approximate their carrying values largely due to the short-term maturities of these financial instruments.

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31. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities including their levels in the fair value hierarchy.

31 December 2023	*Carrying amount*	*Fair value* *Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets measured at fair value					
Fair value of derivative financial instruments	1,977,120	-	1,977,120	-	1,977,120
Financial liabilities measured at fair value					
Fair value of derivative financial instruments	387,749	-	387,749	-	387,749

31 December 2022	*Carrying amount*	*Fair value* *Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets measured at fair value					
Fair value of derivative financial instruments	5,167,411	-	5,167,411	-	5,167,411
Financial liabilities measured at fair value					
Fair value of derivative financial instruments	804,660	-	804,660	-	804,660

Fair value of derivative financial instruments determined at level 2 represents derivate financial liability/ assets. The fair value is calculated as the present value of estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash flow are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark rate used by market participants for this purpose when pricing interest rate swaps.

The following table shows the carrying amounts of financial assets and financial liabilities measured at amortized cost. Carrying value of these financial assets and financial liabilities not measured at fair value is a reasonable approximation of fair value.

Financial instruments by category	2023	2022
	Carrying amount	
Financial assets at amortized cost		
Cash and cash equivalents	136,166,214	67,821,386
Trade and other receivables	62,921,487	122,430,022
Contract assets	38,082,881	22,629,006
Due from related parties	4,514,655	5,405,905
Concession contract receivables	304,997,099	284,728,330
Term deposits	16,061,000	35,356,000
Amount paid as margins for bank guarantees	13,036,723	19,026,224
	575,780,059	557,396,873

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31. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

	2023	2022
	Carrying amount	
Financial liabilities at amortized cost		
Loans and borrowings	442,550,513	461,763,643
Trade and other payables	93,348,818	101,327,515
Lease liabilities	11,275,353	7,484,088
Other liabilities	5,892,326	10,947,580
	553,067,010	581,522,826

B. Financial risk management

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

C. Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors are responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's board of directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Group.

i. Credit risk

The Group manages exposure to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposure arises principally from Group's concession contract receivables, trade and other receivables, contract assets, due from related parties, derivative financial instrument, term deposits and cash and cash equivalents (excluding cash in hand). The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. Below areas with maximum exposure to credit risk for the components of the statement of financial position.

Credit risk related to term deposit, balances in bank and derivative financial instrument

Credit risk from above is managed in accordance with the Group's policy. These are substantially placed with national banks having rating of BBB+ and above as per Moody's credit rating agency. The Group does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

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31. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

Amounts due from related parties

An impairment analysis is performed at each reporting date on an individual basis for all related parties. The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from related parties (note 30). The Group does not hold collateral as security. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates. The Group evaluates the risk with respect to amounts due from related parties as minimal and accordingly no ECL is recognised.

ECL assessment for trade receivables, contract assets and concession asset receivables

The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets measured at amortized cost and contract assets.

The key inputs into the measurement of ECL are the following variables:

- Probability of default (PD) using statistical model
- GDP of KSA, as a macroeconomic variable to adjust the historic loss rate.

Scalar factors are based on actual and forecast gross domestic product growth.

The gross balance of trade receivables, contract assets and concession contract receivables bifurcated between private and Government customers as of 31 December is as follows:

	Gross carrying amount	
	Trade receivables (note 13) and Contract assets (note 14)	Concession contract receivables (note 10)
2023		
Government	64,855,970	305,143,186
Private	40,343,824	-
Total	105,199,794	305,143,186
2022		
Government	135,458,489	284,728,330
Private	28,437,031	-
Total	163,895,520	284,728,330

	Weighted average loss	
	Trade receivables (note 13) and Contract assets (note 14)	Concession contract receivables (note 10)
2023		
Government	389,801	146,087
Private	4,090,683	-
Total	4,480,484	146,087
2022		
Government	15,799,287	-
Private	3,439,938	-
Total	19,239,225	-

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31. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for private customers:

	2023			2022		
	Gross carrying amount	*Weighted-average loss*	*Loss allowance (%)*	*Gross carrying amount*	*Weighted-average loss*	*Loss allowance (%)*
Not due	25,894,666	35,844	0.14%	16,302,965	14,237	0.09%
1-90 days	8,499,504	60,031	0.71%	7,016,839	51,157	0.73%
91-180 days	1,503,244	29,100	1.94%	739,297	39,433	5.33%
181-270 days	69,012	20,050	29.05%	884,855	16,137	1.82%
271-360 days	135,176	75,526	55.87%	39,727	24,652	62.1%
More than 360 days	4,242,222	3,870,132	91.23%	3,453,348	3,294,322	95.4%
	40,343,824	4,090,683		28,437,031	3,439,938	

Trade receivables and Contract assets (Government customers)

2023	Equivalent to external credit rating	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
Low risk	A+	0%	64,466,169	-	No
Doubtful: Loss	D	100%	389,801	389,801	Yes
			64,855,970	389,801	

2022	Equivalent to external credit rating	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
Low risk	A+	0%	119,659,202	-	No
Doubtful: Loss	D	100%	15,799,287	15,799,287	Yes
			135,458,489	15,799,287	

Concession asset receivables

	Equivalent to external credit rating	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
2023					
Low risk	A+	0.05%	305,143,186	146,087	No
2022					
Low risk	A+	0%	284,728,330	-	No

ii. Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted and include estimated interest till maturity.

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31. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables). The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

		Contractual cash flows			
2023	*Carrying amount*	*1-12 months*	*1 – 5 years*	*More than 5 years*	*Total*
Non-Derivative financial liabilities					
Loans and borrowings	442,550,513	66,482,842	299,452,854	234,194,991	600,130,688
Trade and other payables	93,348,818	93,348,818	-	-	93,348,818
Lease liabilities	11,275,353	2,962,313	3,894,977	8,026,100	14,883,390
Other liabilities	5,892,326	5,892,326	-	-	5,892,326
	553,067,010	168,686,299	303,347,831	242,221,091	715,255,222
Derivative financial liabilities					
Interest rate swaps used for hedging	387,749	-	387,749	-	387,749

		Contractual cash flows			
2022	*Carrying amount*	*1-12 months*	*1 – 5 years*	*More than 5 years*	*Total*
Non-Derivative financial liabilities					
Loans and borrowings	461,763,643	63,129,936	320,966,635	211,173,008	595,269,579
Trade and other payables	101,327,515	101,327,515	-	-	101,327,515
Lease liabilities	7,484,088	2,429,519	3,263,649	3,530,483	9,223,696
Other liabilities	10,947,580	5,507,635	5,439,945	-	10,947,580
	581,522,826	172,394,605	329,670,229	214,703,491	716,768,370
Derivative financial liabilities					
Interest rate swaps used for hedging	804,660	-	804,660	-	804,660

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31. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

ii. Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Exposure to currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in SR and US Dollars. The SR is pegged to the US Dollar and therefore the currency risk is minimal.

Exposure to interest rate risk

Interest Rate Risk is the exposure associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows.

The interest rate profile of the Group's interest-bearing long-term financing and funding facilities are as follows:

Financial Liabilities	2023	2022
Fixed rate	128,052,347	246,299,111
Floating rate	318,970,891	220,985,803
	447,023,238	467,284,914

32. CAPITAL MANAGEMENT

For the purposes of the Group's capital management, capital includes assigned capital and all equity reserves attributable to Group's shareholders. The primary objective of the Group's capital management is to maximise value to the shareholder equity. Other objectives include maintaining a positive capital base so as to maintain market and government confidence and to enable development of business in Saudi Arabia.

The Group's gearing ratios at the year end of the reporting year were as follows.

	2023	2022
Total loans and borrowings	447,023,238	467,284,914
Term deposits	16,061,000	35,356,000
Cash and cash equivalents	136,166,214	67,821,386
Net debt	294,796,024	364,107,528
Equity	391,147,397	338,142,674
Gearing	76%	108%

33. CONTINGENCIES AND COMMITMENTS

As of 31 December, the Group had the following contingencies and commitments:

	2023	2022
Performance guarantees outstanding	86,685,070	30,383,877
Bid Bond	50,059,243	-
Capital Commitments	562,071,704	13,124,625

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34. OPERATING SEGMENTS

The Group's activities and business lines used as a basis for the financial reporting are consistent with the internal reporting process and information reviewed by the Chief Operating Decision Maker (CODM). CODM considers the operations of the Group as a whole as one operating segment as all subsidiaries engage in provision of water utilities and wastewater treatment services.

The Group's revenue, gross profit, total assets and total liabilities pertaining to the Group's operations as a whole are presented in the consolidated statement of financial position and in the consolidated statement of profit or loss and other comprehensive income.

All of the Group's operations are conducted in KSA. Hence, separate geographical information is not disclosed.

Information about major customers:
During the year, two customers (2022: two) accounted for 25% (2022:18%) of the Group's revenue.

35. EARNINGS PER SHARE

Basic earnings per share
Basic earnings per share is calculated by dividing the profit for the period after Zakat attributable to the equity holders of the parent company by the weighted average number of ordinary shares issued and outstanding at the end of the period.

Diluted earnings per share
Diluted earnings per share is calculated by dividing the profit for the period after Zakat attributable to the equity holders of the parent company by the weighted average number of ordinary shares issued and outstanding at the end of the period after adjustment for the effects of all potential ordinary shares in respect of additional capital contribution.

Particulars	Basic EPS for year ended 31 December		Diluted EPS for year ended 31 December	
	2023	2022*	2023	2022*
Profit attributable to ordinary shareholders	56,718,308	50,110,047	56,718,308	50,110,047
Weighted average number of ordinary shares (number of shares)	160,925,543	160,925,543	160,925,543	160,925,543
Basic earnings per share	0.35	0.31	0.35	0.31

* Share conversion is considered for 2022 as there is no change in resources in 2023 compared to 2022 (refer note 18).

Miahona Company
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For the year ended 31 December 2023
(Amounts in Saudi Arabian Riyals)

36. COMPARATIVE FIGURES

Certain of the 31 December 2022 balances have been reclassified to conform to the presentation as at 31 December 2023. These changes were made for better presentation of balances and transactions in the consolidated financial statements of the Group. These changes do not have impact on the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity.

Financial statement line item	Balance as previously stated	Effect of reclassification	Balance as reclassified
Prepayments and advances (non-current)	--	3,240,493	3,240,493
Prepayments and advances (current)	32,234,637	(4,722,993)	27,511,644
Trade and other receivables	128,776,603	(6,346,581)	122,430,022
Due from related parties	--	5,405,905	5,405,905
Term deposits	--	35,356,000	35,356,000
Cash and cash equivalents	103,177,386	(35,356,000)	67,821,386
Trade and other payables	105,498,837	(2,423,176)	103,075,661
Other liabilities (non-current)	10,947,580	(5,055,254)	5,892,326
Other liabilities (current)	--	5,055,254	5,055,254

37. EVENTS AFTER THE REPORTING DATE

Other than what is disclosed in note 1, no events have occurred subsequent to the reporting date and before the issuance of these consolidated financial statements which requires adjustment to, or disclosure, in these consolidated financial statements.

38. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of directors on 25 March 2024 (corresponding to 10 DHU AL-HIJJAH 1444H)

MIAHONA COMPANY LIMITED

(Limited Liability Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

For the three and nine month period ended 30 September 2023

together with the

Independent Auditor's Review Report

MIAHONA COMPANY LIMITED
(Limited Liability Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three and nine month period ended 30 September 2023

KPMG Professional Services
Roshn Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
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 Board of Directors of Miahona Company Limited

Introduction

We have reviewed the accompanying 30 September 2023 condensed consolidated interim financial statements of Miahona Company Limited ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2023;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the period ended 30 September 2023;
- the condensed consolidated interim statement of changes in equity for the period ended 30 September 2023;
- the condensed consolidated interim statement of cash flows for the period ended 30 September 2023; 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 September 2023 condensed consolidated interim financial statements of Miahona Company Limited 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

Kholoud A. Mousa Altambakti
License No: 421

Riyadh, 26 November 2023
Corresponding to 12 Jumada al Ula 1445H

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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

MIAHONA COMPANY LIMITED
(Limited Liability Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 September 2023
(Amounts in Saudi Riyals)

	Notes	30 September 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment		8,653,870	8,445,830
Intangible assets		11,911	222,310
Intangible assets arising from service concession arrangements	4	346,380,418	359,494,047
Right-of-use assets		10,117,412	7,760,046
Investments in equity accounted investees	5	12,928,707	8,301,414
Concession contract receivables	6	259,550,930	263,967,200
Advance to suppliers		14,267,549	3,240,493
Non-current assets		651,910,797	651,431,340
CURRENT ASSETS			
Concession contract receivables	6	31,173,943	20,761,130
Inventories		6,333,478	4,499,892
Trade and other receivables	7	71,498,122	127,835,927
Contract assets	8	37,548,286	22,629,006
Prepayments and advances		32,828,990	27,511,644
Fair value of derivative financials instruments		4,344,084	5,167,411
Cash and balances with bank	9	130,540,986	103,177,386
Current assets		314,267,889	311,582,396
TOTAL ASSETS		966,178,686	963,013,736
EQUITY			
Share capital		500,000	500,000
Statutory reserve		250,000	250,000
Contribution towards increase in capital		160,425,543	160,425,543
Cash flow hedge reserves		3,916,753	4,362,751
Retained earnings		220,890,155	176,967,131
Sub-total		385,982,451	342,505,425
Non-controlling interest		650,479	-
Total equity		386,632,930	342,505,425
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	10	404,386,084	422,541,594
Lease liabilities		7,398,424	5,242,334
Fair value of derivative financials instrument		-	804,660
Defined employee benefits obligations		17,609,156	16,286,064
Other non-current liabilities		7,781,584	10,947,580
Deferred revenue and contract liabilities	11	15,154,669	14,797,373
Non-current liabilities		452,329,917	470,619,605
CURRENT LIABILITIES			
Loans and borrowings		39,374,040	39,222,049
Lease liabilities		1,892,694	2,241,754
Trade and other payables	12	82,019,215	103,075,661
Zakat		3,929,890	5,349,242
Total current liabilities		127,215,839	149,888,706
Total liabilities		579,545,756	620,508,311
TOTAL EQUITY AND LIABILITIES		966,178,686	963,013,736

The accompanying notes 1 to 22 form an integral part of these condensed consolidated interim financial statements.

Awaadh Al Otaibi
Chief Executive Officer

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MIAHONA COMPANY LIMITED
(Limited Liability Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the period ended 30 September 2023
(Amounts in Saudi Riyals)

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2023 (Unaudited)	2022 (Unaudited)	**2023 (Unaudited)**	2022 (Unaudited)
Revenue	13	**76,003,625**	76,796,536	**225,616,990**	208,025,258
Cost of revenue	14	**(47,116,710)**	(53,906,295)	**(146,013,219)**	(146,883,352)
Gross profit		**28,886,915**	22,890,241	**79,603,771**	61,141,906
Other income		**1,500,478**	(275,232)	**3,017,879**	691,291
General and administrative expenses	15	**(7,826,756)**	(5,971,580)	**(27,461,329)**	(19,335,702)
Reversal of / (allowance for) expected credit losses ("ECL") on trade receivables and concession contract receivables		**355,633**	-	**(319,326)**	-
Modification of the concession contract receivable		**-**	-	**-**	(1,982,788)
Operating profit		**22,916,270**	16,643,429	**54,840,995**	40,514,707
Finance costs		**(9,258,758)**	(6,299,294)	**(24,484,041)**	(16,703,112)
Finance income		**4,137,802**	3,780,736	**11,830,018**	11,388,718
Share of profit from equity accounted investees		**2,199,979**	1,564,324	**5,998,269**	4,058,435
Profit before Zakat		**19,995,293**	15,689,195	**48,185,241**	39,258,748
Zakat expense		**(1,082,620)**	(1,375,954)	**(4,189,070)**	(4,127,862)
Profit for the period		**18,912,673**	14,313,241	**43,996,171**	35,130,886
Profit for the period after Zakat attributable to:					
Equity holders of the parent company		**18,882,823**	14,313,241	**43,923,024**	35,130,886
Non-controlling interest		**29,850**	-	**73,147**	-
		18,912,673	14,313,241	**43,996,171**	35,130,886
Earnings per share					
Basic earnings per share	19	**3,777**	2,863	**8,785**	7,026
Diluted earnings per share	19	**12**	9	**27**	22
Profit for the period after Zakat		**18,912,673**	14,313,241	**43,996,171**	35,130,886
Item that may be reclassified subsequently to profit or loss					
Cash flow hedges – effective portion of changes in fair value		**525,959**	758,755	**(18,666)**	8,325,094
Total comprehensive income for the period		**19,438,632**	15,071,996	**43,977,505**	43,455,980
Total comprehensive income for the period attributable to:					
Equity holders of the parent company		**18,981,449**	15,071,996	**43,477,026**	43,455,980
Non-controlling interest		**457,183**	-	**500,479**	-
		19,438,632	15,071,996	**43,977,505**	43,455,980

The accompanying notes 1 to 22 form an integral part of these condensed consolidated interim financial statements.

MIAHONA COMPANY LIMITED
(Limited Liability Company)
CONDENSED COSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the period ended 30 September 2023
(Amounts in Saudi Riyals)

	Share Capital	Statutory reserve	Additional capital contribution	Cash flow hedge reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
As at 31 December 2021 (Audited)	500,000	250,000	160,425,543	(2,982,776)	146,667,170	304,859,937	-	304,859,937
Profit for the period	-	-	-	-	35,130,886	35,130,886	-	35,130,886
Other comprehensive income for the period	-	-	-	8,325,094	-	8,325,094	-	8,325,094
Total comprehensive income for the period	-	-	-	8,325,094	35,130,886	43,455,980	-	43,455,980
As at 30 September 2022 (Unaudited)	500,000	250,000	160,425,543	5,342,318	181,798,056	348,315,917	-	348,315,917
As at 31 December 2022 (Audited)	500,000	250,000	160,425,543	4,362,751	176,967,131	342,505,425	-	342,505,425
Share capital of non-controlling interest							150,000	150,000
Profit for the period	-	-	-	-	43,923,024	43,923,024	73,147	43,996,171
Other comprehensive income for the period	-	-	-	(445,998)	-	(445,998)	427,332	(18,666)
Total comprehensive income for the period	-	-	-	(445,998)	43,923,024	43,477,026	500,479	43,977,505
As at 30 September 2023 (Unaudited)	500,000	250,000	160,425,543	3,916,753	220,890,155	385,982,451	650,479	386,632,930

The accompanying notes 1 to 22 form an integral part of these condensed consolidated interim financial statements.

MIAHONA COMPANY LIMITED
(Limited Liability Company)
CONDENSED COSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 September 2023
(Amounts in Saudi Riyals)

	Note	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Cash flows from operating activities:			
Profit for the period		**43,996,171**	35,130,886
Adjustments:			
Depreciation of property and equipment		**1,949,006**	1,321,342
Amortization of intangible assets		**210,399**	363,024
Depreciation of right-of-use assets		**1,564,700**	1,374,937
Amortization of intangible assets arising from service concession arrangements		**28,402,346**	26,617,652
Amortisation of concession contract receivables		**21,341,221**	15,258,826
Modification of the concession contract receivable		-	1,982,788
Finance cost on lease liabilities		**374,782**	254,547
Finance costs		**24,109,259**	16,448,565
Share of profit from equity accounted investees		**(5,998,269)**	(4,058,435)
Allowance for ECL on trade receivables and concession contract receivables		**319,327**	-
Defined employee benefits obligation expense		**2,183,785**	2,086,470
Amortization of the upfront cost		**813,670**	874,197
Income on term deposits		**(2,616,255)**	-
Finance income		**(11,830,018)**	(11,388,718)
Zakat expense		**4,189,070**	4,127,862
		109,009,194	90,393,943
Changes in operating assets and liabilities:			
Inventories		**(1,833,586)**	(758,784)
Trade and other receivables and contract assets		**41,245,286**	(27,647,588)
Prepayments and advances		**(16,344,402)**	(36,980)
Other non-current liabilities and deferred revenue and contract liabilities		**(2,808,700)**	(2,495,135)
Trade and other payables		**(22,455,640)**	4,648,447
		106,812,152	64,103,903
Defined employee benefits obligations paid		**(860,693)**	(525,000)
Finance costs paid		**(22,710,065)**	(15,811,943)
Zakat paid		**(5,608,422)**	(4,115,597)
Net cash flows generated from operating activities		**77,632,972**	43,651,363
INVESTING ACTIVITIES			
Acquisition of property and equipment		**(2,157,046)**	(1,014,549)
Acquisition of intangible assets arising from service concession arrangements		**(15,288,717)**	(15,938,867)
Additions to concession contract receivables		**(15,653,833)**	-
Dividend received from investments in equity accounted investees		**1,370,976**	-
Income on term deposits received			
Proceeds of term deposits including accrued interest on term deposits		**54,396,735**	-
Placement of term deposits		**(73,000,000)**	-
Acquisition of investment in equity accounted investees		-	(175,000)
Net cash flows used in investing activities		**(50,331,885)**	(17,128,416)

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MIAHONA COMPANY LIMITED
(Limited Liability Company)
CONDENSED COSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 September 2023
(Amounts in Saudi Riyals)

	Note	30 September 2023 (Unaudited)	30 September 2022 (Audited)
FINANCING ACTIVITIES			
Repayment of loan and borrowings		**(37,777,562)**	(35,909,754)
Proceeds from loans and borrowings		**18,960,373**	24,500,000
Payment of lease liabilities		**(2,489,818)**	(1,407,462)
Dividends paid		-	(10,000,000)
Acquisition of non-controlling interest		**150,000**	-
Net cash flows used in financing activities		**(21,157,007)**	(22,817,216)
Net increase in cash and cash equivalent during the period		**6,144,080**	3,705,731
Cash and cash equivalent at the beginning of the period		**67,821,386**	95,878,335
Cash and cash equivalents at the end of the period		**73,965,466**	99,584,066
Non-cash transactions			
Additions to right-of-use assets and lease liability		**3,922,068**	26,000
Proceeds of term deposits		**15,356,000**	15,356,000
Placement of term deposits		**(15,356,000)**	(15,356,000)
Cash flow hedges – effective portion of changes in fair value		**(18,666)**	8,325,094

The accompanying notes 1 to 22 form an integral part of these condensed consolidated interim financial statements.

MIAHONA COMPANY LIMITED
(Limited Liability Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the period ended 30 September 2023
(Amount in Saudi Riyals)

1. REPORTING ENTITY

Miahona Company Limited (the "Company") is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration numbered 1010253603 dated 16 Rajab 1429 H (corresponding to 20 July 2008).

The Company was formed on 16 Rajab 1429 H (corresponding to 20 July 2008) as Limited Liability Company. Subsequent to the period end, on 16 Jumada'l 1445H (corresponding to 31 October 2023) the legal status of the Company changed from a Limited Liability Company to a Saudi Closed Joint Stock Company. Refer note 21 for further details.

The main activities of the Company and its subsidiaries (collectively referred to as "the Group") are to engage in service concession contracts to establish, operate, maintain and lease of water and water treatment plants, dams, wells, sanitation. This also includes wholesale and retail trade of related equipment.

The Company has following subsidiaries and associates:

Name	Activities	Country of incorporation	Percentage of ownership (effective)	
			As at 30 September 2023	As at 31 December 2022
Industrial Cities Development and Operating Company ("ICDOC") (refer note (a) below)	The main activity of ICDOC is to engage in the construction, operation and maintenance of water desalination stations, for industrial cities, water and wastewater networks, torrents networks, developing and operating industrial cities, constructing and operating of electricity stations for industrial cities, purchase of lands for constructions, developing and investing in buildings by sale and rent.	Saudi Arabia	100%	100%
Riyadh Water Production Company ("RWPC") (refer note (b) below)	The main activity of RWPC is to engage in drilling all kind of water well, water technology, production, distribution transport, sell, sewerage, drainage, processors, re-use of water, sold, public construction contracting, piping, electrical work, mechanical work, maintenance, operations and road works.	Saudi Arabia	100%	100%
Al Jazzirah Environment Company ("JECO") (refer note (c) below)	The main activity of JECO is operation and maintenance of water desalination plant including brackish and sea water, sewerage treatment plant, water and sewerage networks, and recycle water treatment and networks.	Saudi Arabia	100%	100%
Araha Environmental Sciences Company ("ARAHA") (refer note (d) below)	The main activity of Araha is operation of sewer systems or sewer treatment facilities, repair and maintenance of sewer systems, sewage disposals plants and pumping station, Construction of sewer systems, sewage disposal plants and pumping stations.	Saudi Arabia	70%	70%

MIAHONA COMPANY LIMITED
(Limited Liability Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the period ended 30 September 2023
(Amount in Saudi Riyals)

1. REPORTING ENTITY (CONTINUED)

Name	Activities	Country of incorporation	Percentage of ownership (effective) As at 30 September 2023	As at 31 December 2022
Sustainable Water Company for Environmental Services ("SWES") (refer note (e) below)	The main activity of SWES is construction of utility projects, sewage, operation and maintenance of water supply, sanitation, waste management and treatment activities.	Saudi Arabia	70%	NA
International Water Partner Company (IWP) (refer note (f) below)	The main activity is for Management, Operations and Maintenance (MOM) Services for the first Cluster i.e., North-west consisting of the areas of Madinah and Tabuk	Saudi Arabia	40%	40%
International Water Partner Company the second (IWP2) (refer note (g) below)	The main activity is for Management, Operations and Maintenance (MOM) Services for the Cluster i.e., Eastern consisting of the areas of Dammam	Saudi Arabia	35%	NA

(a) On 1 January 2015, the Company acquired 90% of the share capital of ICDOC whereby the purchase consideration is to be settled by issuing shares of the Company amounting to SR 138,305,889. Further, on 1 January 2018, the Company acquired the remaining 10% of the share capital whereby the purchase consideration is to be settled by issuing shares of the Company amounting to SR 18,468,607. The related legal formalities of such acquisition are in process as at 30 September 2023.

ICDOC is engaged in the following service concession arrangements as at the reporting date:

- A service concession arrangement with the Saudi Authority for Industrial Cities and Technology Zones (MODON) in Jeddah dated 24 March 2002, effective from 15 March 2005, for rehabilitating, operating and maintaining the wastewater plant and related network system ("wastewater treatment facilities") of Jeddah Industrial city. The wastewater treatment facilities will be transferred back to MODON at the end of the concession arrangement period of 20 years.
- A service concession arrangement with MODON for industrial cities in Dammam and Al-Ahsa dated 22 October 2007, effective from 30 January 2008, for rehabilitating, operating and maintaining the water utilities and wastewater plant and related network system ("water utilities and wastewater treatment facilities") of the first and second industrial cities in Dammam and building, operating and maintaining the water utilities and wastewater treatment facilities of the first industrial city in Al-Ahsa. The water utilities and wastewater treatment facilities in industrial cities in Dammam and Al-Ahsa will be transferred back to MODON at the end of the concession arrangement period of 30 years.

1. REPORTING ENTITY (CONTINUED)

(b) On 9 February 2015, the Company formed RWPC through injecting cash of SR 495,000 equal to 99% of RWPC's shares. On 1 January 2018, the Company acquired remaining 1% of the share capital of RWPC whereby the purchase consideration is to be settled by issuing shares of the Company amounting to SR 107,878. The related legal formalities of such acquisition are in process as at 30 September 2023.

RWPC is engaged in a service concession arrangement with the General Authority of Civil Aviation (GACA) dated 15 September 2015 to perform the following:
- remediate, operate and maintain the existing Water Treatment Station ("WTS").
- further, develop, own, finance engineer, design, procure, construct, commission, start up and test the new WTS.
- operate, maintain and transfer the new WTS.

(c) On 1 January 2015, the Company acquired 99% of the share capital of JECO against a cash consideration of SR 1,083,613 and the remaining to be settled by issuing shares of the Company amounting to SR 3,416,387. On 1 January 2018, the Company acquired remaining 1% of the share capital of JECO whereby the purchase consideration is to be settled by issuing shares of the Company amounting to SR 126,782. The related legal formalities of acquisition are in process as at 30 September 2023.

On 20 September 2023, shareholders of the Company approved capitalization of "Additional Capital Contribution" amounting to SR 160,425,543 to "Share capital" in respect of matters defined in (a), (b) and (c) above. Subsequent to the period end, on 31 October 2023, the Ministry of Commerce and Investment (MOCI) has approved the capitalization of matters defined in (a), (b) and (c) above. Refer note 21 for further details.

(d) On 30 November 2022, the Company formed Araha. The Company has injected cash of SR 350,000 equal to 70% of Araha's shares.

Araha is engaged in a service concession arrangement with the National Water Company (NWC) dated 28 August 2022, effective from 2 May 2023, to perform the rehabilitation remediation and financing, completion, testing, operation and maintenance, handover, and transfer of the existing two sewage treatment plants (STP) in Makkah called Hadda and Arana STPs.

JECO is a subcontractor for operations and maintenance of the above service concession contracts.

(e) On 27 February 2023, the Company formed SWES to participate in the competitive tender for the Ras Tanura Refinery ("RTR") wastewater treatment plant project - as part of the Saudi Aramco RTR project.

The industrial wastewater treatment plant, wastewater and effluent transmission systems will be developed on a Build-Own-Operate-Transfer ("BOOT") basis for a period of 25 years. As on the reporting date, the Company is selected as the preferred bidder.

(f) The Company made an investment in IWP to the extent of 40% of IWP's share capital, for a consideration of SR 200,000 in February 2021.

IWP is engaged in a contract with National Water Company (NWC) to perform management and operations of the water supply lines between the cities, engage in water wells, water technology, production, distribution, transport, sell, sewerage, drainage and re-use of water and public construction contracting, piping, electrical work, mechanical work, maintenance, operating and road works.

(g) The Company made an investment in a newly formed entity IWP2 to the extent of 35% of IWP2's share capital, for a consideration of SR 175,000 in January 2022.

IWP2 is engaged in a contract with National Water Company (NWC) to perform management and operations of the water supply lines between the cities, engage in water wells, water technology, production, distribution, transport, sell, sewerage, drainage and re-use of water and public construction contracting, piping, electrical work, mechanical work, maintenance, operating and road works.

2. BASIS OF PRESENTATION

2.1 *Statement of compliance*

These condensed consolidated interim financial statements of the Group have been prepared in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2.2 *Preparation of condensed consolidated interim financial statements*

These condensed consolidated interim financial statements do not include all of the information and disclosures required in a full set of annual consolidated financial statements and should therefore be read in conjunction with the last annual consolidated financial statements for the year ended 31 December 2022 ("last annual consolidated financial statements"). However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group financial position and performance since the last annual consolidated financial statements.

2.3 *Basis of measurement*

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date. Further, the financial statements are prepared using the accrual basis of accounting and on a going concern basis.

Items	Measurement basis
Derivative financial instruments	Fair value
Defined employees benefits obligations	Present value of the defined benefit obligation
Investment in equity accounted investees	Equity method of accounting

2.4 *Functional and presentation currency*

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR), which is the Company's functional currency. The Group has used Saudi Riyal (SR) as the presentation currency. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

2.5 *Basis of consolidation*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

2.6 *Basis of equity accounted investees*

An equity accounted investee is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Interests in equity accounted investee are accounted using the equity method.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those followed in preparing the Group's last annual consolidated financial statements for the year ended 31 December 2022.

3.1 Significant accounting judgments, estimates and assumptions.

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Therefore, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made the following estimates and judgements, which are significant to the condensed consolidated interim financial statements:

- Consolidation: whether the Group has de facto control over an investee; and
- Revenue recognition: allocation of transaction price to performance obligations, measurement of significant financing component
- Measurement of defined employee benefits obligation - key actuarial assumptions; and
- Allowance for expected credit losses on trade receivables, contract assets and concession contract receivables.

3.2 New Standards, Amendment to Standards and Interpretations:

There are no new standards issued which are applicable on the Group, however, there are a number of amendments to standards which are effective from 1 January 2023 and are explained in the Group's last annual consolidated financial statements for the year ended 31 December 2022. Management is currently in the process of assessing the impact of these amendments to standards on the Group.

(Amount in Saudi Riyals)

4. INTANGIBLE ASSETS ARISING FROM SERVICE CONCESSION ARRANGEMENTS

	30 September 2023	31 December 2022
Cost:		
As at the beginning of the period / year	**713,487,665**	689,845,461
Additions during the period / year	**15,288,717**	23,642,204
As at the end of the period / year	**728,776,382**	713,487,665
Accumulated amortization:		
As at the beginning of the period / year	**353,993,618**	317,694,305
Charge for the period / year	**28,402,346**	36,299,313
As at the end of the period / year	**382,395,964**	353,993,618
Net book value:		
As at 30 September 2023	**346,380,418**	359,494,047

Intangible assets arising from service concession arrangements includes the costs below:
- the cost of rehabilitation of water utilities and wastewater treatment facilities for the first and second industrial cities of Dammam;
- the cost of construction of water utilities and wastewater treatment facilities for the first industrial city of Al-Ahsa;
- the cost of rehabilitation of water utilities and wastewater treatment facilities for reverse osmosis plant at the second industrial city in Dammam; and
- the cost of rehabilitation of wastewater treatment facilities for Jeddah Industrial City.

Included in additions during the period are capitalization of finance costs amounting to SR 700,000 (31 December 2022: SR 901,886).

MIAHONA COMPANY LIMITED
(Limited Liability Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Amount in Saudi Riyals)

5. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

	Ownership %	30 September 2023	31 December 2022
International Water Partners Company	40	8,977,308	6,888,392
International Water Partners Company 2	35	3,951,399	1,413,022
		12,928,707	8,301,414

Movement in investment in equity accounted investees is as follows:

	30 September 2023	31 December 2022
Balance at the beginning of the period / year	8,301,414	2,715,167
Addition during the period / year	-	175,000
Share of profit for the period / year	5,998,269	5,411,247
Dividends received during the period / year	(1,370,976)	-
Balance at the end of the period / year	12,928,707	8,301,414

6. CONCESSION CONTRACT RECEIVABLES

	30 September 2023	31 December 2022
Concession contract receivables	290,724,873	284,728,330
Classified as:		
- Non-current	259,550,930	263,967,200
- Current	31,173,943	20,761,130
	290,724,873	284,728,330

The movement in concession contract receivables is as follows:

	30 September 2023	31 December 2022
Balance at the beginning of the period / year	284,728,330	292,146,505
Additions for the period / year *(refer note 7.1)*	15,653,833	-
Finance income for the period / year	11,830,018	15,041,163
Amortization for the period / year	(21,341,221)	(20,476,550)
Modification of the concession contract receivable	-	(1,982,788)
	290,870,960	284,728,330
Allowance for ECL	(146,087)	-
Balance at the end of the period / year	290,724,873	284,728,330

7.1 During the period, the Group has entered into a long-term operation and maintenance agreement ("LTOM Agreement") with National Water Company (NWC) for a period of 10 years. The scope of the LTOM agreement is rehabilitation and remediation work of the water treatment plants while simultaneously providing operation and maintenance services. All the relevant output of the plants will be purchased and off taken by NWC. At the end of the LTOM Agreement, the plants would be transferred back to NWC.

MIAHONA COMPANY LIMITED
(Limited Liability Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the period ended 30 September 2023
(Amount in Saudi Riyals)

7. TRADE AND OTHER RECEIVABLES

	30 September 2023	31 December 2022
Trade receivables	66,544,285	137,767,116
Less: allowance for ECL	(3,545,059)	(19,239,225)
	62,999,226	118,527,891
Due from related parties (note 16.2.1)	8,305,038	8,905,303
Staff and other receivables	193,858	402,733
	71,498,122	127,835,927

The movement of allowance for ECL is as follows:

	30 September 2023	31 December 2022
At the beginning of the period / year	19,239,225	19,483,352
Allowance / (reversal) for the period / year	173,239	(244,127)
Written off during the period / year	(15,867,405)	-
At the end of the period / year	3,545,059	19,239,225

8. CONTRACT ASSETS

	30 September 2023	31 December 2022
Contract assets	37,548,286	22,629,006

Movement for the period / year is as follows:

	30 September 2023	31 December 2022
Opening balance	22,629,006	6,852,470
Unbilled amount during the period / year	36,928,124	25,464,000
Billed amount during the period / year	(22,008,844)	(9,687,464)
Closing balance	37,548,286	22,629,006

9. CASH AND BALANCES WITH BANK

	30 September 2023	31 December 2022
Cash at bank	130,012,363	103,068,783
Cash in hand	528,623	108,603
Cash and balances with bank for the purposes of condensed consolidated interim statement of financial position	130,540,986	103,177,386
Less: term deposits with original maturities of more than three months	(56,575,520)	(35,356,000)
Cash and cash equivalents for the purposes of condensed consolidated interim statement of cash flows	73,965,466	67,821,386

(Amount in Saudi Riyals)

10. LOANS AND BORROWINGS

	30 September 2023	31 December 2022
Murabaha term loan (a)	**213,970,000**	247,780,000
Murabaha term loan (b)	**216,676,996**	219,504,914
Equity bridge loan (EBL) (c)	**18,960,373**	-
Senior debt facility - upfront fees (d)	**(1,139,644)**	-
	448,467,725	467,284,914
Less: Borrowing cost subject to amortization	**(4,707,601)**	(5,521,271)
Total amortized cost of loans and borrowings	**443,760,124**	461,763,643
Less: current portion of loans and borrowings	**(39,374,040)**	(39,222,049)
Non-current portion of loans and borrowings	**404,386,084**	422,541,594

Movement for the period / year excluding borrowing cost subject to amortization is as follows:

	30 September 2023	31 December 2022
Opening balance	**467,284,914**	481,010,634
Proceeds received during the period / year	**18,960,373**	24,500,000
Repayments made during the period / year	**(37,777,562)**	(38,225,720)
Closing balance	**448,467,725**	467,284,914

a. The Group signed a Murabaha facility from a local bank in the form of term loan amounting to SR 247,780,000. This facility is secured by irrevocable and unconditional assignment of proceeds from Dammam and Jeddah projects. The commission on this loan is charged at a floating rate based on Enhanced Saudi Interbank Offered Rate (SAIBOR) plus margin. The facilities are repayable in unequal semi-annual instalments till maturity date i.e., 28 February 2026. As at 30 September 2023, the Group is in compliance with all stipulated covenants.

b. The Group signed a Murabaha term loan facility agreement amounting to SR 243,786,000 with a consortium of local banks for the purpose of financing the construction of a water treatment station. The loan is secured by mortgage of the site which is represented by concession asset receivables in the condensed consolidated interim statement of financial position. The commission on this loan is charged at a floating rate based on SAIBOR plus margin. The loan is repayable in semi-annual installments with the first installment paid on 30 November 2018 and last installment due on 30 November 2038. The loan agreement contains covenants which include, amongst other things, the maintenance of certain financial ratios. As at 30 September 2023, the Group is in compliance with all stipulated loan covenants.

c. On 14 February 2023, the Group entered "long-term" EBL facilities arrangement amounting to SR 18.96 mil. The maturity date of EBL murabaha facilities is 14 February 2026, and on this date, it becomes repayable in full. The commission on this facility is charged at a floating rate based on SAIBOR plus margin. To reduce its exposure to floating rate risk, the Group has entered into a profit rate swap.

d. The Group entered into a senior debt facility arrangement amounting to SR 65.11 million with a local commercial bank. To reduce its exposure to floating rate risk, the Group has entered into a profit rate swap. As at the reporting date, the Group has not withdrawn any amount from this facility.

(Amount in Saudi Riyals)

11. DEFERRED REVENUE AND CONTRACT LIABILITIES

	30 September 2023	31 December 2022
Deferred revenue (a)	8,742,939	8,822,822
Contract liabilities (b)	6,411,730	5,974,551
	15,154,669	14,797,373

(a) Deferred revenue arises from the Group's connection services under service concession contract. Connection services consideration is received upfront, accordingly, the consideration received in respect of connection services is recognized as a deferred revenue and is recognized as revenue on a straight-line basis over the term of the concession arrangement.

(b) The contract liabilities primarily relate to the advance consideration received from customers.

	30 September 2023	31 December 2022
Opening balance	5,974,551	5,249,805
Revenue recognized during the period / year	(3,976,711)	(1,105,785)
Billed during the period / year	4,413,890	1,830,531
Closing balance	6,411,730	5,974,551

12. TRADE AND OTHER PAYABLES

	30 September 2023	31 December 2022
Trade payables	11,973,675	30,197,501
Accrued expenses	55,695,520	54,525,393
Due to related parties (note 16.2.2)	6,419,519	11,255,611
Retention payable	1,469,062	1,300,912
Advance from customers	337,713	199,664
Others	6,123,726	5,596,580
	82,019,215	103,075,661

(Amount in Saudi Riyals)

13. REVENUE

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023	2022	**2023**	2022
Revenue recognised under service concession arrangements:				
Water and wastewater services	**63,818,052**	57,122,969	**175,810,637**	160,049,059
Construction revenue	**7,846,114**	9,557,452	**29,117,560**	17,731,653
Operation and maintenance revenue	**4,339,459**	9,962,833	**18,757,385**	28,599,592
Management services	**-**	153,282	**1,931,408**	1,644,954
	76,003,625	76,796,536	**225,616,990**	208,025,258

Service concession arrangements
Revenue from the service concession arrangement is recognized as follows:

i. The amount of consideration to which the Group expects to be entitled from the Grantor for the services provided is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement with General Authority of Civil Aviation (GACA), the Group is obliged to Build-Operate-Transfer a Water Treatment Station ("WTS") for 28 years and to Rehabilitate-Operate-Transfer the existing WTS during the construction period.

   The total expected consideration over 28 years is allocated to the performance obligations based on the relative stand-alone selling prices of the construction services and operation & maintenance services, taking into account the significant financing component, as follows:
   - For construction services under one BOT arrangement, the Group estimates the relative stand-alone selling price by reference to the forecast cost plus 5%.
   - For operation & maintenance services under one BOT arrangement, the Group estimates the relative stand-alone selling price by reference to the forecast cost plus 7.7%.
   - The implied interest rate of 5.2% is assumed to be the rate that would be reflected in a financing transaction between the Group and the Grantor.

ii. The amount of consideration to which the Group is entitled to by providing services to the public is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement with MODON, the Grantor is not obliged to make any payment to the Group and the Group earns revenue by providing services to the public and charging them for the same. Accordingly, the revenue earned from construction services is recognized as an intangible asset under IFRIC 12, Service Concession Arrangements.

   The Group has disaggregated revenue into various categories as shown in above note which is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by the economic data.

iii. The amount of consideration to which the Group expects to be entitled from the Grantor for the services provided is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement with National Water Company("NWC"), the Group is obliged to Rehabilitate-Operate-Transfer a Water Treatment Station ("WTS") for 10 years.

   The total expected consideration over 10 years is allocated to the performance obligations based on the relative stand-alone selling prices of the rehabilitation services and operation & maintenance services, taking into account the significant financing component, as follows:
   - For construction services under one ROT arrangement, the Group estimates the relative stand-alone selling price by reference to the forecast cost plus 5%.
   - For operation & maintenance services under one ROT arrangement, the Group estimates the relative stand-alone selling price by reference to the forecast cost plus 5%.
   - The implied interest rate of 5.7% is assumed to be the rate that would be reflected in a financing transaction between the Group and the Grantor.

MIAHONA COMPANY LIMITED
(Limited Liability Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the period ended 30 September 2023
(Amount in Saudi Riyals)

14. COST OF REVENUE

	For the three-month period ended 30 September 2023	2022	For the nine-month period ended 30 September 2023	2022
Salaries and employee related costs	**13,797,238**	12,931,675	**42,347,334**	37,615,959
Amortization of intangible assets arising from service concession arrangements	**9,459,443**	8,809,008	**28,402,346**	26,617,652
Royalty	**7,343,168**	7,345,805	**20,422,919**	20,235,966
Electricity	**5,195,335**	4,846,682	**13,710,488**	13,099,540
Subcontract costs	**78,943**	3,368,251	**4,361,371**	9,027,726
Maintenance service, spare parts and consumables	**(580,197)**	1,759,141	**2,108,684**	5,103,522
Chemicals	**2,004,722**	2,833,776	**5,958,207**	7,464,763
Sludge transportation and violated treatment	**578,150**	625,044	**1,912,148**	1,970,272
Insurance expense	**98,752**	431,171	**851,294**	1,293,498
Depreciation on property and equipment	**263,085**	269,145	**799,103**	759,304
Depreciation of right-of-use assets	**300,928**	152,801	**608,583**	515,165
Amortization of intangible assets	**394**	394	**1,181**	1,181
Professional fees	**617,443**	339,269	**1,948,426**	982,916
Others	**3,187,308**	636,682	**3,647,667**	4,464,234
Operation cost	**42,344,712**	44,348,844	**127,079,751**	129,151,699
Construction cost	**4,771,998**	9,557,451	**18,933,468**	17,731,653
Total cost of revenue	**47,116,710**	53,906,295	**146,013,219**	146,883,352

15. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 30 September 2023	2022	For the nine-month period ended 30 September 2023	2022
Business development expense*	**3,887,978**	2,630,952	**15,004,864**	8,645,316
Salaries and employee related costs	**2,584,474**	1,873,799	**7,155,745**	6,335,335
IT cost and other utilities	**64,409**	111,831	**215,296**	324,950
Professional fees	**394,402**	536,812	**2,196,491**	1,616,457
Depreciation on property and equipment	**386,668**	213,722	**1,149,903**	562,038
Depreciation of right-of-use assets	**402,885**	325,789	**956,117**	859,772
Amortization of intangible assets	**42,587**	120,614	**209,218**	361,843
Repair and maintenance	**620**	350	**3,355**	3,418
Advertising and training	**127,854**	-	**185,020**	13,353
Subscription	**4,196**	2,250	**19,336**	5,532
Training and seminar	**95,471**	3,375	**140,358**	16,999
Travel expenses	**62,156**	15,700	**210,482**	92,182
Others	**(226,944)**	136,386	**15,144**	498,507
	7,826,756	5,971,580	**27,461,329**	19,335,702

* Includes salaries and employee related expenses as follows:

	For the three-month period ended 30 September 2023	2022	For the nine-month period ended 30 September 2023	2022
Salaries and employee related expenses	**2,898,472**	2,260,189	**7,970,641**	7,050,248

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(Amount in Saudi Riyals)

16. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors and key management personnel of the Group, and entities jointly controlled or significantly influenced by such parties. In the ordinary course of its activities, the Group transacts with related parties at terms mutually agreed between the parties. Balances and transactions between the Group entities are eliminated on consolidation. Details of major transactions and balances between the Group and other related parties are as follows:

Name of related party	Nature of relationship
Abunayyan Trading Company	Joint shareholder of the parent company
Vision International Investment Company (VIIC)	Parent company
Toledo Arabia Company	Subsidiary of parent company
Thabat Construction Company	Subsidiary of shareholder of the parent company
Middle East Paper Company (MEPCO)	Associate of shareholder of the parent company
SUEZ Environment (SUEZ)	Associate of shareholder of the parent company
Water Treatment and Environment Company (WTECO)	Subsidiary of parent company
International Water Partners Company (IWP)	Associate of the Group
International Water Partners Company The Second (IWP2)	Associate of the Group

16.1 Related party transactions

Nature of transaction		For the nine months period ended 30 September 2023	2022
Middle East Paper Company	Providing services	**5,254,011**	4,956,059
	Amount received by the Company	**(5,263,479)**	(4,984,762)
Vision International Investment Company	Expenses paid on behalf of VIIC	**1,951,027**	1,151,504
	Services received	**(1,917,884)**	(958,942)
Water Treatment and Environment Company	Services received	**-**	(5,275,649)
	Payment against invoice	**17,020**	2,602,129
Abunayyan Trading Company	Services received	**(3,853,526)**	6,196,756
	Payment against invoice	**11,500,000**	-
SUEZ Environment	Expenses paid on behalf of SUEZ	**-**	9,975
International Water Partners Company	Providing services	**403,043**	760,187
	Expenses paid on behalf of IWP	**22,881**	1,075,293
	Loan from shareholder	**-**	(8,000,000)
	Amount received by the Company	**(297,507)**	(2,963,197)
International Water Partners Company The Second	Providing services	**238,679**	1,304,140
	Expenses paid on behalf of IWP2	**114,286**	852,815
	Loan from shareholder	**-**	3,500,000
	Dividend and other collections	**(1,502,678)**	(864,645)
Thabat Construction Company	Construction cost	**(2,860,545)**	-
	Providing services	**16,211,917**	8,652,272
	Amount received by the Company	**(15,781,418)**	(3,231,494)

(Amount in Saudi Riyals)

16. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

16.2 Related party balances

16.2.1 Due from related parties

	30 September 2023	31 December 2022
Middle East Paper Company	**556,638**	566,106
Toledo Arabia Company	**204,010**	204,010
SUEZ Environment	**23,444**	23,444
International Water Partners Company	**327,634**	199,217
Thabat Construction Company	**3,340,347**	2,909,848
International Water Partner Company The Second		
- Loan*	**3,500,000**	3,500,000
- Other receivables	**352,965**	1,502,678
	8,305,038	8,905,303

* Above loan balance is charged at a fixed rate and repayable on demand.

16.2.2 Due to related parties

	30 September 2023	31 December 2022
Vision International Investment Company	**2,178,826**	2,211,969
Water Treatment and Environment Company	**1,328,085**	1,345,105
Abunayyan Trading Company	**52,063**	7,698,537
Thabat Construction Company	**2,860,545**	-
	6,419,519	11,255,611

All the above balances are unsecured and expect to be paid in next 12 months.

17. CONTINGENCIES AND COMMITMENTS

The Group had the following contingencies and commitments:

	30 September 2023	31 December 2022
Performance guarantees outstanding	**49,315,757**	30,383,377
Bid bond	**35,049,243**	-
Capital commitments	**89,098,047**	13,124,625

18. OPERATING SEGMENTS

The Group's activities and business lines used as a basis for the financial reporting are consistent with the internal reporting process and information reviewed by the Chief Operating Decision Maker (CODM). CODM considers the operations of the Group as a whole as one operating segment as all subsidiaries engage in provision of water utilities and wastewater treatment services.

The Group's revenue, gross profit, total assets and total liabilities pertaining to the Group's operations as a whole are presented in the condensed consolidated interim statement of financial position and in the condensed consolidated interim statement of profit or loss and other comprehensive income.

All of the Group's operations are conducted in KSA. Hence, separate geographical information is not disclosed.

(Amount in Saudi Riyals)

19. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the period after Zakat attributable to the equity holders of the parent company by the weighted average number of ordinary shares issued and outstanding at the end of the period.

Particulars	For the three-month period ended 30 September 2023 (Unaudited)	For the three-month period ended 30 September 2022 (Unaudited)	For the nine-month period ended 30 September 2023 (Unaudited)	For the nine-month period ended 30 September 2022 (Unaudited)
Profit attributable to ordinary shareholders	**18,882,823**	14,313,241	**43,923,024**	35,130,886
Weighted average number of ordinary shares (number of shares)	**5,000**	5,000	**5,000**	5,000
Basic earnings per share	**3,777**	2,863	**8,785**	7,026

Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit for the period after Zakat attributable to the equity holders of the parent company by the weighted average number of ordinary shares issued and outstanding at the end of the period after adjustment for the effects of all potential ordinary shares in respect of additional capital contribution.

Particulars	For the three-month period ended 30 September 2023 (Unaudited)	For the three-month period ended 30 September 2022 (Unaudited)	For the nine-month period ended 30 September 2023 (Unaudited)	For the nine-month period ended 30 September 2022 (Unaudited)
Profit attributable to ordinary shareholders	**18,882,823**	14,313,241	**43,923,024**	35,130,886
Weighted average number of ordinary shares (number of shares)	**1,609,255**	1,609,255	**1,609,255**	1,609,255
Diluted earnings per share	**12**	9	**27**	22

20. COMPARATIVE FIGURES

Certain of the 31 December 2022 balances have been reclassified to conform to the presentation as at 30 September 2023. These changes were made for better presentation of balances and transactions in the condensed consolidated interim financial statements of the Group. These changes do not have impact on the condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows.

Financial statement line item	Balance as previously stated	Effect of reclassification	Balance as reclassified
Advance to suppliers	--	3,240,493	3,240,493
Prepayments and advances	32,234,637	(4,722,993)	27,511,644
Trade and other receivables	128,776,603	(940,676)	127,835,927
Trade and other payables	105,498,837	(2,423,176)	103,075,661

21. SUBSEQUENT EVENTS

There are no material events subsequent to the reporting date that requires adjustment or disclosure in these condensed consolidated interim financial statements, except for the following disclosure:

Shareholders of the Company through their resolution dated 16 Jumada'I 1445H (corresponding to 31 October 2023) have approved conversion of the Company from a Limited Liability Company to a Saudi Closed Joint Stock Company. Further shareholders have also approved the revision of par value from SAR 100 per share to SAR 1 per share.

MOCI has approved the above resolution including shareholders' resolution in respect of capitalisation of "Additional Capital Contribution" amounting to SR 160,425,543 to "Share capital" (refer note 1). Accordingly, the revised commercial registration certificate of the Company reflects the increased share capital of SAR 160,925,543 divided into shares of 160,925,543 of SAR 1 each.

22. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved from Board of Directors on 13 November 2023 (corresponding to 29 Rabi' II 1445).

MIAHONA COMPANY LIMITED
(Limited Liability Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2022
together with the
Independent Auditor's Report

MIAHONA COMPANY LIMITED
(Limited Liability Company)
Consolidated Financial Statements
For the year ended 31 December 2022

KPMG Professional Services
Riyadh Front, Airport road
P O Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarter

Commercial Registration No ١٠١٠٤٢٥٤٩٤

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent Auditor's Report

To the Shareholders of Miahona Company Limited

Opinion

We have audited the financial statements of **Miahona Company Limited** ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the board of directors, are responsible for overseeing the Group's financial reporting process.

KPMG Professional Services a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR 40,000,000. Previously known as KPMG Al Fozan & Partners Certified Public Accountants. A member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited.

كي بي ام جي للاستشارات المهنية شركة مهنية مساهمة مقفلة مسجلة في المملكة العربية السعودية رأس مالها (٤٠٠٠٠٠٠٠) ريال سعودي مدفوع بالكامل، وقد تم تغيير اسم الشركة من الاسم السابق "شركة كي بي ام جي الفوزان
وشركاه محاسبون ومراجعون قانونيون" إلى الاسم الحالي بتاريخ ٢٠٢١/٠٣/٢١م. وهي شركة عضو غير شريك في شبكة شركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية، شركة مسجلة في بريطانيا

KPMG

Independent Auditor's Report (continued)

To the Shareholders of Miahona Company Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Miahona Company Limited** ("the Company") and its subsidiaries ("the Group").

KPMG Professional Services

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 1010425494
R : 1.
KPMG
ترخيص رقم ٤٦
س.ت ١٠١٠٤٢٥٤٩٤
KPMG Professional Services

Kholoud A. Mousa Altambakti
License No.: 421

Riyadh on 29 JUN 2023
Corresponding to 10 DHU AL-HIJJAH 1444H

Miahona Company Limited
(Limited Liability Company)
Consolidated statement of financial position
As at 31 December 2022
(Amounts in Saudi Riyals)

	Notes	31 December 2022	31 December 2021
ASSETS			
Property and equipment	5	**8,445,830**	5,993,186
Intangible assets	6	**222,310**	706,342
Intangible assets arising from service concession arrangements	7	**359,494,047**	372,151,156
Right-of-use assets	8	**7,760,046**	9,377,410
Investment in associates	9	**8,301,414**	2,715,167
Concession contract receivables	10	**263,967,200**	271,994,737
Non-current assets		**648,190,847**	662,937,998
Concession contract receivables	10	**20,761,130**	20,151,768
Inventories	11	**4,499,892**	4,238,934
Trade and other receivables	12	**128,776,603**	123,320,214
Contract assets	12a	**22,629,006**	6,852,470
Prepayments and advances	13	**32,234,637**	19,171,418
Fair value of derivative financial instruments	17	**5,167,411**	718,201
Cash and cash equivalents	14	**103,177,386**	111,235,101
Current assets		**317,246,065**	285,688,106
TOTAL ASSETS		**965,436,912**	948,626,104
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15.1	**500,000**	500,000
Additional capital contribution	15.2	**160,425,543**	160,425,543
Statutory reserve		**250,000**	250,000
Cash flow hedge reserve	17	**4,362,751**	(2,982,776)
Retained earnings		**176,967,131**	146,667,170
Total equity		**342,505,425**	304,859,937
LIABILITIES			
Loans and borrowings	18	**422,541,594**	436,098,048
Lease liabilities	8	**5,242,334**	6,546,424
Fair value of derivative financial instruments	17	**804,660**	3,700,978
Defined employee benefits obligation	19	**16,286,064**	15,666,672
Other non-current liabilities	20.1	**10,947,580**	15,957,424
Contract liabilities	20.2	**14,797,373**	14,072,936
Non-current liabilities		**470,619,605**	492,042,482
Loans and borrowings	18	**39,222,049**	38,225,720
Lease liabilities	8	**2,241,754**	2,664,285
Trade and other payables	21	**105,498,837**	106,718,083
Zakat payable	22	**5,349,242**	4,115,597
Current liabilities		**152,311,882**	151,723,685
Total liabilities		**622,931,493**	643,776,167
TOTAL EQUITY AND LIABILITIES		**965,436,918**	948,626,104

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.
The financial statements appearing on pages (3) to (46) have been approved by the shareholders on 29th JUN 2023 and are signed on their behalf by:

Awaadh Al Otaibi
Chief Executive Officer

شركة مياهنا
Miahona
مياهنا
C.R: 1010253603
Miahona Company

3

Miahona Company Limited
(Limited Liability Company)
Consolidated statement of profit or loss
For the year ended 31 December 2022
(Amounts in Saudi Riyals)

	Notes	2022	2021
Revenue	23	276,023,072	255,898,372
Cost of revenue	24	(189,164,297)	(181,542,320)
Gross profit		86,858,775	74,356,052
Other income	25	1,647,992	151,504
General and administrative expenses	26	(30,161,879)	(30,382,876)
Impairment gain / (loss) on trade receivables	12	244,127	(10,789,879)
Modification of concession contract receivable	10	(1,982,788)	--
Operating profit		56,606,227	33,334,801
Finance costs	27	(21,599,347)	(21,562,656)
Finance income	10	15,041,162	15,464,316
Share of profit of investment in associate	9	5,411,247	2,515,167
Profit before Zakat		55,459,289	29,751,628
Zakat expense	22	(5,349,242)	(4,419,776)
Profit for the year		50,110,047	25,331,852

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

شركة مياهنا
Miahona
C.R: 1010253603
Miahona Company

Miahona Company Limited
(Limited Liability Company)
Consolidated statement of other comprehensive income
For the year ended 31 December 2022
(Amounts in Saudi Riyals)

	Notes	2022	2021
Profit for the year		**50,110,047**	25,331,852
Other comprehensive income / (loss)			
Item that may be reclassified subsequently to profit or loss			
Cash flow hedges – effective portion of changes in fair value	*17*	**7,345,527**	5,795,220
Item that will not be reclassified to profit or loss			
Actuarial gain /(loss) on defined employee benefits obligation	*19*	**189,914**	(832,322)
Other comprehensive income / (loss) for the year		**7,535,441**	4,962,898
Total comprehensive income for the year		**57,645,488**	30,294,750

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

Miahona Company Limited
(Limited Liability Company)
Consolidated statement changes in equity
For the year ended 31 December 2022
(Amounts in Saudi Riyals)

	Share capital	Additional capital contribution	Statutory reserve	Cash flow hedge reserve (note 19)	Retained earnings	Total
As at 1 January 2021	500,000	160,425,543	250,000	(8,777,996)	122,167,640	274,565,187
Profit for the year	-	-	-		25,331,852	25,331,852
Other comprehensive (loss) / income	-	-	-	5,795,220	(832,322)	4,962,898
Total comprehensive income	-	-	-	5,795,220	24,499,530	30,294,750
As at 31 December 2021	500,000	160,425,543	250,000	(2,982,776)	146,667,170	304,859,937
Profit for the year	-	-	-		**50,110,047**	**50,110,047**
Other comprehensive income	-	-	-	**7,345,527**	**189,914**	**7,535,441**
Total comprehensive income				**7,345,527**	**50,299,961**	**57,645,488**
Dividend Paid (note 16)	-	-	-	-	**(20,000,000)**	**(20,000,000)**
At 31 December 2022	**500,000**	**160,425,543**	**250,000**	**4,362,751**	**176,967,131**	**342,505,425**

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

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Miahona Company Limited
(Limited Liability Company)
Consolidated statement of cash flow
For the year ended 31 December 2022
(Amounts in Saudi Riyals)

	Notes	2022	2021
OPERATING ACTIVITIES			
Profit for the year		**50,110,047**	25,331,852
Adjustments for:			
Depreciation of property and equipment	*5*	**2,221,590**	2,307,481
Gain on disposal of property and equipment		**(129,917)**	(1,026)
Amortization of intangible assets	*6*	**484,032**	485,628
Amortization of intangibles arising from service concession arrangements	*7*	**36,299,313**	38,200,904
Modification of the concession contract receivable		**1,982,788**	-
Depreciation of right-of-use assets	*8*	**2,388,432**	2,134,729
Gain on derecognition of right-of-use assets		**(17,545)**	
Interest on lease liabilities	*8*	**317,555**	421,919
Share of profit of investment in associate	*9*	**(5,411,247)**	(2,515,167)
Impairment loss on trade receivables	*12*	**(244,127)**	10,789,879
Employee defined benefits obligation	*19*	**2,954,043**	2,524,770
Amortisation of the upfront fees		**1,165,595**	1,600,873
Finance costs		**21,281,793**	21,140,736
Finance income	*10*	**(15,041,162)**	(15,464,316)
Zakat expense	*22*	**5,349,242**	4,419,776
		103,710,432	91,378,038
Changes in operating assets and liabilities:			
Inventories		**(260,958)**	(268,924)
Trade, other receivables and contract assets		**(17,490,310)**	(30,859,845)
Prepayments and advances		**(13,063,225)**	(10,722,716)
Other long-term liabilities and contract liabilities		**(4,285,407)**	(650,551)
Trade and other payables		**(1,219,240)**	8,082,531
		67,391,292	56,958,533
Defined employee benefits paid	*19*	**(2,143,225)**	(1,247,555)
Finance costs paid		**(21,281,793)**	(21,140,736)
Zakat paid	*22*	**(4,115,597)**	(4,829,719)
Net cash generated from operating activities		**39,850,677**	29,740,523
INVESTING ACTIVITIES			
Acquisition of property and equipment	*5*	**(4,749,099)**	(2,911,341)
Proceeds from sale of property and equipment		**204,781**	-
Acquisition of intangible assets	*6*	**-**	(8,600)
Acquisition of intangible assets arising from service concession arrangements	*7*	**(23,642,204)**	(23,547,775)
Concession contract receivables	*10*	**20,476,549**	20,151,769
Shareholders loan to associate		**(3,500,000)**	(8,000,000)
Acquisition of investment in associates		**(175,000)**	(200,000)
Net cash used in from investing activities		**(11,384,973)**	(14,515,947)
FINANCING ACTIVITIES			
Repayment of loan and borrowings	*18*	**(38,225,720)**	(95,227,067)
Proceeds from loans and borrowings	*18*	**24,500,000**	65,500,000
Dividends paid to shareholders	*16*	**(20,000,000)**	-
Payment of lease liabilities	*8*	**(2,797,699)**	(2,538,017)
Net cash used in financing activities		**(36,523,419)**	(32,265,084)
Net (decrease) in cash and cash equivalent		**(8,057,715)**	(17,040,508)
Cash and cash equivalent at the beginning of the year		**111,235,101**	128,275,609
Cash and cash equivalents at the end of the year	*14*	**103,177,386**	111,235,101
Non-Cash items			
Addition to Right of use assets		**(1,067,836)**	(3,887,861)
Addition to Lease liabilities		**1,067,836**	3,887,861

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2022
(Amounts in Saudi Riyals)

1. REPORTING ENTITY

Miahona Company Limited (the "Company") is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration numbered 1010253603 dated 16 Rajab 1429 H (corresponding to 20 July 2008).

The main activities of the Company and its subsidiaries (collectively referred to as "Group") are to engage in service concession contracts to establish, operate, maintain and lease of water and water treatment plants, dams, wells, sanitation. This also includes wholesale and retail trade of related equipment.
These consolidated financial statements comprise the financial statements of the Company and its following subsidiaries:

Name	Activities	Country of incorporation	Percentage of ownership (effective) 2022	2021
Industrial Cities Development and Operating Company (**"ICDOC"**) (refer note (a) below)	The main activity of ICDOC is to engage in the construction, operation and maintenance of water desalination stations, for industrial cities, water and wastewater networks, torrents networks, developing and operating industrial cities, constructing and operating of electricity stations for industrial cities, purchase of lands for constructions, developing and investing in buildings by sale and rent.	Saudi Arabia	**100%**	100%
Riyadh Water Production Company (**"RWPC"**) (refer note (b) below)	The main activity of RWPC is to engage in drilling all kind of water well, water technology, production, distribution transport, sell, sewerage, drainage, processors, re-use of water, sold, public construction contracting, piping, electrical work, mechanical work, maintenance, operations and road works.	Saudi Arabia	**100%**	100%
Al Jazzirah Environment Company (**"JECO"**) (refer note (c) below)	The main activity of JECO is operation and maintenance of water desalination plant including brackish and sea water, sewerage treatment plant, water and sewerage networks, and recycle water treatment and networks.	Saudi Arabia	**100%**	100%

These consolidated financial statements comprise the financial statements of the Company and its following associates:

International Water Partner Company (refer note (d) below)	The main activity is for Management, Operations and Maintenance (MOM) Services for the first Cluster i.e., North-west consisting of the areas of Madinah and Tabuk	Saudi Arabia	**40%**	40%

Miahona Company Limited
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1. REPORTING ENTITY (Continued)

Name	Activities	Country of incorporation	Percentage of ownership (effective) 2022	2021
International Water Partner Company the second (refer note I below)	The main activity is for Management, Operations and Maintenance (MOM) Services for the Cluster i.e., Eastern consisting of the areas of Dammam	Saudi Arabia	**35%**	NA

(a) On 1 January 2015, the Company acquired 90% of the share capital of ICDOC, a Limited Liability Company registered in Jeddah, Kingdom of Saudi Arabia. The purchase consideration is to be settled by issuing shares of the Company amounting to SR 138,305,889. Further, on 1 January 2018, the Company acquired the remaining 10% of the share capital. The purchase consideration is to be settled by issuing shares of the Company amounting to SR 18,468,607. However, the related legal formalities of such acquisition are not completed as at 31 December 2022.
ICDOC is engaged in the following service concession arrangements as at the reporting date:

- A service concession arrangement with the Saudi Authority for Industrial Cities and Technology Zones (MODON) in Jeddah dated 24 March 2002, effective from 15 March 2005, for rehabilitating, operating and maintaining the wastewater plant and related network system ("wastewater treatment facilities") of Jeddah Industrial city. The wastewater treatment facilities will be transferred back to MODON at the end of the concession arrangement period of 20 years.

- A service concession arrangement with MODON for industrial cities in Dammam and Al-Ahsa dated 22 October 2007, effective from 30 January 2008, for rehabilitating, operating and maintaining the water utilities and wastewater plant and related network system ("water utilities and wastewater treatment facilities") of the first and second industrial cities in Dammam and building, operating and maintaining the water utilities and wastewater treatment facilities of the first industrial city in Al-Ahsa. The water utilities and wastewater treatment facilities inindustrial cities in Dammam and Al-Ahsa will be transferred back to MODON at the end of the concession arrangement period of 30 years.

(b) On 9 February 2015, the Company formed RWPC through injecting cash of SR 495,000 equal to 99% of its shares. On 1 January 2018, the Company acquired remaining 1% of the share capital of RWPC. The purchase consideration is to be settled by issuing shares of the Company amounting to SR 107,878. However, the related legal formalities of such acquisition are not completed as at 31 December 2022.

RWPC is engaged in a service concession arrangement with the General Authority of Civil Aviation (GACA) dated 15 September 2015 to perform the following:

- remediate, operate and maintain the existing Water Treatment Station ("WTS").
- further, develop, own, finance engineer, design, procure, construct, commission, start up and test the new WTS.
- operate, maintain and transfer the new WTS.

(c) The Company acquired 99% of the share capital of JECO, against a cash consideration of SR 1,083,613 and by issuing shares of the Company amounting to SR 3,416,387. On 1 January 2018, the Company acquired remaining 1% of the share capital of JECO. The purchase consideration is to be settled by issuing shares of the Company amounting to SR 126,782. However, the related legal formalities of such acquisition are not completed as at 31 December 2022.

JECO is a subcontractor for operations and maintenance of the above service concession contracts.

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Miahona Company Limited
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1. REPORTING ENTITY (Continued)

(d) The Company made an investment in an entity IWP to the extent of 40% of the share capital, for a consideration of SR 200,000 on February 2021.

IWP is engaged in a contract with National Water Company (NWC) to perform management and operations of the water supply lines between the cities engage in of water wells, water technology, production, distribution, transport, sell, sewerage, drainage and re-use of water and public construction contracting, piping, electrical work, mechanical work, maintenance, operating and road works.

(e) The Company made an investment in newly formed entity IWP2 to the extent of 35% of the share capital, for a consideration of SR 175,000 on January 2022.

IWP2 is engaged in a contract with National Water Company (NWC) to perform management and operations of the water supply lines between the cities engage in of water wells, water technology, production, distribution, transport, sell, sewerage, drainage and re-use of water and public construction contracting, piping, electrical work, mechanical work, maintenance, operating and road works.

Miahona Company Limited
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2. BASIS OF PRESENTATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (hereinafter referred to as "IFRSs").

2.2 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date. Further, the financial statements are prepared using the accrual basis of accounting and on a going concern basis.

Items	**Measurement basis**
Derivative financial instruments	Fair value
Defined benefit liability	Present value of the defined benefit obligation

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (SR), which is the Company's functional currency. The Group have used Saudi Riyal (SR) as the presentation currency. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

2.4 Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Miahona Company Limited
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3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGMENTS

In preparing these consolidated financial statements, management has made estimates and judgements that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the consolidated financial statements is included in the following notes:

- Note 2.4: Consolidation: whether the Group has de facto control over an investee; and
- Note 23: Revenue recognition: allocation of transaction price to performance obligations, measurement of significant financing component.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next reporting period is included in the following notes:

- Note 19: Measurement of defined employee benefits obligation - key actuarial assumptions; and
- Note 12: Trade receivables – allowance for impairment of trade receivables.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

a) *Property and equipment*

Items of property and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Property and equipment (continued)

The estimated useful lives of property and equipment for current and comparative periods are as follows:

Leasehold improvements	10 years or lease term whichever lower
Furniture and fixtures	4 - 10 years
Office equipment and computer	4 years
Machinery and equipment	5 years
Pump meters	2 - 5 years
Motor vehicles	4 years

The depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

b) Intangible assets

Intangible asset includes software which is stated at costs less accumulated amortisation.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit or loss as incurred.

Amortisation is provided over the estimated useful life of the software on a straight-line basis, at 25% per annum. The estimated useful life and amortisation method are reviewed at the end of each annual period, with the effect of any changes in estimate being accounted for over the remaining useful life.

c) Intangible assets arising from service concession arrangements

The Group recognizes an intangible asset when it has a contractual right to charge the public for usage of the concession infrastructure. The intangible asset is recognized equal to the consideration for providing construction or upgrade services in a service concession arrangement which is measured at cost including capitalized borrowing costs, less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

Amortization is calculated to write off the cost of intangible asset using the straight-line method over the period of concession arrangement or their estimated useful lives whichever is lower, and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) *Leases (continued)*

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases

The Group elects not to recognise right-of-use assets and lease liabilities for the short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

e) *Financial instruments*

I. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at Fair Value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

II. Financial assets -classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) *Financial instruments (continued)*

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets

Financial assets at amortised cost the amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

III. *Derecognition*

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Miahona Company Limited
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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial instruments (continued)

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

IV. Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

V. Derivative financial instruments and hedge accounting
The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedge
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

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4. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

e) ***Financial instruments (continued)***

Cash flow hedge (continued)

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

f) ***Cash and cash equivalents***

For the purpose of the cash flow statement, cash and cash equivalents includes cash and bank balances, deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities up to three months from the date of acquisition and that are subject to an insignificant risk of change in value.

g) ***Short-term employee benefits***

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

h) ***Defined employee benefits obligation***

Defined employee benefit plan
The Group's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount. These benefits are currently unfunded. The calculation of defined employee benefits obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Group determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Interest expense (income) and other expenses related to defined benefit plan, are recognised in profit or loss.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Zakat

The Group is subject to Zakat in accordance with the Zakat regulation issued by the Zakat, Tax and Customs Authority ('ZATCA') in the Kingdom of Saudi Arabia which is subject to interpretations. Zakat is recognized in the consolidated income statement. Zakat is levied at a fixed rate of 2.5% of the zakat base as defined in the Zakat regulations.

The Group's management establishes provisions where appropriate on the basis of amounts expected to be paid to the ZATCA and periodically evaluates positions taken in the Zakat returns with respect to situations in which applicable Zakat regulation is subject to interpretation. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

j) Revenue

Service concession arrangements:

The Group entered into service concession arrangements with governmental authorities (the "Grantor"). As per terms of the arrangements it consists two Build-Operate-Transfer (the "BOT") arrangement and four Rehabilitate-Operate-Transfer (the "ROT") arrangement.

Under the BOT, the Group carries out construction work, operation and maintenance of new Water Treatment Station ("WTS") and water treatment facilities. The Group receives in return the rights to operate the service project concerned for a specified period of time (the "operation period"). As per terms of arrangement at the end of the operation period (i.e. 28 years (earlier 30 years) from the date of commencement of operations) the new WTS and water facilities will be transferred to the Grantor with nil consideration.

Under the ROT, Group carries out remediation, operation and maintenance of the existing WTS and water utilities and wastewater treatment facilities.

i. The Group is obliged to operate the existing WTS up to the date of completion of the new WTS (date of commencement of operations). Once the new WTS is operational, the Group is required to gradually phase out the existing WTS from service.
ii. The Group receives in return the rights to operate the service project concerned for a period of 20 years and 30 years for Jeddah and Dammam, respectively (the "operation period"). As per terms of arrangement at the end of the operation period the water utilities and wastewater treatment facilities will be transferred to the Grantor with nil consideration.

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4. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

j) ***Revenue (continued)***

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers.

Type of service	Nature and timing of satisfaction of performance obligation
Management, engineering, project management and advisory services	Revenue comprises the value of works executed during the year. Revenue is recognized over time by using the percentage of completion method. In the case of unprofitable contracts, provision is made for foreseeable losses in full.
Construction revenue	Revenue from construction and rehabilitation services are recognized based on the actual service provided to the customer as a proportion of the total services to be provided.
Operation and maintenance revenue	Revenue from providing operation and maintenance services is recognized over a period of time as the related services are performed. Revenue for operation and maintenance services is linked to the output of the plant and revenue is recognized for the amount for which the Company has delivered the services.
Water treatment and supply	Revenue from providing operations services is recognized over a period of time as the related services are performed. Transaction price for operations service is linked to the output of the plant, and revenue is recognized for the amount for which the Group has delivered the services.
Connection services	Revenue from connection service is recognized over time. The amount received for connection services is recognized as revenue over the remaining service concession period. The unamortized balance of such revenue is classified as deferred revenue under non-current liabilities.
Financial revenue	Financial income is recognized by applying the effective interest rate method to the amortised cost of the financial assets.

Revenue under the contract is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to a customer on the satisfaction of the performance obligation.

Contract assets

During the construction phase, revenue from construction services are initially recognized as contract assets. Once the construction is completed, the amounts recognised as contract assets are accounted for as receivables, if the Group has an unconditional right to receive the consideration in respect of the construction services, or as intangible assets, if the Group does not have an unconditional right to the consideration in respect of construction services and charges the public for the services.

Contract liability

The contract liabilities primarily relate to the advance consideration received from customers for several costs to be incurred over the term of contract life at milestone basis (specific years). Management considers these as life cycle costs. Therefore, the revenue is considered unearned and deferred against the cost to be incurred in particular stage of the contract.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Impairment

I. Financial instruments

Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:
• financial assets measured at amortised cost;
• contract assets (as defined in IFRS 15).
Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECLs.

Credit-impaired financial assets:

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position:

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off:

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

II. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (cash generating unit).

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Impairment (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

l) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value comprises estimated selling price in the ordinary course of business, less further costs to completion and appropriate selling and distribution costs.

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging and current condition, and current and future expectations with respect to operation and maintenance services as per the customer contracts. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales from service.

m) Foreign currency transactions

Transactions in foreign currencies are translated into the Group's functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognised in profit or loss.

n) Fair value measurement

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

The Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) *Provisions*

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

p) *Expenses*

Costs incurred in relation to contracts and employees directly related to projects is classified as cost of revenue. All other expenses, excluding cost of sales and financial charges, are classified as administrative expenses. Allocations of common expenses between cost of revenue and administrative expenses, when required, are made on a consistent basis.

q) *Statutory reserve*

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Group is required to transfer 10% of net profits to a statutory reserve until such reserve equals 30% of the paid-up capital. This reserve is not available for distribution to the shareholders of the Company.

r) *Dividends*

Interim dividends are recorded as a liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders.

s) *Equity accounted investees*

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control whereby the Group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Interest in associates and joint ventures is accounted for using the equity method. They are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures is recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of investment in associates and joint venture is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized under profit and loss in the consolidated statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

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5. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Office equipment and computer	Machinery and equipment	Pump meters	Motor vehicles	Total
Cost:							
As at 1 January 2021	765,765	8,215,342	4,231,026	4,865,824	1,240,500	6,264,888	25,583,345
Additions during the year	532,986	274,289	148,873	1,148,687	-	806,506	2,911,341
Disposals during the year	-	(4,890)	(10,294)	-	-	-	(15,184)
As at 31 December 2021	1,298,751	8,484,741	4,369,605	6,014,511	1,240,500	7,071,394	28,479,502
Additions during the year	**13,400**	**3,644,014**	**211,812**	**396,799**	-	**483,074**	**4,749,099**
Disposals during the year	-	**(15,791)**	**(24,472)**	-	-	**(563,647)**	**(603,912)**
As at 31 December 2022	**1,312,148**	**12,112,964**	**4,556,945**	**6,411,310**	**1,240,500**	**6,990,819**	**32,624,689**
Depreciation:							
As at 1 January 2021	92,633	5,853,161	3,253,018	4,378,596	1,240,500	5,374,442	20,192,350
Charge for the year	81,015	517,773	346,974	463,239	-	898,480	2,307,481
Disposals during the year	-	(4,890)	(8,625)	-	-	-	(13,515)
As at 31 December 2021	173,648	6,366,044	3,591,367	4,841,835	1,240,500	6,272,922	22,486,316
Charge for the year	**105,023**	**932,156**	**304,972**	**536,205**	-	**343,234**	**2,221,590**
Disposals during the year	-	**(15,791)**	**(14,187)**	-	-	**(499,069)**	**(529,047)**
As at 31 December 2022	**278,671**	**7,282,409**	**3,882,152**	**5,378,040**	**1,240,500**	**6,117,087**	**24,178,859**
Net book value:							
As at 31 December 2022	**1,033,478**	**4,830,555**	**674,794**	**1,033,270**	**-**	**873,732**	**8,445,830**
As at 31 December 2021	1,125,103	2,118,697	778,238	1,172,676	-	798,472	5,993,186

Depreciation charge for the year is allocated to cost of revenue and general and administration expenses as follows:

	2022	2021
Cost of revenue (note 24)	**925,663**	1,565,154
General and administrative expenses (note 26)	**1,295,927**	742,327
	2,221,590	2,307,481

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6. INTANGIBLE ASSETS

	Software
Cost:	
As at 1 January 2021	2,136,826
Additions during the year	8,600
As at 31 December 2021	2,145,426
Additions during the year	-
As at 31 December 2022	2,145,426
Accumulated amortization:	
As at 1 January 2021	953,456
Charge for the year (note 26)	485,628
As at 31 December 2021	1,439,084
Charge for the year (note 26)	484,032
As at 31 December 2022	1,923,116
Net carrying value:	
As at 31 December 2022	222,310
As at 31 December 2021	706,342

7. INTANGIBLE ASSETS ARISING FROM SERVICE CONCESSION ARRANGEMENTS

	31 December 2022	31 December 2021
Cost:		
As at the beginning of the year	**689,845,461**	666,297,686
Additions during the year	**23,642,204**	23,547,775
As at the end of the year	**713,487,665**	689,845,461
Accumulated amortization:		
As at the beginning of the year	**317,694,305**	279,493,401
Charge for the year (note 24)	**36,299,313**	38,200,904
Write-off / disposals during the year	**-**	-
As at the end of the year	**353,993,618**	317,694,305
Net book value:		
As at 31 December	**359,494,047**	372,151,156

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7. INTANGIBLE ASSETS ARISING FROM SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

Intangible assets arising from service concession arrangements includes the costs below:

- the cost of the rehabilitation of water utilities and wastewater treatment facilities for the first and second industrial cities of Dammam;
- the cost of construction of water utilities and wastewater treatment facilities for the first industrial city of Al-Ahsa;
- the cost of the rehabilitation of water utilities and wastewater treatment facilities for reverse osmosis plant at the second industrial city in Dammam; and
- the cost for the rehabilitation of wastewater treatment facilities for Jeddah Industrial City.

Included in additions during the year are finance charges amounting to SR 901,886 (31 December 2021: SR 1,044,786).

8. RIGHTS-OF-USE ASSETS AND LEASE LIABILITIES

	31 December 2022	31 December 2021
Right-of-use assets		
At the beginning of the year	**9,377,410**	7,624,278
Addition during the year	**1,067,835**	3,887,861
Depreciation charge for the year:		
Cost of revenue (note 24)	**(823,317)**	(963,906)
General and administrative expenses (note 26)	**(1,565,115)**	(1,170,823)
	(2,388,432)	(2,134,729)
Derecognition during the year	**(296,767)**	-
Balance as at 31 December 2021	**7,760,046**	9,377,410
Lease liabilities		
At the beginning of the year	**9,210,709**	7,438,946
Addition during the year	**1,067,835**	3,887,861
Lease payments	**(2,797,699)**	(2,538,017)
Interest on lease liabilities	**317,555**	421,919
Derecognition during the year	**(314,312)**	-
Balance as at 31 December 2021	**7,484,088**	9,210,709
Classified as:		
- Non-current	**5,242,334**	6,546,424
- Current	**2,241,754**	2,664,285
	7,484,088	9,210,709

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9. INVESTMENT IN ASSOCIATES

	Ownership %	31 December 2022	31 December 2021
International Water Partners Company	40	6,888,392	2,715,167
International Water Partners Company 2	35	1,413,022	-
		8,301,414	2,715,167

Movement in investment in associates is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	2,715,167	-
Addition during the year	175,000	200,000
Share in profit of investment in associates	5,411,247	2,515,167
Dividends received during the year	-	-
Balance at the end of the year (Note 9.1)	8,301,414	2,715,167

9.1 On 4 August 2020, the shareholders of the Group resolved to liquidate the investment in Jeddah Water Services Limited (JWS). On 11 November 2022, the legal formalities pertaining to liquidating the investment in associate were completed and the JWS stands liquidated.

10. CONCESSION CONTRACT RECEIVABLES

	31 December 2022	31 December 2021
Concession contract receivables	284,728,330	292,146,505
Classified as:		
- Non-current	263,967,200	271,994,737
- Current	20,761,130	20,151,768
	284,728,330	292,146,505

The movement in concession contract receivables is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	292,146,505	296,833,958
Modification of Concession contract receivable	(1,982,788)	-
Finance income during the year	15,041,162	15,464,316
Concession receivable amortization	(20,476,549)	(20,151,769)
Balance at the end of the year	284,728,330	292,146,505

During the year there is a modification in contract with General Authority of Civil Aviation (GACA) where the operation and maintenance services period was reduced to 28 years (30 years earlier), impact of the same is computed and considered in these financial statements.

During the year 2020, the Group completed the construction of the new Water Treatment Station ("WTS"). Accordingly, the contract assets arising from construction services was transferred to concession contract receivables.

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11. INVENTORIES

	31 December 2022	31 December 2021
Spare parts	**2,549,378**	2,190,084
Consumables	**1,486,834**	1,409,394
Chemicals and other	**899,589**	1,075,365
	4,935,801	4,674,843
Provision for obsolete inventory	**(435,909)**	(435,909)
	4,499,892	4,238,934

12. TRADE, OTHER RECEIVABLES AND CONTRACT ASSETS

	31 December 2022	31 December 2021
Trade receivables	**141,617,642**	125,185,347
Less: Impairment allowance for trade receivables	**(19,239,225)**	(19,534,532)
	122,378,417	105,650,815
Due from related parties (note 28.2)	**5,995,455**	10,596,664
Staff and other receivables	**402,731**	7,072,735
	128,776,603	123,320,214

The movement of impairment loss is as follows:

	31 December 2022	31 December 2021
At the beginning of the year	**19,483,352**	8,744,653
Impairment (gain)/loss for the year	**(244,127)**	10,789,879
At the end of the year	**19,239,225**	19,534,532

12.A CONTRACT ASSETS

	31 December 2022	31 December 2021
Contract assets	**22,629,006**	6,852,470

Significant change in the contract assets balance during the year is as follows.

	31 December 2022	31 December 2021
Opening Balance	**6,852,470**	4,173,383
Unbilled amount during the year	**25,464,000**	25,950,470
Billed amount during the year	**(9,687,464)**	(23,271,383)
Closing Balance	**22,629,006**	6,852,470

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13. PREPAYMENTS AND ADVANCES

	31 December 2022	31 December 2021
Amount paid as margins for bank guarantees	**19,026,224**	9,325,642
Prepayments and other current assets	**8,546,163**	5,153,892
Advances to suppliers	**4,662,250**	4,691,884
	32,234,637	19,171,418

14. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash in hand	**108,603**	63,084
Cash at bank – current accounts	**83,068,783**	111,172,017
Short term bank deposit	**20,000,000**	-
	103,177,386	111,235,101

15. SHARE CAPITAL

15.1 Share capital is divided into 5,000 shares of SR 100 each (31 December 2020: 5,000 shares of SR 100 each). The share capital is distributed as follow:

	Number of shares	**Percentage holding**
Vision International Investment Company	4,750	95%
Estydama Projects Company	250	5%
	5,000	**100%**

15.2 The Group proposed to increase its capital, as follows:

	31 December 2022	31 December 2021
Acquisition of ICDOC (a)	**156,774,496**	156,774,496
Acquisition of JECO (b)	**3,543,169**	3,543,169
Acquisition of RWPC (c)	**107,878**	107,878
	160,425,543	160,425,543

a) On 1 January 2015 and 1 January 2018, the Company acquired 90% and 10% shares of ICDOC, a Limited Liability Company incorporated in the Kingdom of Saudi Arabia, respectively. However, the related legal formalities of such acquisition are not completed as at 31 December 2022. As per the sale purchase agreement, the Company has acquired ICDOC from Vision International Investment Company (VIIC). The purchase consideration is to be settled by issuing shares of the Company amounting to SR 138,305,889 and SR 18,468,607 to VIIC for the shares in ICDOC acquired at 1 January 2015 and 1 January 2018 respectively. However, as at 31 December 2022, the Company has not issued those shares and the amount is shown as additional capital contribution.

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15. SHARE CAPITAL (CONTINUED)

b) On 1 January 2015 and 1 January 2018, the Company has acquired 99% and 1% shares of JECO, a Limited Liability Company incorporated in the Kingdom of Saudi Arabia, respectively. However, the related legal formalities of such acquisition are not completed as at 31 December 2022. The shares in JECO acquired in 2015, have been acquired by the Company in exchange for consideration in cash amounting to SR 1,083,613 and issuing shares of the Company amounting to SR 3,416,387. The shares in JECO acquired in 2018 have been acquired by the Company in exchange for issuing shares of the Company amounting to SR 126,782. However, as at 31 December 2022, the Company has not issued those shares and the amount is shown as additional capital contribution..

c) On 1 January 2018, the Company acquired 1% shares of RWPC, a Limited Liability Company incorporated in the Kingdom of Saudi Arabia. As per the sale purchase agreement the Company has acquired RWPC from VIIC. The purchase consideration is to be settled by issuing shares of the Company amounting to SR 107,878 to VIIC. However, as at 31 December 2022, the Company has not issued those shares and the amount is shown as additional capital contribution..

16. DIVIDENDS

During the year ended 31 December 2022, the Company paid a dividend of SR 20,000,000 to its shareholders (31 December 2021: NIL).

17. FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2022	31 December 2021
Fair value of derivative financial instruments – Assets	**5,167,411**	**718,201**
Fair value of derivative financial instruments – Liability	**(804,660)**	**(3,700,978)**
	4,362,751	**(2,982,777)**

The Group has interest rate hedging contracts with several banks to hedge the fluctuations in interest rates on loans for a notional amount of SR 246,299,111 (31 December 2021: SR 262,920,482). The hedging contracts are based on the swap between the Group and the banks of fixed rates against floating rates on the original loan amounts every three months.

All derivatives as at 31 December 2022 and 2021 are classified as cash flow hedges. Derivatives are classified as non-current assets and as non-current liabilities depending on the expiration date of the financial instruments.

Movement in the fair value of derivative instruments is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**2,982,776**	8,777,997
Cash flow hedges – effective portion of changes in fair value	**(7,345,527)**	(5,795,220)
Balance at the end of the year	**(4,362,751)**	2,982,777

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17. FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the fair values of derivatives financial instruments, recorded as positive and negative fair value. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

	2022			2021	
Description of the derivative instrument	***Positive fair value***	***Negative fair value***		*Positive fair value*	*Negative fair value*
Interest Rate Swaps/Caps ("IRS / IRC")	**7,345,527**	**-**		-	5,795,220

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate of the underlying derivative contract may have a significant impact on the equity of the Group.

The Group measures fair value of derivative instruments at each reporting date.

Sensitivity analysis

Gain / (loss)	**31 December 2022**	**31 December 2021**
Floating rate debt:		
SAIBOR + 100bps	**(621,254)**	(477,144)
SAIBOR - 100bps	**621,254**	589,375

18. LOANS AND BORROWINGS

	31 December 2022	31 December 2021
Murabaha term loan (a)	**247,780,000**	256,630,000
Murabaha term loan (b)	**219,504,914**	224,380,634
	467,284,914	481,010,634
Less: Borrowing cost subject to amortization	**(5,521,271)**	(6,686,866)
Amortized cost of term loans	**461,763,643**	474,323,768
Less: current portion of term loans	**(39,222,049)**	(38,255,720)
	422,541,594	436,098,048
Opening balance	**481,010,634**	501,737,701
Proceeds received during the year	**24,500,000**	65,500,000
Repayments made during the year	**(38,225,720)**	(95,227,067)
	467,284,914	**481,010,634**

a. Murabaha facility from a local bank in the form of term loans amounting to SR 247,780,000. This facility is secured by irrevocable and unconditional assignment of proceeds from Dammam and Jeddah projects. These facilities carry financing costs based on Enhanced SAIBOR plus margin. The facilities are repayable in unequal semi-annual instalments till maturity date i.e, 28 February 2026. As at 31 December 2022, the Group is in compliance with all stipulated covenants.

b. The Group signed a Murabaha term loan facility agreement amounting to SR 243,786,000 with a consortium of local banks for the purpose of financing the construction of a water treatment station. The loan is secured by mortgage of the site which is represented by Concession asset receivables in the balance sheet. The commission on this loan is charged at a floating rate based on Saudi Inter Bank Offer Rate (SIBOR) plus a margin. The loan agreement contains covenants, which include among other things, the maintenance of certain financial ratios. The loan is repayable in semi-annual installments with the first installment paid on 30 November 2018 and last installment due on 30 Novemeber 2038. As at 31 December 2022, the Group is in compliance with all stipulated loan covenants.

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19. DEFINED EMPLOYEE BENEFITS OBLIGATION

The Group is committed to the following un-funded post-employment defined benefit plan:

In Kingdom of Saudi Arabia, the plan entitles an employee who completed over two but less than five years of service, to receive a payment equal to one-third of their final monthly salary for each completed year of service. Similarly, an employee who completed over five but less than ten years of service, to receive a payment equal to two-third of their final monthly salary for each completed year of service. Further, an employee who completed over ten years of service, to receive a payment equal to their final salary for each completed year of service.

The following table shows a reconciliation of opening balances to the closing balances for defined employee benefits obligation:

	31 December 2022	31 December 2021
Balance at beginning of year	**15,666,672**	13,557,135
Included in profit and loss		
Current service cost	**2,504,055**	2,211,976
Interest cost	**449,988**	312,794
	2,954,043	2,524,770
Included in other comprehensive income		
Actuarial loss / (gain) on defined employee benefits obligation	**(189,914)**	832,322
Others		
Benefit paid	**(2,143,225)**	(1,247,555)
Transferred from related parties	**(1,512)**	-
Balance at end of year	**16,286,064**	15,666,672

Significant actuarial assumptions

The significant assumptions used in determining defined benefit obligations for the year ended are as follows:

	31 December 2022	31 December 2021
Economic assumptions		
Discount rate	**4.75%**	2.75%
Weighted average future salary increases	**4.75%**	2.75%
Demographic assumptions		
Mortality rate	**75%**	75%
Retirement age	**60**	60
Turnover	**Moderate**	Moderate

Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

		31 December 2022		31 December 2021	
Sensitivity level	***% of change***	***Increase***	***Decrease***	*Increase*	*Decrease*
Discount rate	**0.5**	**15,697,095**	**16,914,676**	14,931,625	16,460,747
Salary growth rate	**0.5**	**16,797,727**	**15,800,840**	16,496,744	14,891,799
Mortality rate	**10**	**16,282,063**	**16,290,763**	-	-

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20. OTHER NON-CURRENT LIABILITIES AND CONTRACT LIABILITIES

	31 December 2022	31 December 2021
Payable to MODON (note 20.1)	**10,947,580**	15,957,424
Contract liabilities (note 20.2)	**14,797,373**	14,072,936
	25,744,953	30,030,360

20.1 Pursuant to an amendment to the original concession arrangement with MODON, a reverse osmosis plant for water utilities and wastewater treatment facilities at the second industrial city in Dammam was made available to the Group and the consideration payable was recognized as a non-current liability. This liability is payable to MODON from the proceeds of the operation of the reverse osmosis plant, as stipulated in the amendment to the concession arrangement.

20.2

	31 December 2022	31 December 2021
Deferred revenue ICDOC (a)	**8,822,822**	8,823,132
Contract liabilities JECO (b)	**5,974,551**	5,249,805
	14,797,373	14,072,937

(a) Deferred revenue arises from the Group's connection services under service concession contract. Connection services consideration is received upfront, accordingly, the consideration received in respect of connection services is recognized as a deferred revenue and is recognized as revenue on a straight-line basis over the term of the concession arrangement.

(b) The contract liabilities primarily relate to the advance consideration received from customers.

	2022	2021
Opening balance	**5,249,805**	2,751,180
Revenue recognized during the year	**(1,105,785)**	(111,606)
Billed during the year	**1,830,531**	2,610,231
Closing balance	**5,974,551**	5,249,805

21. TRADE AND OTHER PAYABLES

	31 December 2022	31 December 2021
Trade payables	**30,197,501**	28,540,973
Accrued expenses	**56,343,317**	53,914,327
Due to related parties (note 28.3)	**11,255,611**	16,876,943
Retention payable	**1,300,912**	1,226,675
Prepayments from customer	**804,917**	1,033,043
Other	**5,596,579**	5,126,122
	105,498,837	106,718,083

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22. ZAKAT

Charge for the year

The charge for the year represents Zakat charged in the consolidated statement of profit or loss for the Group.

The Group comprise of Saudi companies which present their financial statements and file their Zakat declarations, where applicable, on individual basis to the Zakat, Tax and Customs Authority ('ZATCA') in the Kingdom of Saudi Arabia.

The movement for the year was as follows:

	31 December 2022	31 December 2021
At the beginning of the year	**4,115,597**	4,525,540
Charge for the year	**5,349,242**	4,419,776
Payments during the year	**(4,115,597)**	(4,829,719)
At the end of the year	**5,349,242**	4,115,597

Status of assessments

As of 31 December 2022, the Group entities have filed Zakat declarations with ZATCA for all years up to 2021.

Miahona Company Limited	ZATCA raised an assessment pertaining to Zakat declaration of 2017, which is still not finalized by ZATCA. Zakat declaration for the year 2018 to 2021 is yet to be assessed by ZATCA.
ICDOC	ZATCA raised an assessment pertaining to Zakat declaration of 2017 & 2018, which is still not finalized by ZATCA. Zakat declaration for the year 2019 to 2021 is yet to be assessed by ZATCA.
JECO	ZATCA raised an assessment pertaining to Zakat declaration of 2017 & 2018, which is still not finalized by ZATCA. Zakat declaration for the year 2019 to 2021 is yet to be assessed by ZATCA.
RWPC	Zakat declaration for the year 2020 and 2021 are yet to be assessed by ZATCA

23. REVENUE

a) Revenue from contract with customers

	2022	2021
Revenue recognised under service concession arrangements:		
Water and wastewater services	**189,524,730**	204,258,167
Construction revenue	**23,642,204**	23,547,775
Management services	**3,376,229**	1,284,270
Connection revenue	**865,870**	686,471
Operation and maintenance revenue	**58,614,039**	26,121,689
	276,023,072	255,898,372

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23. REVENUE (CONTINUED)

Service concession arrangements

The Group recognises revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*. Revenue from the service concession arrangement is recognized as follows:

i. The amount of consideration to which the Group expects to be entitled from the Grantor for the services provided is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement with General Authority of Civil Aviation (GACA), the Group is obliged to Build-Operate-Transfer a Water Treatment Station ("WTS") for 28 years (earlier 30 years) and to Rehabilitate-Operate-Transfer the existing WTS during the construction period.

   The total expected consideration over 28 years is allocated to the performance obligations based on the relative stand-alone selling prices of the construction services and operation & maintenance services, taking into account the significant financing component, as follows:

   - For construction services under one BOT arrangement, the Group estimates the relative stand-alone selling price by reference to the forecast cost plus 5%.
   - For operation & maintenance services under one BOT arrangement, the Group estimates the relative stand-alone selling price by reference to the forecast cost plus 7.7%.
   - The implied interest rate of 5.2% is assumed to be the rate that would be reflected in a financing transaction between the Group and the Grantor.

ii. The amount of consideration to which the Group is entitled to by providing services to the public is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement with MODON, the Grantor is not obliged to make any payment to the Group and the Group earns revenue by providing services to the public and charging them for the same. Accordingly, the revenue earned from construction services is recognized as an intangible asset under IFRIC 12.

   The Group has disaggregated revenue into various categories as shown in above note which is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by the economic data.

b) Timing of revenue from contract with customers

	2022	2021
Timing of revenue recognition		
- Services transferred over time	**276,023,072**	255,898,372
- Services at point in time	**-**	-
	276,023,072	255,898,372

c) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Note	**31 December 2022**	31 December 2021
Receivables and contract assets, which are included in trade receivables	*12*	**151,405,609**	130,172,684
Concession contract receivables	*10*	**284,728,330**	292,146,505
Deferred revenue and contract liabilities	*20*	**14,797,373**	14,072,937

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24. COST OF REVENUE

	2022	2021
Amortization of intangible assets arising from service concession (note 7)	36,299,313	38,200,904
Salaries and employee related costs	44,761,392	39,216,166
Royalty	27,129,882	25,625,000
Electricity	14,714,737	17,580,908
Subcontract costs	13,606,221	10,377,597
Chemicals	9,856,471	7,053,306
Maintenance service, spare parts and consumables	7,712,494	6,570,847
Other	4,773,254	5,250,830
Sludge transportation and violated treatment	2,204,356	2,732,648
Insurance expense	1,667,147	1,805,359
Depreciation (note 5)	925,663	1,565,154
Professional fees	1,046,771	1,049,082
Depreciation of right-of-use assets (note 8)	823,317	963,906
Amortization of Intangible asset Note (note 6)	1,075	2,838
Operation cost	165,522,093	157,994,545
Construction cost	23,642,204	23,547,775
	189,164,297	181,542,320

25. OTHER INCOME

	2022	2021
Other Income	1,647,992	151,504
	1,647,992	151,504

26. GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
Business development expense	14,440,026	15,679,119
Salaries and employee related costs	8,046,071	8,043,488
Professional fees	2,982,048	2,179,904
Depreciation of right-of-use assets (note 8)	1,565,115	1,170,823
Depreciation (note 5)	1,295,927	742,327
Amortization (note 6)	482,957	482,791
IT cost and other utilities	434,352	467,412
Advertising and training	47,916	109,727
Business travel	131,705	71,883
Other	735,762	1,435,402
	30,161,879	30,382,876

27. FINANCE COSTS

	2022	2021
Interest on loans and borrowings	21,831,666	21,873,728
Less: Borrowing cost capitalized	(901,886)	(1,044,786)
	20,929,780	20,828,942
Bank charges	352,012	311,795
Interest on lease liabilities (Note 8)	317,555	421,919
	21,599,347	21,562,656

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28. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors and key management personnel of the Group, and entities jointly controlled or significantly influenced by such parties. In the ordinary course of its activities, the Group transacts with related parties at terms mutually agreed between the parties. Balances and transactions between the Group entities are eliminated on consolidation. Details of major transactions and balances between the Group and other related parties are as follows:

Name of related party	**Nature of relationship**
Abunayyan Trading Company	Shareholder of the parent company
Vision International Investment Company (VIIC)	Parent company
Estydama Projects Company	Shareholder
Jeddah Water Services	Associate
Toledo Arabia Company	Subsidiary of ultimate parent company
Advanced Piping Solution Company	Associate of ultimate parent company
Beatona Company Limited	Subsidiary of ultimate parent company
Welspun Middle East Pipes Company	Associate of ultimate parent company
Middle East Paper Company (MEPCO)	Associate of ultimate parent company shareholder
Water Treatment and Environment Company (WTECO)	Subsidiary of ultimate parent company
International Water Partners Company	Associate
International Water Partners Company the second	Associate

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28. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

28.1 Related party transactions

	Nature of transaction	*Transactions* 2022	2021
Middle East Paper Company	Providing Waste water management services income	**(6,498,487)**	(6,169,848)
Jeddah Water Services ("JWS")	Expenses paid on behalf of JWS	-	26,602
Vision International Investment Company	Expenses paid on behalf of VIIC	**13,146**	1,200
Water Treatment an Environment Company	Services received	**6,790,050**	-
Abunayyan Trading Company	Services received	-	1,800,584
SUEZ Environment	Expenses paid on behalf of the Company	-	13,469
International Water Partner Company	Expenses paid on behalf of the Company	-	1,808,434
	Loan from shareholder	-	8,000,000
Etihad Energy Solutions	Purchase of property, plant and equipment	-	262,096

28.2 Due from related parties

	31 December 2022	31 December 2021
International Water Partners	**199,217**	9,808,434
Middle East Paper Company	**566,106**	526,412
Toledo Arabia Company	**204,010**	204,012
Beatona Company Limited	-	44,337
SUEZ Environments	**23,444**	13,469
International Water Partner Company the second		
- Loan*	**3,500,000**	-
- Other receivables	**1,502,678**	-
	5,995,455	10,596,664

* Above loan balance is charged at a fixed rate and repayable on demand.

28.3 Due to related parties

	31 December 2022	31 December 2021
Abdullah Abu-Nayyan Company	**7,698,537**	13,895,297
Vision International Investment Company	**2,211,969**	1,434,843
Water Treatment and Environment Company	**1,345,105**	1,284,707
Etihad Energy International	-	262,096
	11,255,611	16,876,943

All the above balances are unsecured and expect to be paid in next 12 months.

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29. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Management assessed that the fair values of cash and cash equivalents, trade and other receivables, trade and other payables approximate their carrying values largely due to the short-term maturities of these financial instruments.

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29. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

A. *Accounting classification and fair values*

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities including their levels in the fair value hierarchy.

31 December 2022	*Carrying amount*	*Fair value* Level 1	Level 2	Level 3	*Total*
Financial assets measured at fair value					
Fair value of derivative financial instruments	**5,167,411**	**-**	**-**	**5,167,411**	**5,167,411**
Financial liabilities measured at fair value					
Fair value of derivative financial instruments	**804,660**	**-**	**-**	**804,660**	**804,660**

31 December 2021	*Carrying amount*	*Fair value* Level 1	Level 2	Level 3	*Total*
Financial assets measured at fair value					
Fair value of derivative financial instruments	718,201	-	-	718,201	718,201
Financial liabilities measured at fair value					
Fair value of derivative financial instruments	3,700,978	-	-	3,700,978	3,700,978

Fair value of derivative financial instruments determined at level 3 represents derivate financial liability/ (assets). The fair value is calculated as the present value of estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash flow are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark rate used by market participants for this purpose when pricing interest rate swaps.

The following table shows the carrying amounts of financial assets and financial liabilities measured at amortized cost. Carrying value of these financial assets and financial liabilities not measured at fair value is a reasonable approximation of fair value.

Financial instruments by category	**31 December 2022**	31 December 2021
	Carrying amount	
Financial assets at amortized cost		
Cash and cash equivalents	**103,177,386**	120,560,743
Trade and other receivables	**151,405,609**	130,172,682
Concession contract receivables	**284,728,330**	292,146,505
Amount paid as margins for bank guarantees	**19,026,224**	9,326,642
	558,337,549	552,206,572

	31 December 2022	31 December 2021
	Carrying amount	
Financial liabilities at amortized cost		
Loans and borrowings	**461,763,643**	474,323,768
Trade and other payables	**103,931,404**	105,651,144
Other non-current liabilities	**10,947,580**	15,957,424
	576,642,627	595,932,336

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29. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B. Financial risk management

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

C. Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors are responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's board of directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Group.

i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

No impairment losses on financial assets have been recognized in profit or loss relating to receivables from related parties during the years ended 31 December 2022 and 2021. The Group considers the trade receivables from related parties to have low credit risk as these related parties with their existing financial position and future cash flows are expected to meet their contractual cash flow obligations in the near term. Furthermore, no adverse changes in economic and business conditions in the longer term are expected to reduce their ability to fulfil their contractual cash flow obligations.

Expected credit loss assessment for customers

The Group's exposure to credit risk is influenced mainly by the individual characteristics of its each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and sector in which customers operate.

The Group established a credit policy under which each new customer is analyzed individually for creditworthiness before the entity's standard payment and delivery terms and conditions are offered. The review includes financial statements, industry information and in some cases bank references. Sale limits are established for each customer and reviewed periodically. The Group limits its exposure to credit risk by offering credit terms which are typically not longer than three months on average.

29. In monitoring customer credit risk, customers are grouped according to their credit characteristics (including the type of customer such as retail/wholesale etc.), trading history with the Group and existence of previous financial difficulties.

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FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

C. Risk management framework (continued)

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables which comprise a large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different types of counterparties based on the following common credit risk characteristics such as geographic region and age of customer relationship.

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets:

	31 December 2022			31 December 2021		
	Gross carrying amount	*Weighted-average loss*	*Loss allowance (%)*	*Gross carrying amount*	*Weighted-average loss*	*Loss allowance (%)*
Not due	**43,082,480**	**69,282**	**0.16%**	27,167,470	77,909	0.3%
1–90 days	**11,493,216**	**208,011**	**1.81%**	19,693,906	95,438	0.5%
91–180 days	**3,137,506**	**120,185**	**3.83%**	20,765,649	95,746	0.5%
181–270 days	**5,705,397**	**84,111**	**1.47%**	11,506,028	115,185	1.0%
271–360 days	**8,146,743**	**95,817**	**1.18%**	11,929,517	70,317	0.6%
More than 360 days	**92,681,306**	**18,661,819**	**20.13%**	49,975,247	19,079,937	46.0%
	164,246,648	**19,239,225**		132,037,817	19,534,532	

Cash and cash equivalents

The Group held cash at bank amounting to SR 103.15 million (31 December 2021: SR 111.2 million), which are held with banks with sound credit rating.

Amount paid as margins for bank guarantees

The Group held amount as margins for bank guarantees amounting to SR 19 million (31 December 2021: SR 9.3 million), which are held with banks with sound credit rating.

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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29. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

C. Risk management framework (continued)

ii. Liquidity risk (continued)

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables). The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

		Contractual cash flows			
31 December 2022	*Carrying amount*	*1-12 months*	*1 – 5 years*	*More than 5 years*	*Total*
Non-Derivative financial liabilities					
Due to related parties	**11,255,611**	**11,255,611**	-	-	**11,255,611**
Trade and other payables	**103,931,404**	**103,931,404**	-	-	**103,931,404**
Loans and borrowings	**461,763,643**	**63,129,936**	**320,966,635**	**211,173,008**	**595,269,579**
Payable to MODON	**10,947,580**	**5,507,635**	**5,439,945**	-	**10,947,580**
Lease liabilities	**7,484,087**	**2,429,519**	**3,263,649**	**3,530,483**	**9,223,696**
	584,126,714	**174,998,494**	**329,670,229**	**214,703,491**	**719,372,259**
Derivative financial liabilities					
Interest rate swaps used for hedging	**804,660**	-	**804,660**	-	**804,660**

		Contractual cash flows			
31 December 2021	*Carrying amount*	*1-12 months*	*1 – 5 years*	*More than 5 years*	*Total*
Non-Derivative financial liabilities					
Due to related parties	16,876,943	16,876,943	-	-	16,876,943
Trade and other payables	105,651,144	105,651,144	-	-	105,651,144
Loans and borrowings	474,323,768	48,573,740	303,450,922	216,505,972	568,530,634
Payable to MODON	15,957,424	3,767,646	12,189,779	-	15,957,425
Lease liabilities	9,210,710	2,654,401	4,699,446	3,654,333	11,008,180
	622,019,989	177,523,874	320,340,147	220,160,305	718,024,326
Derivative financial liabilities					
Interest rate swaps used for hedging	3,700,978	-	3,700,978	-	3,700,978

iii. Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Exposure to currency risk

Currency risk is the risk that the value of a financial instruments will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars. The Saudi Riyal is pegged to the US Dollar.

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2022
(Amounts in Saudi Riyals)

30. CAPITAL MANAGEMENT

For the purposes of the Group's capital management, capital includes assigned capital and all equity reserves attributable to Group's shareholders. The primary objective of the Group's capital management is to maximise value to the shareholder equity. Other objectives include maintaining a positive capital base so as to maintain market and government confidence and to enable development of business in Saudi Arabia.

Management achieve these objectives through operating the Group as optimally as possible and through maintaining adequate positive cash flows. Management ensure that it meets its financial commitments, its statutory and legal obligations and evaluates whether any additional support may be required in the form of capital contributions.

31. CONTINGENCIES AND COMMITMENTS

As of 31 December, the Group had the following contingencies and commitments:

	31 December 2022	31 December 2021
Performance guarantees outstanding	**30,383,877**	**21,133,560**

Operating lease commitment

The Group has short-term operating lease for staff accommodation in Dammam. Rent expense for the year ended 31 December 2022 is SR Nil (2021: SAR 175,000).

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2022
(Amounts in Saudi Riyals)

32. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments are effective for annual years beginning on or after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

Effective date	New standards or amendments
1 January 2023	IFRS 17 Insurance contracts
1 January 2023	Disclosure of accounting policies – Amendments to IAS 1 and IFRS Practice Statement 2
1 January 2023	Definition of accounting estimates – Amendments to IAS 8
1 January 2023	Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12
1 January 2023	Amendments to IFRS 17: Initial application of IFRS 17 and IFRS 9 – Comparative information
1 January 2023	Amendments to IAS 12: International Tax Reform—Pillar Two Model Rules
1 January 2024	Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
1 January 2024	Amendments to IAS 1: • Classification of Liabilities as Current or Non-current • Non-current liabilities with Covenants
1 January 2024	Amendments to IAS 7 and IFRS 7 Disclosures: Supplier Finance Arrangements
Available for optional adoption / effective date deferred indefinitely	Sale or contribution of assets between investor and its associate or joint ventures

These amended standards and interpretations are not expected to have a significant impact on the financial statements of the Company.

The adoption of the following amendments to the existing standards on 1 January 2022 had no significant financial impact on the financial statements of the Company:

- COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Onerous Contracts - Cost of Fulfilling a Contract-Amendments to IAS 37.
- Annual Improvements to IFRS Standards 2018-2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to the Conceptual Framework (Amendments to IFRS 3).

33. EVENTS AFTER THE REPORTING DATE

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

The new Company Law issued through Royal Decree M/132 on 30 June 2022 (corresponding to 1 Dhul Hijjah 1443H) (hereinafter referred as "the Law") came into force on 19 January 2023 (corresponding to 26 Jumada Thani 1444H). For certain provisions of the Law, full compliance is expected not later than two years from 19 January 2023 (corresponding to 26 Jumada Thani 1444H). The management is in process of assessing the impact of the Law and will amend its Articles of Association for any changes to align the Articles of Association to the provisions of the Law. Consequently, the Group will present the amended Articles of Association to the shareholders in their Annual General Assembly meeting for their ratification.

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2022
(Amounts in Saudi Riyals)

34. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the shareholders on 29th June 2023 (corresponding to 10 DHU AL-HIJJAH 1444H)

MIAHONA COMPANY LIMITED
(Limited Liability Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021
together with the
Independent Auditor's Report

MIAHONA COMPANY LIMITED
(Limited Liability Company)
Consolidated Financial Statements
For the year ended 31 December 2021

KPMG Professional Services
Riyadh Front, Airport road
P O Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarter

Commercial Registration No ١٠١٠٤٢٥٤٩٤

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent Auditor's Report

To the Shareholders of Miahona Company Limited

Opinion

We have audited the financial statements of **Miahona Company Limited** ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the board of directors, are responsible for overseeing the Group's financial reporting process.

KPMG Professional Services a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR 15,000,000. Previously known as KPMG Al Fozan & Partners Certified Public Accountants. A member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited.

كي بي إم جي للاستشارات المهنية، شركة مهنية مساهمة مقفلة مسجلة في المملكة العربية السعودية رأسمالها (١٥٠٠٠٠٠٠) ريال سعودي مدفوع بالكامل،وكـ تم تغيير اسم الشركة من الاسم السابق "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون" إلى الاسم الحالي بتاريخ ٢٠٢١/٠٣/٢١م. وهي شركة عضو غير شريك في شبكة شركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية، شركة مسجلة في بريطانيا

KPMG

Independent Auditor's Report (continued)

To the Shareholders of Miahona Company Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Miahona Company Limited** ("the Company") and its subsidiaries ("the Group").

KPMG Professional Services

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 1010425494
R : 1.
KPMG
ترخيص رقم ٤٦
س.ت: ١٠١٠٤٢٥٤٩٤
KPMG Professional Services

Kholoud A. Mousa Altambakti
License No.: 421

Riyadh on 27 Dhul-Qa'dah 1443H
Corresponding to 26 June 2022

Miahona Company Limited
(Limited Liability Company)
Consolidated statement of financial position
As at 31 December 2021
(Amounts in Saudi Riyals)

	Notes	31 December 2021	31 December 2020
ASSETS			
Property and equipment	5	**5,993,186**	5,390,995
Intangible assets	6	**706,342**	1,183,370
Intangible assets arising from service concession arrangements	7	**372,151,156**	386,804,285
Right-of-use assets	8	**9,377,410**	7,624,278
Investment in associate	9	**2,715,167**	-
Concession contract receivables	10	**271,994,737**	276,682,190
Prepayments and advances	13	**-**	1,746,695
Non-current assets		**662,937,998**	679,431,813
Concession contract receivables	10	**20,151,768**	20,151,768
Inventories	11	**4,238,934**	3,970,010
Trade and other receivables	12	**130,172,684**	102,102,718
Prepayments and advances	13	**19,171,418**	6,702,007
Cash and cash equivalents	14	**111,235,101**	128,275,609
Fair value of derivative financial instruments	17	**718,201**	-
Current assets		**285,688,106**	261,202,112
TOTAL ASSETS		**948,626,104**	940,633,925
EQUITY			
Share capital	15.1	**500,000**	500,000
Additional capital contribution	15.2	**160,425,543**	160,425,543
Statutory reserve		**250,000**	250,000
Cash flow hedge reserve	17	**(2,982,776)**	(8,777,996)
Retained earnings		**146,667,170**	122,167,640
Total equity		**304,859,937**	274,565,187
LIABILITIES			
Loans and borrowings	18	**436,098,048**	407,222,895
Lease liabilities	8	**6,546,424**	5,330,052
Fair value of derivative financial instruments	17	**3,700,978**	8,777,996
Defined employee benefits obligation	19	**15,666,672**	13,557,135
Other non-current liabilities	20	**30,030,360**	30,680,911
Non-current liabilities		**492,042,482**	465,568,989
Loans and borrowings	18	**38,225,720**	95,227,067
Lease liabilities	8	**2,664,285**	2,108,894
Trade and other payables	21	**106,718,083**	98,638,248
Zakat payable	22	**4,115,597**	4,525,540
Current liabilities		**151,723,685**	200,499,749
Total liabilities		**643,776,167**	666,068,738
TOTAL EQUITY AND LIABILITIES		**948,626,104**	940,633,925

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

The financial statements appearing on pages (3) to (45) have been approved by the shareholders on ____________________ and are signed on their behalf by:

Awaadh Al Otaibi
Chief Executive Officer

شركة مياهنا
مياهنا
Miahona
C.R: 1010253003
Miahona Company

3

Miahona Company Limited
(Limited Liability Company)
Consolidated statement of profit or loss
For the year ended 31 December 2021
(Amounts in Saudi Riyals)

	Notes	2021	2020
Revenue	23	**255,898,372**	228,234,446
Cost of revenue	24	**(181,542,320)**	(171,137,640)
Gross profit		**74,356,052**	57,096,806
Other income	25	**151,504**	1,031,952
General and administrative expenses	26	**(30,382,876)**	(27,629,610)
Impairment loss on trade receivables	12	**(10,789,879)**	(167,241)
Operating profit		**33,334,801**	30,331,907
Finance costs	27	**(21,562,656)**	(24,581,647)
Finance income	10	**15,464,316**	15,566,184
Share of profit of investment in associate	9	**2,515,167**	72,113
Profit before Zakat		**29,751,628**	21,388,557
Zakat expense	22	**(4,419,776)**	(3,984,167)
Profit for the year		**25,331,852**	17,404,390

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

شركة مياهنا
Miahona
Miahona Company

4

Miahona Company Limited
(Limited Liability Company)
Consolidated statement of other comprehensive income
For the year ended 31 December 2021
(Amounts in Saudi Riyals)

	Notes	2021	2020
Profit for the year		**25,331,852**	17,404,390
Other comprehensive income / (loss)			
Item that may be reclassified subsequently to profit or loss			
Cash flow hedges – effective portion of changes in fair value	17	**5,795,220**	(2,032,704)
Item that will not be reclassified to profit or loss			
Actuarial (loss) / gain on defined employee benefits obligation	19	**(832,322)**	414,391
Other comprehensive income / (loss) for the year		**4,962,898**	(1,618,313)
Total comprehensive income for the year		**30,294,750**	15,786,077

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

شركة مياهنا
Miahona
C.R: 1010253803
Miahona Company

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Miahona Company Limited
(Limited Liability Company)
Consolidated statement changes in equity
For the year ended 31 December 2021
(Amounts in Saudi Riyals)

	Share capital	Additional capital contribution	Statutory reserve	Cash flow hedge (note 19)	Retained earnings	Total
As at 1 January 2020	500,000	160,425,543	250,000	(6,745,292)	114,348,859	268,779,110
Profit for the year	-	-	-	-	17,404,390	17,404,390
Other comprehensive (loss) / income	-	-	-	(2,032,704)	414,391	(1,618,313)
Total comprehensive (loss) / income	-	-	-	(2,032,704)	17,818,781	15,786,077
Dividends (note 17)	-	-	-	-	(10,000,000)	(10,000,000)
As at 31 December 2020	500,000	160,425,543	250,000	(8,777,996)	122,167,640	274,565,187
Profit for the year	-	-	-		25,331,852	25,331,852
Other comprehensive income / (loss)	-	-	-	5,795,220	(832,322)	4,962,898
Total comprehensive income	-	-	-	5,795,220	24,499,530	30,294,750
At 31 December 2021	500,000	160,425,543	250,000	(2,982,776)	146,667,170	304,859,937

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

شركة ميــاهنـا
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Miahona مـيـاهـنـا
C.R: 1010253603
Miahona Company

6

Miahona Company Limited
(Limited Liability Company)
Consolidated statement of cash flow
For the year ended 31 December 2021
(Amounts in Saudi Riyals)

	Notes	2021	2020
OPERATING ACTIVITIES			
Profit for the year		**25,331,852**	17,404,390
Adjustments for:			
Depreciation of property and equipment	5	**2,307,481**	2,554,068
(Gain) / Loss on disposal of property and equipment		**(1,026)**	11,033
Amortization of intangible assets	6	**485,628**	446,986
Amortization of intangibles arising from service concession arrangements	7	**38,200,904**	37,653,484
Loss on write-off / disposal of intangibles arising from service concession arrangements		**-**	20,058
Depreciation of right-of-use assets	8	**2,134,729**	1,812,789
Gain on derecognition of right-of-use assets			(56,914)
Interest on lease liabilities	8	**421,919**	370,540
Share of profit of investment in associate	9	**(2,515,167)**	(72,113)
Impairment loss on trade receivables	12	**10,789,879**	167,241
Employee defined benefits obligation	19	**2,524,770**	2,715,890
Finance costs		**21,140,736**	24,211,107
Zakat expense	22	**4,419,776**	3,984,167
		105,241,481	91,222,726
Changes in operating assets and liabilities:			
Inventories		**(268,924)**	(489,030)
Trade and other receivables		**(30,859,845)**	(5,495,819)
Prepayments and advances		**(10,722,716)**	(200,617)
Other long-term liabilities		**(650,551)**	(1,532,435)
Trade and other payables		**8,082,531**	10,603,608
		70,821,976	94,108,433
Defined employee benefits paid	19	**(1,247,555)**	(1,788,447)
Finance costs paid		**(21,140,736)**	(24,211,107)
Zakat paid	22	**(4,829,719)**	(2,990,751)
Net cash generated from operating activities		**43,603,966**	65,118,128
INVESTING ACTIVITIES			
Acquisition of property and equipment	5	**(2,911,341)**	(1,625,651)
Acquisition of intangible assets	6	**(8,600)**	(321,289)
Acquisition of intangible assets arising from service concession arrangements	7	**(23,547,775)**	(15,478,458)
Concession contract receivables	10	**4,687,453**	(664,416)
Acquisition of investment in associate	9	**(200,000)**	-
Maturity of investment in short-term bank deposits	9	-	49,500,000
Dividends received from investment in associate	9	**-**	272,296
Net cash (used in) / generated from investing activities		**(21,980,263)**	31,682,482
FINANCING ACTIVITIES			
Repayment of loan and borrowings		**(93,626,194)**	(21,508,424)
Proceeds from loans and borrowings		**65,500,000**	-
Shareholders loan to associate		**(8,000,000)**	
Dividends paid to shareholders	16	**-**	(10,000,000)
Payment of lease liabilities	8	**(2,538,017)**	(2,212,314)
Net cash used in financing activities		**(38,664,211)**	(33,720,738)
Net (decrease) / increase in cash and cash equivalent		**(17,040,508)**	63,079,872
Cash and cash equivalent at the beginning of the year		**128,275,609**	65,195,737
Cash and cash equivalents at the end of the year	14	**111,235,101**	128,275,609
Non-Cash Transaction:			
Addition to Right of use assets and Lease Liability	8	**3,887,861**	935,179

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

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Miahona
C.R: 1010253603
Miahona Company

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2021

1. REPORTING ENTITY

Miahona Company Limited (the "Company") is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration numbered 1010253603 dated 16 Rajab 1429 H (corresponding to 20 July 2008).

The main activities of the Company and its subsidiaries (collectively referred to as "Group") are to engage in service concession contracts to establish, operate, maintain and lease of water and water treatment plants, dams, wells, sanitation. This also includes wholesale and retail trade of related equipment.

These consolidated financial statements comprise the financial statements of the Company and its following subsidiaries:

Name	Activities	Country of incorporation	Percentage of ownership (effective) 2021	2020
Industrial Cities Development and Operating Company (**"ICDOC"**) (refer note (a) below)	The main activity of ICDOC is to engage in the construction, operation and maintenance of water desalination stations, for industrial cities, water and wastewater networks, torrents networks, developing and operating industrial cities, constructing and operating of electricity stations for industrial cities, purchase of lands for constructions, developing and investing in buildings by sale and rent.	Saudi Arabia	**100%**	100%
Riyadh Water Production Company (**"RWPC"**) (refer note (b) below)	The main activity of RWPC is to engage in drilling all kind of water well, water technology, production, distribution transport, sell, sewerage, drainage, processors, re-use of water, sold, public construction contracting, piping, electrical work, mechanical work, maintenance, operations and road works.	Saudi Arabia	**100%**	100%
Al Jazzirah Environment Company (**"JECO"**) (refer note (c) below)	The main activity of JECO is operation and maintenance of water desalination plant including brackish and sea water, sewerage treatment plant, water and sewerage networks, and recycle water treatment and networks.	Saudi Arabia	**100%**	100%
International water partner Company	The main activity is for Management, Operations and Maintenance (MOM) Services for the first Cluster i.e., North-west consisting of the areas of Madinah and Tabuk	Saudi Arabia	**40%**	--

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2021

1. **REPORTING ENTITY (CONTINUED)**

(a) On 1 January 2015, the Company acquired 90% of the share capital of ICDOC, a Limited Liability Company registered in Jeddah, Kingdom of Saudi Arabia. The purchase consideration is to be settled by issuing shares of the Company amounting to SR 138,305,889. Further, on 1 January 2018, the Company acquired the remaining 10% of the share capital. The purchase consideration is to be settled by issuing shares of the Company amounting to SR 18,468,607. However, the related legal formalities of such acquisition are not completed as at 31 December 2021.

ICDOC is engaged in the following service concession arrangements as at the reporting date:

- A service concession arrangement with the Saudi Authority for Industrial Cities and Technology Zones (MODON) in Jeddah dated 24 March 2002, effective from 15 March 2005, for rehabilitating, operating and maintaining the wastewater plant and related network system ("wastewater treatment facilities") of Jeddah Industrial city. The wastewater treatment facilities will be transferred back to MODON at the end of the concession arrangement period of 20 years.

- A service concession arrangement with MODON for industrial cities in Dammam and Al-Ahsa dated 22 October 2007, effective from 30 January 2008, for rehabilitating, operating and maintaining the water utilities and wastewater plant and related network system ("water utilities and wastewater treatment facilities") of the first and second industrial cities in Dammam and building, operating and maintaining the water utilities and wastewater treatment facilities of the first industrial city in Al-Ahsa. The water utilities and wastewater treatment facilities inindustrial cities in Dammam and Al-Ahsa will be transferred back to MODON at the end of the concession arrangement period of 30 years.

(b) On 9 February 2015, the Company formed RWPC through injecting cash of SR 495,000 equal to 99% of its shares. On 1 January 2018, the Company acquired remaining 1% of the share capital of RWPC. The purchase consideration is to be settled by issuing shares of the Company amounting to SR 107,878. However, the related legal formalities of such acquisition are not completed as at 31 December 2021.

RWPC is engaged in a service concession arrangement with the General Authority of Civil Aviation (GACA) dated 15 September 2015 to perform the following:

- remediate, operate and maintain the existing Water Treatment Station ("WTS").
- further, develop, own, finance engineer, design, procure, construct, commission, start up and test the new WTS.
- operate, maintain and transfer the new WTS.

(c) The Company acquired 99% of the share capital of JECO, against a cash consideration of SR 1,083,613 and by issuing shares of the Company amounting to SR 3,416,387. On 1 January 2018, the Company acquired remaining 1% of the share capital of JECO. The purchase consideration is to be settled by issuing shares of the Company amounting to SR 126,782. However, the related legal formalities of such acquisition are not completed as at 31 December 2021.

JECO is a subcontractor for operations and maintenance of the above service concession contracts.

(d) The Company acquired 40% of the share capital of IWP, against a cash consideration of SR 200,000 On February 2021.

Miahona Company Limited
(Limited Liability Company)
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2. BASIS OF PRESENTATION

2.1 Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (hereinafter referred to as "IFRSs").

2.2 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date. Further, the financial statements are prepared using the accrual basis of accounting and on a going concern basis.

Items	Measurement basis
Derivative financial instruments	Fair value
Defined benefit liability	Present value of the defined benefit obligation

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (SR), which is the Group's functional currency. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

2.4 Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGMENTS

In preparing these consolidated financial statements, management has made estimates and judgments that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the consolidated financial statements is included in the following notes:

- Note 2.4: Consolidation: whether the Group has de facto control over an investee; and
- Note 23: Revenue recognition: allocation of transaction price to performance obligations, measurement of significant financing component and whether revenue is recognized over time or at a point in time.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next reporting period is included in the following notes:

- Notes 7: Estimated useful lives intangible assets arising from service concession arrangements;
- Note 19: Measurement of defined employee benefits obligation - key actuarial assumptions; and
- Note 12: Trade receivables – allowance for impairment of trade receivables.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

a) Property and equipment

Items of property and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) *Property and equipment (continued)*

The estimated useful lives of property and equipment for current and comparative periods are as follows:

Leasehold improvements	10 years or lease term whichever lower
Furniture and fixtures	4 - 10 years
Office equipment and computer	4 years
Machinery and equipment	5 years
Pump meters	2 - 5 years
Motor vehicles	4 years

The depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

b) *Intangible assets*

Intangible asset includes software which is stated at costs less accumulated amortisation.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit or loss as incurred.

Amortisation is provided over the estimated useful life of the software on a straight-line basis, at 25% per annum. The estimated useful life and amortisation method are reviewed at the end of each annual period, with the effect of any changes in estimate being accounted for over the remaining useful life.

c) *Intangible assets arising from service concession arrangements*

The Group recognizes an intangible asset when it has a contractual right to charge the public for usage of the concession infrastructure. The intangible asset is recognized equal to the consideration for providing construction or upgrade services in a service concession arrangement which is measured at cost including capitalized borrowing costs, less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

Amortization is calculated to write off the cost of intangible asset using the straight-line method over the period of concession arrangement or their estimated useful lives whichever is lower, and is recognised in profit or loss.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group elects not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

e) Financial instruments

I. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

II. Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) *Financial instruments (continued)*

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) *Financial instruments (continued)*

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – subsequent measurement and gains and losses
Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

III. *Derecognition*

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial instruments (continued)

IV. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

V. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents includes cash and bank balances, deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities up to three months from the date of acquisition and that are subject to an insignificant risk of change in value.

g) Defined employee benefits obligation

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined employee benefit plan
The Group's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount. These benefits are currently unfunded. The calculation of defined employee benefits obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Group determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Interest expense (income) and other expenses related to defined benefit plan, are recognised in profit or loss.

h) Zakat

The Group is subject to Zakat in accordance with the Zakat regulation issued by the Zakat, Tax and Customs Authority ('ZATCA') in the Kingdom of Saudi Arabia which is subject to interpretations. Zakat is recognized in the consolidated income statement. Zakat is levied at a fixed rate of 2.5% of the zakat base as defined in the Zakat regulations.

The Group's management establishes provisions where appropriate on the basis of amounts expected to be paid to the ZATCA and periodically evaluates positions taken in the Zakat returns with respect to situations in which applicable Zakat regulation is subject to interpretation. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Revenue

Service concession arrangement:

The Group entered into service concession arrangements with governmental authorities (the "Grantor"). As per terms of the arrangements it consists two Build-Operate-Transfer (the "BOT") arrangement and four Rehabilitate-Operate-Transfer (the "ROT") arrangement.

Under the BOT, the Group carries out construction work, operation and maintenance of new Water Treatment Station ("WTS") and water treatment facilities. The Group receives in return the rights to operate the service project concerned for a specified period of time (the "operation period"). As per terms of arrangement at the end of the operation period (i.e. 30 years from the date of commencement of operations) the new WTS and water facilities will be transferred to the Grantor with nil consideration.

Under the ROT, Group carries out remediation, operation and maintenance of the existing WTS and water utilities and wastewater treatment facilities.

i. The Group is obliged to operate the existing WTS up to the date of completion of the new WTS (date of commencement of operations). Once the new WTS is operational, the Group is required to gradually phase out the existing WTS from service.
ii. The Group receives in return the rights to operate the service project concerned for a period of 20 years and 30 years for Jeddah and Dammam, respectively (the "operation period"). As per terms of arrangement at the end of the operation period the water utilities and wastewater treatment facilities will be transferred to the Grantor with nil consideration.

The revenue is allocated as follows:

i) the construction revenue allocated to the construction service is recognised over the period that the construction services are provided;

ii) the operation and maintenance revenue allocated to the operation and maintenance service is recognised over the period that the operation and maintenance services are provided; and

iii) the financial revenue is recognised by applying the effective interest method to the amortised cost of financial assets over the period of the service concession arrangements.

Revenue under the contract is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to a customer on the satisfaction of the performance obligation.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) *Revenue (continued)*

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers.

Type of service	Nature and timing of satisfaction of performance obligation
Management, engineering, project management and advisory services	Revenue comprises the value of works executed during the year. Revenue is recognized over time by using the percentage of completion method. In the case of unprofitable contracts, provision is made for foreseeable losses in full.
Construction revenue	Revenue from construction and rehabilitation services are recognized based on the actual service provided to the customer as a proportion of the total services to be provided.
Operation and maintenance revenue	Revenue from providing operation and maintenance services is recognized over a period of time as the related services are performed. Revenue for operation and maintenance services is linked to the output of the plant and revenue is recognized for the amount for which the Company has delivered the services.
Water treatment and supply	Revenue from providing operations services is recognized over a period of time as the related services are performed. Transaction price for operations service is linked to the output of the plant, and revenue is recognized for the amount for which the Group has delivered the services.
Connection services	Revenue from connection service is recognized over time. The amount received for construction services is recognized as revenue over the remaining service concession period. The unamortized balance of such revenue is classified as contract liabilities under non-current liabilities.

Contract assets
During the construction phase, revenue from construction services are initially recognized as contract assets. Once the construction is completed, the amounts recognised as contract assets are accounted for as receivables, if the Group has an unconditional right to receive the consideration in respect of the construction services, or as intangible assets, if the Group does not have an unconditional right to the consideration in respect of construction services and charges the public for the services.

Contract liability
The contract liabilities primarily relate to the advance consideration received from customers for several costs to be incurred over the term of contract life at milestone basis (specific years). Management considers these as life cycle costs. Therefore, the revenue is considered unearned and deferred against the cost to be incurred in particular stage of the contract.

j) *Impairment*

I. Financial instruments
<u>*Financial instruments and contract assets*</u>
The Group recognises loss allowances for Expected Credit Losses (ECLs) on:
- financial assets measured at amortised cost;
- contract assets (as defined in IFRS 15).

Loss allowances for trade receivables and contract assets with or without significant financing component are always measured at an amount equal to lifetime ECL.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Impairment (continued)

Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Credit-impaired financial assets:

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position:

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off:

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

II. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (Cash Generating Unit).

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) *Impairment (continued)*

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) *Inventories*

Inventories are measured at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value comprises estimated selling price in the ordinary course of business, less further costs to completion and appropriate selling and distribution costs.

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging and current condition, and current and future expectations with respect to operation and maintenance services as per the customer contracts. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales from service.

l) *Foreign currency transactions*

Transactions in foreign currencies are translated into the Group's functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognised in profit or loss.

m) *Fair value measurement*

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) *Fair value measurement (continued)*

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

n) *Provisions*

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

o) *Expenses*

Costs incurred in relation to contracts and employees directly related to projects is classified as cost of revenue. All other expenses, excluding cost of sales and financial charges, are classified as administrative expenses. Allocations of common expenses between cost of revenue and administrative expenses, when required, are made on a consistent basis.

p) *Statutory reserve*

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Group is required to transfer 10% of net profits to a statutory reserve until such reserve equals 30% of the paid-up capital. This reserve is not available for distribution to the shareholders of the Company.

q) *Dividends*

Interim dividends are recorded as a liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders.

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5. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Office equipment and computer	Machinery and equipment	Pump meters	Motor vehicles	Total
Cost:							
As at 1 January 2020	506,167	7,761,374	3,865,458	4,537,987	1,240,500	6,070,573	23,982,059
Additions during the year	259,598	453,968	389,933	327,837	-	194,315	1,625,651
Disposals during the year	-	-	(24,365)	-	-	-	(24,365)
As at 31 December 2020	**765,765**	**8,215,342**	**4,231,026**	**4,865,824**	**1,240,500**	**6,264,888**	**25,583,345**
Additions during the year	**532,986**	**274,289**	**148,873**	**1,148,687**	**-**	**806,506**	**2,911,341**
Disposals during the year	**-**	**(4,890)**	**(10,294)**	**-**	**-**	**-**	**(15,184)**
As at 31 December 2021	**1,298,751**	**8,484,741**	**4,369,605**	**6,014,511**	**1,240,500**	**7,071,391**	**28,479,502**
Depreciation:							
As at 1 January 2020	**35,736**	**5,356,068**	**2,966,101**	**3,783,162**	**1,240,500**	**4,270,047**	**17,651,614**
Charge for the year	56,897	497,093	300,249	595,434	-	1,104,395	2,554,068
Disposals during the year	-	-	(13,332)	-	-	-	(13,332)
As at 31 December 2020	**92,633**	**5,853,161**	**3,253,018**	**4,378,596**	**1,240,500**	**5,374,442**	**20,192,350**
Charge for the year	**81,015**	**517,773**	**346,974**	**463,239**	**0**	**898,480**	**2,307,481**
Disposals during the year	**0**	**(4,890)**	**(8,625)**	**0**	**0**	**0**	**(13,515)**
As at 31 December 2021	**173,648**	**6,366,044**	**3,591,367**	**4,841,835**	**1,240,500**	**6,272,922**	**22,486,316**
Net book value:							
As at 31 December 2021	**1,125,103**	**2,118,697**	**778,239**	**1,172,676**	**-**	**798,469**	**5,993,186**
As at 31 December 2020	673,132	2,362,181	978,008	487,228	-	890,446	5,390,995

Depreciation charge for the year is allocated to cost of revenue and general and administration expenses as follows:

	2021	2020
Cost of revenue (note 24)	**1,565,154**	1,820,928
General and administrative expenses (note 26)	**742,327**	733,140
	2,307,481	2,554,068

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6. INTANGIBLE ASSETS

	Software
Cost:	
As at 1 January 2020	1,815,537
Additions during the year	321,289
As at 31 December 2020	2,136,826
Additions during the year	**8,600**
As at 31 December 2021	**2,145,426**
Accumulated amortization:	
As at 1 January 2020	506,470
Charge for the year (note 27)	446,986
As at 31 December 2020	**953,456**
Charge for the year (note 27)	**485,628**
As at 31 December 2021	**1,439,084**
Net carrying value:	
As at 31 December 2021	**706,342**
As at 31 December 2020	**1,183,370**

7. INTANGIBLE ASSETS ARISING FROM SERVICE CONCESSION ARRANGEMENTS

	31 December 2021	31 December 2020
Cost:		
As at the beginning of the year	**666,297,686**	651,770,028
Additions during the year*	**23,547,775**	15,478,458
Write-off / disposals during the year	**-**	(950,800)
As at the end of the year	**689,845,461**	666,297,686
Accumulated amortization:		
As at the beginning of the year	**279,493,401**	242,770,659
Charge for the year (note 25)	**38,200,904**	37,653,484
Write-off / disposals during the year	**-**	(930,742)
As at the end of the year	**317,694,305**	279,493,401
Net book value:		
As at 31 December	**372,151,156**	386,804,285

*Intangible assets arising from service concession arrangements includes below costs:

- the cost of the rehabilitation of water utilities and wastewater treatment facilities for the first and second industrial cities of Dammam;
- the cost of construction of water utilities and wastewater treatment facilities for the first industrial city of Al-Ahsa;
- the cost of the rehabilitation of water utilities and wastewater treatment facilities for reverse osmosis plant at the second industrial city in Dammam; and
- the cost for the rehabilitation of wastewater treatment facilities for Jeddah Industrial City.

Included in additions during the year are finance charges amounting to SR 359,025 (31 December 2020: SR 1,632,767).

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8. RIGHTS-OF-USE ASSETS AND LEASE LIABILITIES

	31 December 2021	31 December 2020
Right-of-use assets		
At the beginning of the year	**7,624,278**	14,206,895
Addition during the year	**3,887,861**	935,179
Depreciation charge for the year:		
Cost of revenue (note 24)	**(1,170,823)**	(745,603)
General and administrative expenses (note 26)	**(963,906)**	(1,067,186)
	(2,134,729)	(1,812,789)
Derecognition during the year	-	(5,705,007)
Balance as at 31 December 2021	**9,377,410**	7,624,278
Lease liabilities		
At the beginning of the year	**7,438,946**	14,107,462
Addition during the year	**3,887,861**	935,179
Lease payments	**(2,538,017)**	(2,212,314)
Interest on lease liabilities	**421,919**	370,540
Derecognition during the year	-	(5,761,921)
Balance as at 31 December 2021	**9,210,709**	7,438,946
Classified as:		
- Non-current	**6,546,424**	5,330,052
- Current	**2,664,285**	2,108,894
	9,210,709	7,438,946

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9. INVESTMENT IN ASSOCIATE

	Ownership %	31 December 2021	31 December 2020
International Water Partners Company	40	**2,715,167**	-

Movement in investment in associate is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year (Note 9.1)	-	200,183
Addition during the year	**200,000**	-
Share in profit of investment in associate	**2,515,167**	72,113
Dividends received during the year	-	(272,296)
Balance at the end of the year	**2,715,167**	-

9.1 On 4 August 2020, the shareholders of the Group resolved to liquidate the investment in Jeddah Water Services Limited. As at 31 December 2021, the legal formalities pertaining to liquidating the investment in associate are under progress.

10. CONCESSION CONTRACT RECEIVABLES

	31 December 2021	31 December 2020
Concession contract receivables	**292,146,505**	296,833,958
Classified as:		
- Non-current	**271,994,737**	276,682,190
- Current	**20,151,768**	20,151,768
	292,146,505	296,833,958

The movement in concession contract receivables is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	**296,833,958**	296,169,542
Finance income during the year	**15,464,316**	15,566,184
Additions during the year*	-	5,250,000
Concession receivable amortization	**(20,151,769)**	(20,151,768)
Balance at the end of the year	**292,146,505**	296,833,958

*During the year 2020, the Group completed the construction of the new Water Treatment Station ("WTS"). Accordingly, the contract asset arising from construction services was transferred to concession contract receivables.

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11. INVENTORIES

	31 December 2021	31 December 2020
Spare parts	**2,190,084**	2,197,271
Consumables	**1,409,394**	1,201,154
Chemicals and other	**1,075,365**	1,007,494
	4,674,843	4,405,919
Provision for obsolete inventory	**(435,909)**	(435,909)
	4,238,934	3,970,010

12. TRADE AND OTHER RECEIVABLES

	31 December 2021	31 December 2020
Trade receivables	**132,037,817**	105,391,121
Less: Impairment allowance for trade receivables	**(19,534,532)**	(8,744,653)
	112,503,285	96,646,468
Due from related parties (note 28.2)	**10,596,664**	836,508
Staff and other receivables	**7,072,735**	4,619,742
	130,172,684	102,102,718

The movement of impairment loss is as follows:

	31 December 2021	31 December 2020
At the beginning of the year	**8,744,653**	8,778,838
Impairment loss for the year	**10,789,879**	167,241
Written-off during the year	**-**	(201,426)
At the end of the year	**19,534,532**	8,744,653

13. PREPAYMENTS AND ADVANCES

	31 December 2021	31 December 2020
Amount paid as margin for bank guarantee	**9,325,642**	-
Prepayments and other current assets	**5,153,892**	3,758,216
Advances to suppliers	**4,691,884**	4,690,486
	19,171,418	**8,448,702**
Current	**19,171,418**	6,702,007
Non- Current	**--**	1,746,695

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14. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash in hand	**63,084**	78,017
Cash at bank – current accounts	**111,172,017**	124,280,292
Cash at bank – margin deposit account	**-**	3,917,300
	111,235,101	128,275,609

As at 31 December 2020, an amount of SR 3.9 million is restricted and is held in margin accounts against bank guarantees issued by the Group.

15. SHARE CAPITAL

15.1 Share capital is divided into 5,000 shares of SR 100 each (31 December 2020: 5,000 shares of SR 100 each). The share capital is distributed as follow:

	Number of shares	Percentage holding
Vision International Investment Company	4,750	95%
Estydama Projects Company	250	5%
	5,000	**100%**

15.2 The Group proposed to increase its capital, as follows:

	31 December 2021	31 December 2020
Acquisition of ICDOC (a)	**156,774,496**	156,774,496
Acquisition of JECO (b)	**3,543,169**	3,543,169
Acquisition of RWPC (c)	**107,878**	107,878
	160,425,543	160,425,543

a) On 1 January 2015 and 1 January 2018, the Company acquired 90% and 10% shares of ICDOC, a Limited Liability Company incorporated in the Kingdom of Saudi Arabia, respectively. However, the related legal formalities of such acquisition are not completed as at 31 December 2021. As per the sale purchase agreement, the Company has acquired ICDOC from Vision International Investment Company (VIIC). The purchase consideration is to be settled by issuing shares of the Company amounting to SR 138,305,889 and SR 18,468,607 to VIIC for the shares in ICDOC acquired at 1 January 2015 and 1 January 2018 respectively. However, as at 31 December 2021, the Company has not issued those shares and the amount is shown as a contribution towards share capital.

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15. SHARE CAPITAL (CONTINUED)

b) On 1 January 2015 and 1 January 2018, the Company has acquired 99% and 1% shares of JECO, a Limited Liability Company incorporated in the Kingdom of Saudi Arabia, respectively. However, the related legal formalities of such acquisition are not completed as at 31 December 2021. The shares in JECO acquired in 2015, have been acquired by the Company in exchange for consideration in cash amounting to SR 1,083,613 and issuing shares of the Company amounting to SR 3,416,387. The shares in JECO acquired in 2018 have been acquired by the Company in exchange for issuing shares of the Company amounting to SR 126,782. However, as at 31 December 2021, the Company has not issued those shares and the amount is shown as a contribution towards share capital.

c) On 1 January 2018, the Company acquired 1% shares of RWPC, a Limited Liability Company incorporated in the Kingdom of Saudi Arabia. As per the sale purchase agreement the Company has acquired RWPC from VIIC. The purchase consideration is to be settled by issuing shares of the Company amounting to SR 107,878 to VIIC. However, as at 31 December 2021, the Company has not issued those shares and the amount is shown as a contribution towards share capital.

16. DIVIDENDS

During the year ended 31 December 2021, the Company has not paid dividend to its shareholders (31 December 2020: SR 10,000,000).

17. FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2021	31 December 2020
Fair value of derivative financial instruments – Assets	**718,201**	-
Fair value of derivative financial instruments – Liability	**(3,700,978)**	(8,777,996)
	(2,982,777)	(8,777,996)

The Group has interest rate hedging contracts with several banks to hedge the fluctuations in interest rates on loans for a notional amount of SR 262,920,482 (31 December 2020: SR 208,039,691). The hedging contracts are based on the swap between the Group and the banks of fixed rates against floating rates on the original loan amounts every three months.

All derivatives as at 31 December 2021 and 2020 are classified as cash flow hedges. Derivatives are classified as non-current assets and as non-current liabilities depending on the expiration date of the financial instruments.

Movement in the fair value of derivative instruments is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	**8,777,996**	6,745,292
Cash flow hedges – effective portion of changes in fair value	**(5,795,220)**	2,032,704
Balance at the end of the year	**2,982,776**	8,777,996

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17. FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS (Continued..)

The table below shows the fair values of derivatives financial instruments, recorded as positive and negative fair value. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

	2021			2020	
Description of the derivative instrument	***Positive fair value***	***Negative fair value***		*Positive fair value*	*Negative fair value*
Interest Rate Swaps/Caps ("IRS / IRC")	**5,795,220**	**-**		-	8,777,996

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate of the underlying derivative contract may have a significant impact on the equity of the Group.

The Group measures fair value of derivative instruments at each reporting date.

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18. LOANS AND BORROWINGS

	31 December 2021	31 December 2020
Murabaha term loan (a)	**256,630,000**	214,015,000
Murabaha term loan (b)	**224,380,634**	228,866,296
Saudi Industrial Development Fund ("SIDF") (c)	**-**	9,000,000
Equity bridge loan (d)	**-**	58,856,405
	481,010,634	510,737,701
Less: Borrowing cost subject to amortization	**(6,686,866)**	(8,287,739)
Amortized cost of term loans	**474,323,768**	502,449,962
Less: current portion of term loans	**(38,255,720)**	(95,227,067)
	436,098,048	407,222,895

a. Murabaha facility from a local bank in the form of term loans amounting to SR 256,630,000 which was partly utilised to pay back the outstanding loan from another bank. This facility is secured by irrevocable and unconditional assignment of proceeds from Dammam and Jeddah projects. These facilities carry financing costs based on Enhanced SAIBOR plus margin. The facilities are repayable in unequal semi-annual instalments till maturity date i.e, 28 February 2026. As at 31 December 2021, the Group is in compliance with all stipulated covenants.

b. The Group signed a Murabaha term loan facility agreement amounting to SR 243,786,000 with a consortium of local banks for the purpose of financing the construction of a water treatment station. The loan is secured by mortgage of the site and the plant. The commission on this loan is charged at a floating rate based on Saudi Inter Bank Offer Rate (SIBOR) plus a margin. The loan agreement contains covenents, which include among other things, the maintenance of certain financial ratios. The loan is repayable in semi-annual installments with the first installment paid on 30 November 2018 and last installment due on 30 Novemeber 2038. As at 31 December 2021, the Group is in compliance with all stipulated loan covenants.

c. The Group has a settled fully the Saudi Industrial Development Fund ("SIDF") loan on 17 March 2021..

d. The Group has fully repaid equity bridge loan amount on 31 October 2021.

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19. DEFINED EMPLOYEE BENEFITS OBLIGATION

The Group is committed to the following un-funded post-employment defined benefit plan:

In Kingdom of Saudi Arabia, the plan entitles an employee who completed over two but less than five years of service, to receive a payment equal to one-third of their final monthly salary for each completed year of service. Similarly, an employee who completed over five but less than ten years of service, to receive a payment equal to two-third of their final monthly salary for each completed year of service. Further, an employee who completed over ten years of service, to receive a payment equal to their final salary for each completed year of service.

The following table shows a reconciliation of opening balances to the closing balances for defined employee benefits obligation:

	31 December 2021	31 December 2020
Balance at beginning of year	**13,557,135**	12,673,102
Included in profit and loss		
Current service cost	**2,211,976**	2,318,511
Interest cost	**312,794**	397,379
	2,524,770	2,715,890
Included in other comprehensive income		
Actuarial loss / (gain) on defined employee benefits obligation	**832,322**	(414,391)
Others		
Benefit paid	**(1,247,555)**	(1,788,447)
Transferred from related parties	**-**	370,981
Balance at end of year	**15,666,672**	13,557,135

Significant actuarial assumptions

The significant assumptions used in determining defined benefit obligations for the year ended are as follows:

	31 December 2021	31 December 2020
Economic assumptions		
Discount rate	**2.75%**	**2.20%**
Weighted average future salary increases	**2.75%**	**2.20%**
Demographic assumptions		
Mortality rate	**75%**	75%
Retirement age	**60**	60
Turnover	**Moderate**	Moderate

Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 December 2021		31 December 2020	
Sensitivity level	***Increase of 0.5%***	***Decrease of 0.5%***	*Increase of 0.5%*	*Decrease of 0.5%*
Discount rate	**(735,050)**	**794,072**	(834,426)	520,727
Salary growth rate	**830,069**	**(774,876)**	551,541	(868,650)

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20. OTHER NON-CURRENT LIABILITIES

	31 December 2021	31 December 2020
Payable to MODON (note 20.1)	**15,957,424**	19,725,069
Contract liabilities	**14,072,936**	10,955,842
	30,030,360	30,680,911

20.1 Pursuant to an amendment to the original concession arrangement with MODON, a reverse osmosis plant for water utilities and wastewater treatment facilities at the second industrial city in Dammam was made available to the Group and the consideration payable was recognized as a non-current liability. This is payable to MODON from the proceeds of the operation of the reverse osmosis plant, as stipulated in the amendment to the concession arrangement.

21. TRADE AND OTHER PAYABLES

	31 December 2021	31 December 2020
Trade payables	**28,540,973**	21,427,181
Accrued expenses	**53,914,327**	54,321,356
Due to related parties (note 28.3)	**16,876,943**	17,049,562
Retention payable	**1,226,675**	846,225
Advance from customer	**1,033,043**	1,033,044
Other	**5,126,122**	3,960,880
	106,718,083	98,638,248

22. ZAKAT

Charge for the year

The charge for the year represents Zakat charged in the consolidated statement of profit or loss for the Group.

The Group comprise of Saudi companies which present their financial statements and file their Zakat declarations, where applicable, on individual basis to the Zakat, Tax and Customs Authority ('ZATCA') in the Kingdom of Saudi Arabia.

The movement for the year was as follows:

	31 December 2021	31 December 2020
At the beginning of the year	**4,525,540**	3,532,124
Charge for the year	**4,419,776**	3,984,167
Payments during the year	**(4,829,719)**	(2,990,751)
At the end of the year	**4,115,597**	4,525,540

Status of assessments

As of 31 December 2021, the Group entities have filed Zakat declarations with ZATCA for all years up to 2020.

Miahona Company Limited	ZATCA raised an assessment pertaining to Zakat declaration of 2017, which is still not finalized by ZATCA. Zakat declaration for the year 2020 is yet to be assessed by ZATCA.
ICDOC	ZATCA raised an assessment pertaining to Zakat declaration of 2016, which is still not finalized by ZATCA. Zakat declarations for the years 2017 to 2020 are yet to be assessed by ZATCA.
JECO	ZATCA raised an assessment order of SR 14,220 pertaining to Zakat declaration of 2015, which was paid on 30 March 2021. Zakat declarations for the years 2016 which is still not finalized by ZATCA. Zakat declarations for the years 2017 to 2020 are yet to be assessed by ZATCA.
RWPC	Zakat declarations for the year 2020 are yet to be assessed by ZATCA.

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23. REVENUE

a) Revenue from contract with customers

	2021	2020
Revenue recognised under service concession arrangements:		
Water and wastewater services	**204,944,638**	184,494,642
Construction revenue	**23,547,775**	20,728,458
Management services	**1,284,270**	-
Operation and maintenance revenue	**26,121,689**	23,011,346
	255,898,372	228,234,446

Service concession arrangements

The Group recognises revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*. Revenue from the service concession arrangement is recognized as follows:

i. The amount of consideration to which the Group expects to be entitled from the Grantor for the services provided is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement with GACA, the Group is obliged to Build-Operate-Transfer a Water Treatment Station ("WTS") for 30 years and to Rehabilitate-Operate-Transfer the existing WTS during the construction period.

   The total expected consideration over 30 years is allocated to the performance obligations based on the relative stand-alone selling prices of the construction services and operation & maintenance services, taking into account the significant financing component, as follows:

   - The Group estimates the relative stand-alone selling price by reference to the forecast cost plus 5%.
   - The Group estimates the relative stand-alone selling price by reference to the forecast cost plus 7.7%.
   - The implied interest rate of 5.2% is assumed to be the rate that would be reflected in a financing transaction between the Group and the Grantor.

ii. The amount of consideration to which the Group is entitled to by providing services to the public is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement with MODON, the Grantor is not obliged to make any payment to the Group and the Group earns revenue by providing services to the public and charging them for the same. Accordingly, the revenue earned from construction services is recognized as an intangible asset under IFRIC 12.

b) Disaggregation of revenue from contract with customers

The Group has disaggregated revenue into various categories as shown in Note 25(a) which is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by the economic data.

	2021	2020
Timing of revenue recognition		
- Services transferred over time	**255,898,372**	227,584,846
- Services at point in time	-	649,600
	255,898,372	228,234,446

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23. REVENUE (CONTINUED)

c) *Contract balances*

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Note	**31 December 2021**	31 December 2020
Receivables, which are included in trade receivables	*12*	**138,890,285**	**105,391,121**
Concession contract receivables	*10*	**292,146,505**	**296,833,958**
Contract liabilities	*20*	**14,072,936**	**10,955,842**

24. COST OF REVENUE

	2021	2020
Amortization of intangible assets arising from service concession (note 7)	**38,200,904**	37,653,484
Salaries and employee related costs	**39,216,166**	40,647,460
Royalty	**25,625,000**	22,168,747
Electricity	**17,580,908**	18,426,851
Maintenance service, spare parts, chemicals and consumables	**13,624,153**	12,881,672
Subcontract costs	**10,377,597**	9,853,369
Sludge transportation and violated treatment	**2,732,648**	2,136,940
Insurance expense	**1,805,359**	2,094,283
Depreciation (note 5)	**1,565,154**	1,820,928
Professional fees	**1,049,082**	16,500
Depreciation of right-of-use assets (note 8)	**2,838**	-
Amortization of Intangable asset Note (note 6)	**963,906**	745,603
Other	**5,250,830**	6,937,535
Operation cost	**157,994,545**	155,383,372
Construction cost	**23,547,775**	15,754,268
	181,542,320	171,137,640

25. OTHER INCOME

	2021	2020
Interest income	-	**555,474**
Other	**151,504**	**476,478**
	151,504	**1,031,952**

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(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2021
(Amounts in Saudi Riyals)

26. GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
Business development expense	**15,679,119**	13,042,125
Salaries and employee related costs	**7,989,989**	8,161,882
Professional fees	**2,179,904**	1,238,640
Depreciation of right-of-use assets (note 8)	**1,170,823**	1,067,186
Depreciation (note 5)	**742,327**	733,140
Amortization (note 6)	**482,791**	446,986
IT cost and other utilities	**467,412**	1,519,771
Advertising and training	**109,727**	548,154
Business travel	**125,382**	86,519
Other	**1,435,402**	785,207
	30,382,876	27,629,610

27. FINANCE COSTS

	2021	2020
Interest on loans and borrowings	**20,828,942**	23,826,147
Bank charges	**311,795**	384,960
Interest on lease liabilities (Note 8)	**421,919**	370,540
	21,562,656	24,581,647

28. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors and key management personnel of the Group, and entities jointly controlled or significantly influenced by such parties. In the ordinary course of its activities, the Group transacts with related parties at terms mutually agreed between the parties. Balances and transactions between the Group entities are eliminated on consolidation. Details of major transactions and balances between the Group and other related parties are as follows:

Name of related party	Nature of relationship
Abunayyan Trading Company	Shareholder of the ultimate parent company
Vision International Investment Company (VIIC)	Shareholder and ultimate parent company
Estydama Projects Company	Shareholder
Jeddah Water Services	Associate
Toledo Arabia Company	Subsidiary of ultimate parent company
Etihad Energy International	Subsidiary of ultimate parent company
Advanced Piping Solution Company	Associate
Beatona Company Limited	Subsidiary of ultimate parent company
Saudi Tumpane Company	Affiliate
Welspun Middle East Pipes Company	Associate of ultimate parent company
Middle East Paper Company (MEPCO)	Affiliate
Water Treatment and Environment Company (WTECO)	Affiliate
International Water Partners Company	Associate
SUEZ Environments	Affiliate

Miahona Company Limited
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28. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

28.1 Related party transactions

	Nature of transaction	*Transactions* 2021	2020
Middle East Paper Company	Providing services	**(6,169,848)**	(5,475,119)
Jeddah Water Services ("JWS")	Expenses paid on behalf of JWS	**26,602**	-
Vision International Investment Company	Expenses paid on behalf of VIIC	**1,200**	1,608,461
	Services received	**-**	(4,921,869)
	Defined employee benefit obligation transferred from the Company	**-**	370,981
Water Treatment an Environment Company	Services received	**-**	1,112,610
Abunayyan Trading Company	Services received	**1,800,584**	1,322,878
Beatona Company Limited	Expenses paid on behalf of the Company	**-**	44,335
SUEZ Environment	Expenses paid on behalf of the Company	**13,469**	-
International Water Partner Company	Expenses paid on behalf of the Company	**1,808,434**	-
	Loan from shareholder	**8,000,000**	-
Etihad Energy Solutions	Purchase of property, plant and equipment	**262,096**	-

28.2 Due from related parties

	31 December 2021	31 December 2020
International Water Partners	**9,808,434**	-
Middle East Paper Company	**526,412**	508,780
Toledo Arabia Company	**204,012**	204,014
Beatona Company Limited	**44,337**	44,335
SUEZ Environments	**13,469**	-
Vision International Investment Company	-	71,501
Jeddah Water Services	-	7,878
	10,596,664	836,508

28.3 Due to related parties

	31 December 2021	31 December 2020
Abunayyan Trading Company	**13,895,297**	15,281,742
Vision International Investment Company	**1,434,843**	-
Water Treatment and Environment Company	**1,284,707**	1,759,141
Etihad Energy International	**262,096**	-
Acciona Aqua	-	2,678
Saudi Tumpane Company	-	6,001
	16,876,943	17,049,562

Miahona Company Limited
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Notes to the consolidated financial statements
For the year ended 31 December 2021

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Management assessed that the fair values of cash and cash equivalents, trade and other receivables, trade and other payables approximate their carrying values largely due to the short-term maturities of these financial instruments.

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2021
(Amounts in Saudi Riyals)

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value, if the carrying amount is a reasonable approximation of fair value.

31 December 2021	***Carrying amount***	***Fair value***			
		Level 1	***Level 2***	***Level 3***	***Total***
Financial assets measured at fair value					
Fair value of derivative financial instruments	**718,201**	**-**	**718,201**	**-**	**718,201**
Financial liabilities measured at fair value					
Fair value of derivative financial instruments	**3,700,978**	**-**	**3,700,978**	**-**	**3,700,978**

31 December 2020	*Carrying amount*	*Fair value*			
		Level 1	*Level 2*	*Level 3*	*Total*
Financial liabilities measured at fair value					
Fair value of derivative financial instruments	8,777,996	-	8,777,996	-	8,777,996

Fair value of derivative financial instruments determined at level 2 represents derivate financial liability/ (assets). The fair value is calculated as the present value of estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash flow are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark rate used by market participants for this purpose when pricing interest rate swaps.

The following table shows the carrying amounts of financial assets and financial liabilities. Carrying value of these financial assets and financial liabilities not measured at fair value is a reasonable approximation of fair value.

Financial instruments by category	**31 December 2021**	31 December 2020
	Carrying amount	
Financial assets at amortized cost		
Cash and cash equivalents	**111,235,101**	128,275,609
Trade and other receivables	**130,172,684**	102,102,718
Concession contract receivables	**292,146,505**	296,833,958
	533,554,290	527,212,285

	31 December 2021	31 December 2020
	Carrying amount	
Financial liabilities at amortized cost		
Loans and borrowings	**474,323,768**	502,449,962
Trade and other payables	**106,718,083**	98,638,248
Other non-current liabilities	**30,030,360**	30,680,911
	611,072,211	631,769,121

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2021

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B. *Financial risk management*

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

C. *Risk management framework*

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors are responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's board of directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Group.

i. *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

No impairment losses on financial assets have been recognized in profit or loss relating to receivables from related parties during the years ended 31 December 2021 and 2020. The Group considers the trade receivables from related parties to have low credit risk as these related parties with their existing financial position and future cash flows are expected to meet their contractual cash flow obligations in the near term. Furthermore, no adverse changes in economic and business conditions in the longer term are expected to reduce their ability to fulfil their contractual cash flow obligations.

Expected credit loss assessment for corporate customers

The Group's exposure to credit risk is influenced mainly by the individual characteristics of its each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and sector in which customers operate.

The Group established a credit policy under which each new customer is analyzed individually for creditworthiness before the entity's standard payment and delivery terms and conditions are offered. The review includes financial statements, industry information and in some cases bank references. Sale limits are established for each customer and reviewed periodically. The Group limits its exposure to credit risk by offering credit terms which are typically not longer than three months on average.

In monitoring customer credit risk, customers are grouped according to their credit characteristics (including the type of customer such as retail/wholesale etc.), trading history with the Group and existence of previous financial difficulties.

Miahona Company Limited
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(Amounts in Saudi Riyals)

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

C. *Risk management framework (continued)*

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables which comprise a large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different types of counterparties based on the following common credit risk characteristics such as geographic region and age of customer relationship.

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth.

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

	31 December 2021			31 December 2020		
	Gross carrying amount	*Weighted-average loss*	*Loss allowance (%)*	*Gross carrying amount*	*Weighted-average loss*	*Loss allowance (%)*
Not due	**27,167,470**	**77,909**	**0.3%**	30,276,579	220,756	0.7%
1–90 days	**19,693,906**	**95,438**	**0.5%**	9,840,464	171,377	1.7%
91–180 days	**20,765,649**	**95,746**	**0.5%**	12,688,060	278,335	2.2%
181–270 days	**11,506,028**	**115,185**	**1.0%**	11,831,031	45,002	0.4%
271–360 days	**11,929,517**	**70,317**	**0.6%**	11,604,357	26,464	0.2%
More than 360 days	**40,975,247**	**19,079,937**	**46.0%**	29,150,630	8,002,719	27.5%
	132,037,817	**19,534,532**		105,391,121	8,744,653	

Cash and cash equivalents

The Group held cash at bank amounting to SR 111.2 million (31 December 2020: SR 128.2 million), which are held with banks with sound credit rating.

ii. *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables). The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2021
(Amounts in Saudi Riyals)

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

C. Risk management framework (continued)

ii. Liquidity risk (continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

31 December 2021	Carrying amount	Contractual cash flows 1-12 months	1 – 5 years	More than 5 years	Total
Due to related parties	16,876,943	16,876,943	-	-	16,876,943
Trade and other payables	89,841,140	89,841,140	-	-	89,841,140
Loans and borrowings	474,323,768	48,573,740	303,450,923	216,505,972	568,530,635
Payable to MODON	15,957,424	3,767,646	12,189,778	-	15,957,424
Lease liabilities	9,210,709	2,654,401	4,699,446	3,654,333	11,008,180
	606,209,984	161,713,870	320,340,147	220,160,305	702,214,322

31 December 2020	Carrying amount	Contractual cash flows 1-12 months	1 – 5 years	More than 5 years	Total
Due to related parties	17,049,562	17,049,562	-	-	17,049,562
Trade and other payables	80,555,642	80,555,642	-	-	80,555,642
Payable to MODON	502,449,962	109,232,968	269,448,764	232,022,561	610,704,293
Loans and borrowings	19,725,069	3,538,577	16,186,492	-	19,725,069
Lease liabilities	7,438,946	2,215,198	4,767,837	1,830,333	8,813,368
	627,219,181	212,591,947	290,403,093	233,852,894	735,156,567

iii. Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Exposure to currency risk

Currency risk is the risk that the value of a financial instruments will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars. The Saudi Riyal is pegged to the US Dollar.

30. CAPITAL MANAGEMENT

For the purposes of the Group's capital management, capital includes assigned capital and all equity reserves attributable to Group's shareholders. The primary objective of the Group's capital management is to maximise value to the shareholder equity. Other objectives include maintaining a positive capital base so as to maintain market and government confidence and to enable development of business in Saudi Arabia.

Management achieve these objectives through operating the Group as optimally as possible and through maintaining adequate positive cash flows. Management ensure that it meets its financial commitments, its statutory and legal obligations and evaluates whether any additional support may be required in the form of capital contributions.

Miahona Company Limited
(Limited Liability Company)
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For the year ended 31 December 2021
(Amounts in Saudi Riyals)

31. CONTINGENCIES AND COMMITMENTS

As of 31 December, the Group had the following contingencies and commitments:

	31 December 2021	31 December 2020
Performance guarantees outstanding	**21,133,560**	13,925,796

Operating lease commitment
The Group has short-term operating lease for staff accommodation in Dammam. Rent expense for the year ended 31 December 2021 is SR 175,000 (2020: SR 175,000). Future rental commitments are SR 160,000 under the operating lease, all of which are due within one year.

32. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new pronouncements are effective for annual years beginning on or after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements:

- COVID-19 Related Rent Concessions (Amendment to IFRS 16)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2021
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

33. IMPACT OF COVID-19 ON THE GROUP'S OPERATIONS AND THE FINANCIAL STATEMENTS

During March 2021, the World Health Organization ("WHO") declared the Coronavirus ("COVID 19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Kingdom of Saudi Arabia in particular implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

In response to the spread of the COVID 19 in the Kingdom of Saudi Arabia and its resulting disruptions to the social and economic activities, the Group's management has proactively assessed its impacts on its operations and has taken a series of preventive measures to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuous supply of its services. The Group's business operations largely remain unaffected from various bans and restrictions imposed by various regulatory authorities having limited exemption from curfew hours to ensure the supply of services. Based on these factors, the Group's management believes that the COVID 19 pandemic has had no material effect on the Group's financial performance for the year ended 31 December 2021. The Group's management continues to monitor the situation closely.

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2021

34. EVENTS AFTER THE REPORTING DATE

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

35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved from Board of Directors on 21 June 2021 (corresponding to 22 Dhul-Qa'dah 1443H).

MIAHONA COMPANY LIMITED
(Limited Liability Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020
together with the
Independent Auditor's Report

MIAHONA COMPANY LIMITED
(Limited Liability Company)
Consolidated Financial Statements
For the year ended 31 December 2020

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarter

Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent Auditor's Report

To the Shareholders of Miahona Company Limited

Opinion

We have audited the financial statements of **Miahona Company Limited** ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the shareholders, are responsible for overseeing the Group's financial reporting process.

KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (15,000,000) SAR. (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

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (١٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

KPMG

Independent Auditor's Report (continued)

To the Shareholders of Miahona Company Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Miahona Company Limited** ("the Company") and its subsidiaries ("the Group").

KPMG Professional Services

Dr. Abdullah Hamad Al Fozan
License No.: 348

Riyadh on 28 April 2021
Corresponding to 16 Ramadan 1442H

كي بي إم جي للاستشارات المهنية
ترخيص رقم ٤٦
س.ت ١٠١٠٤٢٥٤٩٤
Lic No. 46
C.R. 1010425494
R : 1
KPMG
KPMG Professional Services

Miahona Company Limited
(Limited Liability Company)
Consolidated statement of financial position
As at 31 December 2020
(Amounts in Saudi Riyals)

	Notes	31 December 2020	31 December 2019
ASSETS			
Property and equipment	5	**5,390,995**	6,330,445
Intangible assets	6	**1,183,370**	1,309,067
Intangible assets arising from service concession arrangements	7	**386,804,285**	408,999,369
Right-of-use assets	8	**7,624,278**	14,206,895
Investment in associate	9	**--**	200,183
Concession contract receivables	10	**276,682,190**	276,017,774
Advances	11	**1,746,695**	2,927,179
Non-current assets		**679,431,813**	709,990,912
Concession contract receivables	10	**20,151,768**	20,151,768
Inventories	12	**3,970,010**	3,480,980
Trade and other receivables	13	**102,102,718**	96,403,159
Prepayments and advances	14	**6,702,007**	5,320,906
Short-term bank deposits	15	**--**	49,500,000
Cash and cash equivalents	16	**128,275,609**	65,195,737
Current assets		**261,202,112**	240,052,550
TOTAL ASSETS		**940,633,925**	950,043,462
EQUITY			
Share capital	17.1	**500,000**	500,000
Additional capital contribution	17.2	**160,425,543**	160,425,543
Statutory reserve		**250,000**	250,000
Cash flow hedge reserve	19	**(8,777,996)**	(6,745,292)
Retained earnings		**122,167,640**	114,348,859
Total equity		**274,565,187**	268,779,110
LIABILITIES			
Loans and borrowings	20	**407,222,895**	493,558,403
Lease liabilities	8	**5,330,052**	11,697,048
Fair value of derivative financial instruments	19	**8,777,996**	6,745,292
Defined employee benefits obligation	21	**13,557,135**	12,673,102
Other non-current liabilities	22	**30,680,911**	32,213,346
Non-current liabilities		**465,568,989**	556,887,191
Loans and borrowings	20	**95,227,067**	30,399,983
Lease liabilities	8	**2,108,894**	2,410,414
Trade and other payables	23	**98,638,248**	88,034,640
Zakat payable	24	**4,525,540**	3,532,124
Current liabilities		**200,499,749**	124,377,161
Total liabilities		**666,068,738**	681,264,352
TOTAL EQUITY AND LIABILITIES		**940,633,925**	950,043,462

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

Miahona Company Limited
(Limited Liability Company)
Consolidated statement of profit or loss
For the year ended 31 December 2020
(Amounts in Saudi Riyals)

	Notes	**2020**	2019
Revenue	*25*	**228,234,446**	262,373,055
Cost of revenue	*26*	**(171,137,640)**	(206,842,604)
Gross profit		**57,096,806**	55,530,451
Other income	*27*	**1,031,952**	812,271
General and administrative expenses	*28*	**(27,629,610)**	(21,232,767)
Impairment loss on trade receivables	*13*	**(167,241)**	(646,375)
Operating profit		**30,331,907**	34,463,580
Finance costs	*29*	**(24,581,647)**	(26,701,813)
Finance income	*10*	**15,566,184**	14,794,416
Share of profit / (loss) of equity accounted investee	*9*	**72,113**	(79,676)
Profit before Zakat		**21,388,557**	22,476,507
Zakat expense	*24*	**(3,984,167)**	(2,715,717)
Profit for the year		**17,404,390**	19,760,790

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

Miahona Company Limited
(Limited Liability Company)
Consolidated statement of other comprehensive income
For the year ended 31 December 2020
(Amounts in Saudi Riyals)

	Notes	2020	2019
Profit for the year		**17,404,390**	19,760,790
Other comprehensive income / (loss)			
Item that may be reclassified subsequently to profit or loss			
Cash flow hedges – effective portion of changes in fair value	19	**(2,032,704)**	(6,584,771)
Item that will not be reclassified to profit or loss			
Actuarial gain / (loss) on defined employee benefits obligation	21	**414,391**	(54,287)
Other comprehensive loss for the year		**(1,618,313)**	(6,639,058)
Total comprehensive income for the year		**15,786,077**	13,121,732

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

Miahona Company Limited
(Limited Liability Company)
Consolidated statement changes in equity
For the year ended 31 December 2020
(Amounts in Saudi Riyals)

	Share capital	Additional capital contribution	Statutory reserve	Cash flow hedge (note 19)	Retained earnings	Total
As at 1 January 2019	500,000	160,425,543	250,000	(160,521)	99,642,356	260,657,378
Profit for the year	--	--	--	--	19,760,790	19,760,790
Other comprehensive loss	--	--	--	(6,584,771)	(54,287)	(6,639,058)
Total comprehensive income	--	--	--	(6,584,771)	19,706,503	13,121,732
Dividends (note 18)	--	--	--	--	(5,000,000)	(5,000,000)
As at 31 December 2019	**500,000**	**160,425,543**	**250,000**	**(6,745,292)**	**114,348,859**	**268,779,110**
Profit for the year	--	--	--	--	**17,404,390**	**17,404,390**
Other comprehensive (loss) / income	--	--	--	**(2,032,704)**	**414,391**	**(1,618,313)**
Total comprehensive income	--	--	--	**(2,032,704)**	**17,818,781**	**15,786,077**
Dividends (note 18)	--	--	--	--	**(10,000,000)**	**(10,000,000)**
At 31 December 2020	**500,000**	**160,425,543**	**250,000**	**(8,777,996)**	**122,167,640**	**274,565,187**

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

Miahona Company Limited
(Limited Liability Company)
Consolidated statement of cash flow
For the year ended 31 December 2020
(Amounts in Saudi Riyals)

	Notes	**2020**	2019
OPERATING ACTIVITIES			
Profit for the year		**17,404,390**	19,760,790
Adjustments for:			
Depreciation of property and equipment	*5*	**2,554,068**	3,427,263
Loss on disposal of property and equipment		**11,033**	36,085
Amortization of intangible assets	*6*	**446,986**	351,035
Amortization of intangibles arising from service concession arrangements	*7*	**37,653,484**	37,557,369
Loss on write-off / disposal of intangibles arising from service concession arrangements		**20,058**	214,988
Depreciation of right-of-use assets	*8*	**1,812,789**	1,971,792
Gain on derecognition of right-of-use assets		**(56,914)**	--
Interest on lease liabilities	*8*	**370,540**	628,487
Share of (profit) / loss of equity-accounted investee	*9*	**(72,113)**	79,676
Impairment loss on trade receivables	*13*	**167,241**	646,375
Employee defined benefits obligation	*21*	**2,715,890**	2,707,825
Finance costs		**24,211,107**	26,073,326
Zakat expense	*24*	**3,984,167**	2,715,717
		91,222,726	96,170,728
Changes in operating assets and liabilities:			
Advances		**1,180,484**	127,110
Inventories		**(489,030)**	(503,676)
Trade and other receivables		**(5,495,819)**	(39,452,740)
Prepayments and advances		**(1,381,101)**	(325,996)
Other long-term liabilities		**(1,532,435)**	(1,295,874)
Trade and other payables		**10,603,608**	26,135,913
		94,108,433	80,855,465
Defined employee benefits paid	*21*	**(1,788,447)**	(1,439,323)
Finance costs paid		**(24,211,107)**	(26,073,326)
Zakat paid	*24*	**(2,990,751)**	(2,108,026)
Net cash generated from operating activities		**65,118,128**	51,234,790
INVESTING ACTIVITIES			
Acquisition of property and equipment	*5*	**(1,625,651)**	(2,659,209)
Proceeds from disposal of property and equipment		**--**	86,231
Acquisition of intangible assets	*6*	**(321,289)**	(505,554)
Acquisition of intangible assets arising from service concession arrangements	*7*	**(15,478,458)**	(19,861,441)
Proceeds from disposal of intangible assets arising from service concession arrangements		**--**	53,804
Concession contract receivables		**(664,416)**	(28,281,559)
Investment in short-term bank deposits		**--**	(49,500,000)
Maturity of investment in short-term bank deposits	*15*	**49,500,000**	--
Dividends received from investment in associate	*9*	**272,296**	--
Net cash generated from / (used in) investing activities		**31,682,482**	(100,667,728)
FINANCING ACTIVITIES			
Repayment of loan and borrowings		**(21,508,424)**	(21,094,256)
Proceeds from loans and borrowings		**--**	59,600,596
Dividends paid to shareholders	*18*	**(10,000,000)**	(5,000,000)
Payment of lease liabilities	*8*	**(2,212,314)**	(2,220,535)
Net cash (used in) / generated from financing activities		**(33,720,738)**	31,285,805
Net increase / (decrease) in cash and cash equivalent		**63,079,872**	(18,147,133)
Cash and cash equivalent at the beginning of the year		**65,195,737**	83,342,870
Cash and cash equivalents at the end of the year	*16*	**128,275,609**	65,195,737

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2020

1. REPORTING ENTITY

Miahona Company (the "Company") is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration numbered 1010253603 dated 16 Rajab 1429 H (corresponding to 20 July 2008).

The main activities of the Company and its subsidiaries (collectively referred to as "Group") are to engage in service concession contracts to establish, operate, maintain and lease of water and waste water treatment plants, dams, wells, sanitation. This also includes wholesale and retail trade of related equipment.

The Group has 50% participation in Miahona–Acciona Joint Venture, an unincorporated joint arrangement carrying out maintenance project (the "Project") for the National Water Company ("NWC") in the Kingdom of Saudi Arabia. A consortium agreement was signed on 20 September 2012. The consortium agreement sets out that all co-venturers have rights to, and obligations for, assets and liabilities of the joint arrangement to the extent of their respective participation share. Accordingly, the Group has classified this joint arrangement as a "Joint Operation". During the year 2015, Miahona-Acciona has issued their final financial statements dated 31 July 2015. As at the balance sheet date, the Group is in the process of liquidating the Joint Operation.

These consolidated financial statements comprise the financial statements of the Company and its following subsidiaries:

Name	Activities	Country of incorporation	Percentage of ownership (effective)	
			2020	2019
Industrial Cities Development and Operating Company **("ICDOC")** (refer note (a) below)	The main activity of ICDOC is to engage in the construction, operation and maintenance of water desalination stations, for industrial cities, water and wastewater networks, torrents networks, developing and operating industrial cities, constructing and operating of electricity stations for industrial cities, purchase of lands for constructions, developing and investing in buildings by sale and rent.	Saudi Arabia	**100%**	100%
Riyadh Water Production Company **("RWPC")** (refer note (b) below)	The main activity of RWPC is to engage in drilling all kind of water well, water technology, production, distribution transport, sell, sewerage, drainage, processors, re-use of water, sold, public construction contracting, piping, electrical work, mechanical work, maintenance, operations and road works.	Saudi Arabia	**100%**	100%
Al Jazzirah Environment Company **("JECO")** (refer note (c) below)	The main activity of JECO is operation and maintenance of water desalination plant including brackish and sea water, sewerage treatment plant, water and sewerage networks, and recycle water treatment and networks.	Saudi Arabia	**100%**	100%

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2020

1. REPORTING ENTITY (CONTINUED)

(a) On 1 January 2015, the Company acquired 90% of the share capital of ICDOC, a Limited Liability Company registered in Jeddah, Kingdom of Saudi Arabia. The purchase consideration is to be settled by issuing shares of the Company amounting to SR 138,305,889. Further, on 1 January 2018, the Company acquired the remaining 10% of the share capital. The purchase consideration is to be settled by issuing shares of the Company amounting to SR 18,468,607. However, the related legal formalities of such acquisition are not completed as at 31 December 2020.

ICDOC is engaged in the following service concession arrangements as at the reporting date:

- A service concession arrangement with the Saudi Authority for Industrial Cities and Technology Zones (MODON) in Jeddah dated 24 March 2002, effective from 15 March 2005, for rehabilitating, operating and maintaining the wastewater plant and related network system ("wastewater treatment facilities") of Jeddah Industrial city. The wastewater treatment facilities will be transferred back to MODON at the end of the concession arrangement period of 20 years.

- A service concession arrangement with MODON for industrial cities in Dammam and Al-Ahsa dated 22 October 2007, effective from 30 January 2008, for rehabilitating, operating and maintaining the water utilities and wastewater plant and related network system ("water utilities and wastewater treatment facilities") of the first and second industrial cities in Dammam and building, operating and maintaining the water utilities and wastewater treatment facilities of the first industrial city in Al-Ahsa. The water utilities and wastewater treatment facilities inindustrial cities in Dammam and Al-Ahsa will be transferred back to MODON at the end of the concession arrangement period of 30 years.

(b) On 9 February 2015, the Company formed RWPC through injecting cash of SR 495,000 equal to 99% of its shares. On 1 January 2018, the Company acquired remaining 1% of the share capital of RWPC. The purchase consideration is to be settled by issuing shares of the Company amounting to SR 107,878. However, the related legal formalities of such acquisition are not completed as at 31 December 2020.

RWPC is engaged in a service concession arrangement with the General Authority of Civil Aviation (GACA) dated 15 September 2015 to perform the following:

- remediate, operate and maintain the existing Water Treatment Station ("WTS").
- further, develop, own, finance engineer, design, procure, construct, commission, start up and test the new WTS.
- operate, maintain and transfer the new WTS.

(c) The Company acquired 99% of the share capital of JECO, against a cash consideration of SR 1,083,613 and by issuing shares of the Company amounting to SR 3,416,387. On 1 January 2018, the Company acquired remaining 1% of the share capital of JECO. The purchase consideration is to be settled by issuing shares of the Company amounting to SR 126,782. However, the related legal formalities of such acquisition are not completed as at 31 December 2020.

JECO is a subcontractor for operations and maintenance of the above service concession contracts.

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2020

2. BASIS OF PRESENTATION

2.1 Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (hereinafter referred to as "IFRSs").

2.2 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the defined employee benefits plan, which is measured at the present value of future obligations using the Projected Unit Credit Method. Further, these consolidated financial statements are prepared using the accrual basis of accounting and going concern concept.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (SR), which is the Group's functional currency. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

2.4 Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2020

3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGMENTS

In preparing these consolidated financial statements, management has made estimates and judgments that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the consolidated financial statements is included in the following notes:

- Note 2.4: Consolidation: whether the Group has de facto control over an investee; and
- Note 25: Revenue recognition: allocation of transaction price to performance obligations, measurement of significant financing component and whether revenue is recognized over time or at a point in time.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next reporting period is included in the following notes:

- Notes 7: Estimated useful lives intangible assets arising from service concession arrangements;
- Note 21: Measurement of defined employee benefits obligation - key actuarial assumptions; and
- Note 13: Trade receivables – allowance for impairment of trade receivables.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

a) Property and equipment

Items of property and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Property and equipment (continued)

The estimated useful lives of property and equipment for current and comparative periods are as follows:

Leasehold improvements	10 years or lease term whichever lower
Furniture and fixtures	4 - 10 years
Office equipment and computer	4 years
Machinery and equipment	5 years
Pump meters	2 - 5 years
Motor vehicles	4 years

The depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

b) Intangible assets

Intangible asset includes software which is stated at costs less accumulated amortisation.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit or loss as incurred.

Amortisation is provided over the estimated useful life of the software on a straight-line basis, at 25% per annum. The estimated useful life and amortisation method are reviewed at the end of each annual period, with the effect of any changes in estimate being accounted for over the remaining useful life.

c) Intangible assets arising from service concession arrangements

The Group recognizes an intangible asset when it has a contractual right to charge the public for usage of the concession infrastructure. The intangible asset is recognized equal to the consideration for providing construction or upgrade services in a service concession arrangement which is measured at cost including capitalized borrowing costs, less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

Amortization is calculated to write off the cost of intangible asset using the straight-line method over the period of concession arrangement or their estimated useful lives whichever is lower, and is recognised in profit or loss.

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Miahona Company Limited
(Limited Liability Company)
Notes to the consolidated financial statements
For the year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) *Leases (continued)*

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group elects not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

e) *Financial instruments*

I. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

II. Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Miahona Company Limited
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Notes to the consolidated financial statements
For the year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial instruments (continued)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Miahona Company Limited
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For the year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial instruments (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – subsequent measurement and gains and losses
Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

III. Derecognition

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) *Financial instruments (continued)*

IV. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

V. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) *Cash and cash equivalents*

For the purpose of the cash flow statement, cash and cash equivalents includes cash and bank balances, deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities up to three months from the date of acquisition and that are subject to an insignificant risk of change in value.

g) *Defined employee benefits obligation*

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined employee benefit plan
The Group's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount. These benefits are currently unfunded. The calculation of defined employee benefits obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (if any, excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the interest expense (income) on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Interest expense (income) and other expenses related to defined benefit plan, are recognised in profit or loss.

h) *Zakat*

The Group is subject to Zakat in accordance with the Zakat regulation issued by the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia which is subject to interpretations. Zakat is recognized in the consolidated income statement. Zakat is levied at a fixed rate of 2.5% of the zakat base as defined in the Zakat regulations.

The Group's management establishes provisions where appropriate on the basis of amounts expected to be paid to the GAZT and periodically evaluates positions taken in the Zakat returns with respect to situations in which applicable Zakat regulation is subject to interpretation. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Revenue

Service concession arrangement:

The Group entered into service concession arrangements with governmental authorities (the "Grantor"). As per terms of the arrangements it consists two Build-Operate-Transfer (the "BOT") arrangement and four Rehabilitate-Operate-Transfer (the "ROT") arrangement.

Under the BOT, the Group carries out construction work, operation and maintenance of new Water Treatment Station ("WTS") and water treatment facilities. The Group receives in return the rights to operate the service project concerned for a specified period of time (the "operation period"). As per terms of arrangement at the end of the operation period (i.e. 30 years from the date of commencement of operations) the new WTS and water facilities will be transferred to the Grantor with nil consideration.

Under the ROT, Group carries out remediation, operation and maintenance of the existing WTS and water utilities and wastewater treatment facilities.

i. The Group is obliged to operate the existing WTS up to the date of completion of the new WTS (date of commencement of operations). Once the new WTS is operational, the Group is required to gradually phase out the existing WTS from service.
ii. The Group receives in return the rights to operate the service project concerned for a period of 20 years and 30 years for Jeddah and Dammam, respectively (the "operation period"). As per terms of arrangement at the end of the operation period the water utilities and wastewater treatment facilities will be transferred to the Grantor with nil consideration.

The revenue is allocated as follows:

i) the construction revenue allocated to the construction service is recognised over the period that the construction services are provided;

ii) the operation and maintenance revenue allocated to the operation and maintenance service is recognised over the period that the operation and maintenance services are provided; and

iii) the financial revenue is recognised by applying the effective interest method to the amortised cost of financial assets over the period of the service concession arrangements.

Revenue under the contract is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to a customer on the satisfaction of the performance obligation.

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4. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

i) ***Revenue (continued)***

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers.

Type of service	Nature and timing of satisfaction of performance obligation
Management, engineering, project management and advisory services	Revenue comprises the value of works executed during the year. Revenue is recognized over time by using the percentage of completion method. In the case of unprofitable contracts, provision is made for foreseeable losses in full.
Construction revenue	Revenue from construction and rehabilitation services are recognized based on the actual service provided to the customer as a proportion of the total services to be provided.
Operation and maintenance revenue	Revenue from providing operation and maintenance services is recognized over a period of time as the related services are performed. Revenue for operation and maintenance services is linked to the output of the plant and revenue is recognized for the amount for which the Company has delivered the services.
Water treatment and supply	Revenue from providing operations services is recognized over a period of time as the related services are performed. Transaction price for operations service is linked to the output of the plant, and revenue is recognized for the amount for which the Group has delivered the services.
Connection services	Revenue from connection service is recognized over time. The amount received for construction services is recognized as revenue over the remaining service concession period. The unamortized balance of such revenue is classified as contract liabilities under non-current liabilities.

Contract assets

During the construction phase, revenue from construction services are initially recognized as contract assets. Once the construction is completed, the amounts recognised as contract assets are accounted for as receivables, if the Group has an unconditional right to receive the consideration in respect of the construction services, or as intangible assets, if the Group does not have an unconditional right to the consideration in respect of construction services and charges the public for the services.

j) ***Impairment***

I. Financial instruments

Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:
• financial assets measured at amortised cost;
• contract assets (as defined in IFRS 15).

Loss allowances for trade receivables and contract assets with or without significant financing component are always measured at an amount equal to lifetime ECL.

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4. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

j) ***Impairment (continued)***

Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Credit-impaired financial assets:

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position:

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off:

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

II. *Non-financial assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (Cash Generating Unit).

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Impairment (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value comprises estimated selling price in the ordinary course of business, less further costs to completion and appropriate selling and distribution costs.

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging and current condition, and current and future expectations with respect to operation and maintenance services as per the customer contracts. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales from service.

l) Foreign currency transactions

Transactions in foreign currencies are translated into the Group's functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognised in profit or loss.

m) Fair value measurement

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Fair value measurement (continued)

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

n) Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

o) Expenses

Costs incurred in relation to contracts and employees directly related to projects is classified as cost of revenue. All other expenses, excluding cost of sales and financial charges, are classified as administrative expenses. Allocations of common expenses between cost of revenue and administrative expenses, when required, are made on a consistent basis.

p) Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Group is required to transfer 10% of net profits to a statutory reserve until such reserve equals 30% of the paid-up capital. This reserve is not available for distribution to the shareholders of the Company.

q) Dividends

Interim dividends are recorded as a liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders.

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5. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Office equipment and computer	Machinery and equipment	Pump meters	Motor vehicles	Total
Cost:							
As at 1 January 2019	128,262	6,843,645	3,793,499	4,345,775	1,240,500	5,161,571	**21,513,252**
Additions during the year	377,905	920,889	94,639	192,212	--	1,073,564	**2,659,209**
Disposals during the year	--	(3,160)	(22,680)	--	--	(164,562)	**(190,402)**
As at 31 December 2019	**506,167**	**7,761,374**	**3,865,458**	**4,537,987**	**1,240,500**	**6,070,573**	**23,982,059**
Additions during the year	**259,598**	**453,968**	**389,933**	**327,837**	--	**194,315**	**1,625,651**
Disposals during the year	--	--	**(24,365)**	--	--	--	**(24,365)**
As at 31 December 2020	**765,765**	**8,215,342**	**4,231,026**	**4,865,824**	**1,240,500**	**6,264,888**	**25,583,345**
Depreciation:							
As at 1 January 2019	6,250	4,580,750	2,566,151	2,667,430	1,240,499	3,231,357	**14,292,437**
Charge for the year	29,486	778,477	411,320	1,115,732	1	1,092,247	**3,427,263**
Disposals during the year	--	(3,159)	(11,370)	--	--	(53,557)	**(68,086)**
As at 31 December 2019	**35,736**	**5,356,068**	**2,966,101**	**3,783,162**	**1,240,500**	**4,270,047**	**17,651,614**
Charge for the year	**56,897**	**497,093**	**300,249**	**595,434**	--	**1,104,395**	**2,554,068**
Disposals during the year	--	--	**(13,332)**	--	--	--	**(13,332)**
As at 31 December 2020	**92,633**	**5,853,161**	**3,253,018**	**4,378,596**	**1,240,500**	**5,374,442**	**20,192,350**
Net book value:							
As at 31 December 2020	**673,132**	**2,362,181**	**978,008**	**487,228**	--	**890,446**	**5,390,995**
As at 31 December 2019	470,431	2,405,306	899,357	754,825	--	1,800,526	**6,330,445**

Depreciation charge for the year is allocated to cost of revenue and general and administration expenses as follows:

	2020	2019
Cost of revenue (note 26)	**1,820,928**	2,422,138
General and administrative expenses (note 28)	**733,140**	1,005,125
	2,554,068	3,427,263

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6. INTANGIBLE ASSETS

	Software	Intangibles under development	Total
Cost:			
As at 1 January 2019	506,242	803,741	**1,309,983**
Additions during the year	25,521	480,033	**505,554**
Transfers during the year	1,283,774	(1,283,774)	--
As at 31 December 2019	**1,815,537**	--	**1,815,537**
Additions during the year	**321,289**	--	**321,289**
As at 31 December 2020	**2,136,826**	--	**2,136,826**
Accumulated amortization:			
As at 1 January 2019	155,435	--	**155,435**
Charge for the year	351,035	--	**351,035**
As at 31 December 2019	**506,470**	--	**506,470**
Charge for the year	**446,986**	--	**446,986**
As at 31 December 2020	**953,456**	--	**953,456**
Net carrying value:			
As at 31 December 2020	**1,183,370**	--	**1,183,370**
As at 31 December 2019	1,309,067	--	**1,309,067**

7. INTANGIBLE ASSETS ARISING FROM SERVICE CONCESSION ARRANGEMENTS

	31 December 2020	31 December 2019
Cost:		
As at the beginning of the year	**651,770,028**	634,120,930
Additions during the year	**15,478,458**	19,861,441
Write-off / disposals during the year	**(950,800)**	(2,212,343)
As at the end of the year	**666,297,686**	651,770,028
Accumulated amortization:		
As at the beginning of the year	**242,770,659**	207,156,841
Charge for the year (note 26)	**37,653,484**	37,557,369
Write-off / disposals during the year	**(930,742)**	(1,943,551)
As at the end of the year	**279,493,401**	242,770,659
Net book value:		
As at 31 December	**386,804,285**	408,999,369

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7. INTANGIBLE ASSETS ARISING FROM SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

Intangible assets arising from service concession arrangements includes below costs:

- the cost of the rehabilitation of water utilities and wastewater treatment facilities for the first and second industrial cities of Dammam;
- the cost of construction of water utilities and wastewater treatment facilities for the first industrial city of Al-Ahsa;
- the cost of the rehabilitation of water utilities and wastewater treatment facilities for reverse osmosis plant at the second industrial city in Dammam; and
- the cost for the rehabilitation of wastewater treatment facilities for Jeddah Industrial City.

Included in additions during the year are finance charges amounting to SR 359,025 (31 December 2019: SR 1,632,767).

8. RIGHTS-OF-USE ASSETS AND LEASE LIABILITIES

	31 December 2020	31 December 2019
Right-of-use assets		
At the beginning of the year	**14,206,895**	14,395,268
Addition during the year	**935,179**	1,783,419
Depreciation charge for the year:		
Cost of revenue (note 26)	**(745,603)**	(903,832)
General and administrative expenses (note 28)	**(1,067,186)**	(1,067,960)
	(1,812,789)	(1,971,792)
Derecognition during the year	**(5,705,007)**	--
Balance as at 31 December 2020	**7,624,278**	14,206,895
Lease liabilities		
At the beginning of the year	**14,107,462**	13,916,091
Addition during the year	**935,179**	1,783,419
Lease payments	**(2,212,314)**	(2,220,535)
Interest on lease liabilities	**370,540**	628,487
Derecognition during the year	**(5,761,921)**	--
Balance as at 31 December 2020	**7,438,946**	14,107,462
Classified as:		
- Non-current	**5,330,052**	11,697,048
- Current	**2,108,894**	2,410,414
	7,438,946	14,107,462

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9. INVESTMENT IN ASSOCIATE

	Ownership %	31 December 2020	31 December 2019
Jeddah Water Service Limited	50	--	200,183

On 4 August 2019, the shareholders of the Company resolved to liquidate the investment in Jeddah Water Services Limited. As at 31 December 2020, the legal formalities pertaining to liquidating the investment in associate are under progress.

Movement in investment in associate is as follows:

	31 December 2020	31 December 2019
Balance at the beginning of the year	200,183	279,859
Share in profit / (loss) of investment in associate	72,113	(79,676)
Dividends received during the year	(272,296)	--
Balance at the end of the year	--	200,183

10. CONCESSION CONTRACT RECEIVABLES

	31 December 2020	31 December 2019
Concession contract receivables	296,833,958	296,169,542
Classified as:		
- Non-current	20,151,768	20,151,768
- Current	276,682,190	276,017,774
	296,833,958	296,169,542

The movement in concession contract receivables is as follows:

	31 December 2020	31 December 2019
Balance at the beginning of the year	296,169,542	--
Transferred from contract assets	--	299,108,346
Finance income during the year	15,566,184	8,033,830
Additions during the year	5,250,000	--
Concession receivable amortization	(20,151,768)	(10,972,634)
Balance at the end of the year	296,833,958	296,169,542

During the year 2019, the Group completed the construction of the new Water Treatment Station ("WTS"). Accordingly, the contract asset arising from construction services was transferred to concession contract receivables.

The movement in contract assets relating to the concession contract receivables is as follows:

	31 December 2020	31 December 2019
Balance at the beginning of the year	--	267,887,983
Finance income during the year	--	6,760,586
Additions during the year	--	24,459,777
Transferred to concession contract receivables	--	(299,108,346)
Balance at the end of the year	--	--

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11. ADVANCES

	31 December 2020	31 December 2019
Advances to suppliers	**1,746,695**	2,927,179

12. INVENTORIES

	31 December 2020	31 December 2019
Spare parts	**2,197,271**	2,100,786
Consumables	**1,201,154**	1,231,414
Chemicals and other	**1,007,494**	584,689
	4,405,919	3,916,889
Provision for slow moving	**(435,909)**	(435,909)
	3,970,010	3,480,980

13. TRADE AND OTHER RECEIVABLES

	31 December 2020	31 December 2019
Trade receivables	**105,391,121**	95,881,614
Less: Impairment allowance for trade receivables	**(8,744,653)**	(8,778,838)
	96,646,468	87,102,776
Due from related parties (note 30.2)	**836,508**	4,637,000
Staff and other receivables	**4,619,742**	4,663,383
	102,102,718	96,403,159

The movement of impairment loss is as follows:

	31 December 2020	31 December 2019
At the beginning of the year	**8,778,838**	8,132,463
Impairment loss for the year	**167,241**	646,375
Written-off during the year	**(201,426)**	--
At the end of the year	**8,744,653**	8,778,838

14. PREPAYMENTS AND ADVANCES

	31 December 2020	31 December 2019
Prepayments and other current assets	**3,758,216**	3,240,587
Advances to suppliers	**2,943,791**	2,080,319
	6,702,007	5,320,906

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15. SHORT-TERM BANK DEPOSITS

	31 December 2020	31 December 2019
Short-term bank deposits	--	49,500,000

As at 31 December 2020, the Group does not hold short-term deposits with local commercial banks (31 December 2019 SR: 49.5 million). The term deposits had original maturities of more than 3 months and less than 12 months.

16. CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash in hand	**78,017**	68,434
Cash at bank – current accounts	**124,280,292**	61,210,003
Cash at bank – margin deposit account	**3,917,300**	3,917,300
	128,275,609	65,195,737

As at 31 December 2020, an amount of SR 3.9 million (31 December 2019: SR 3.9 million) is restricted and is held in margin accounts against bank guarantees issued by the Group.

17. SHARE CAPITAL

17.1 Share capital is divided into 5,000 shares of SR 100 each (31 December 2019: 5,000 shares of SR 100 each). The share capital is distributed as follow:

	Number of shares	Percentage holding
Vision International Investment Company	4,750	95%
Estydama Projects Company	250	5%
	5,000	**100%**

17.2 The Group proposed to increase its capital, as follows:

	31 December 2020	31 December 2019
Acquisition of ICDOC (a)	**156,774,496**	156,774,496
Acquisition of JECO (b)	**3,543,169**	3,543,169
Acquisition of RWPC (c)	**107,878**	107,878
	160,425,543	160,425,543

a) On 1 January 2015 and 1 January 2018, the Company acquired 90% and 10% shares of ICDOC, a Limited Liability Company incorporated in the Kingdom of Saudi Arabia, respectively. However, the related legal formalities of such acquisition are not completed as at 31 December 2020. As per the sale purchase agreement, the Company has acquired ICDOC from Vision International Investment Company (VIIC). The purchase consideration is to be settled by issuing shares of the Company amounting to SR 138,305,889 and SR 18,468,607 to VIIC for the shares in ICDOC acquired at 1 January 2015 and 1 January 2018 respectively. However, as at 31 December 2020, the Company has not issued those shares and the amount is shown as a contribution towards share capital.

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17. SHARE CAPITAL (CONTINUED)

b) On 1 January 2015 and 1 January 2018, the Company has acquired 99% and 1% shares of JECO, a Limited Liability Company incorporated in the Kingdom of Saudi Arabia, respectively. However, the related legal formalities of such acquisition are not completed as at 31 December 2020. The shares in JECO acquired in 2015, have been acquired by the Company in exchange for consideration in cash amounting to SR 1,083,613 and issuing shares of the Company amounting to SR 3,416,387. The shares in JECO acquired in 2018 have been acquired by the Company in exchange for issuing shares of the Company amounting to SR 126,782. However, as at 31 December 2020, the Company has not issued those shares and the amount is shown as a contribution towards share capital.

c) On 1 January 2018, the Company acquired 1% shares of RWPC, a Limited Liability Company incorporated in the Kingdom of Saudi Arabia. As per the sale purchase agreement the Company has acquired RWPC from VIIC. The purchase consideration is to be settled by issuing shares of the Company amounting to SR 107,878 to VIIC. However, as at 31 December 2020, the Company has not issued those shares and the amount is shown as a contribution towards share capital.

18. DIVIDENDS

During the year ended 31 December 2020, the Company has paid dividend of SR 10,000,000 (31 December 2019: SR 5,000,000) to its shareholders.

19. FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2020	31 December 2019
Fair value of derivative financial instruments	**8,777,996**	6,745,292

The Group has interest rate hedging contracts with several banks to hedge the fluctuations in interest rates on loans for a notional amount of SR 208,039,691 (31 December 2019: SR 233,138,723). The hedging contracts are based on the swap between the Group and the banks of fixed rates against floating rates on the original loan amounts every three months.

All derivatives as at 31 December 2020 are classified as cash flow hedges. Derivatives are classified as non-current assets and as non-current liabilities depending on the expiration date of the financial instruments.

Movement in the fair value of derivative instruments is as follows:

	31 December 2020	31 December 2019
Balance at the beginning of the year	**6,745,292**	160,521
Cash flow hedges – effective portion of changes in fair value	**2,032,704**	6,584,771
Balance at the end of the year	**8,777,996**	6,745,292

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate of the underlying derivative contract may have a significant impact on the equity of the Group.

The Group measures fair value of derivative instruments at each reporting date.

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20. LOANS AND BORROWINGS

	31 December 2020	31 December 2019
Murabaha term loan (a)	**214,015,000**	222,295,000
Murabaha term loan (b)	**228,866,296**	232,986,279
Saudi Industrial Development Fund ("SIDF") (c)	**9,000,000**	18,000,000
Equity bridge loan (d)	**58,856,405**	58,856,405
	510,737,701	532,137,684
Less: Borrowing cost subject to amortization	**(8,287,739)**	(8,179,298)
Amortized cost of term loans	**502,449,962**	523,958,386
Less: current portion of term loans	**(95,227,067)**	(30,399,983)
	407,222,895	493,558,403

a. Murabaha facility from a local bank in the form of a term loan amounting to SR 230,000,000 which was partly utilised to pay back the outstanding loan from another bank. This facility is secured by irrevocable and unconditional assignment of proceeds from the Dammam and Jeddah projects. These facilities carry financing costs based on Saudi Inter Bank Offer Rate ("SIBOR") plus margin and mature by 28 February 2026. The facilities are repayable in unequal semi-annual instalments till maturity. As at 31 December 2020, the Group is in compliance with stipulated loan covenants.

b. The Group signed a Murabaha term loan facility agreement amounting to SR 243,786,000 with a consortium of commercial banks for the purpose of financing the construction of Water Treatment Station of RWPC. The loan is secured by mortgage of the site and the plant. The commission on this loan is charged at a floating rate based on SIBOR plus a margin. The loan agreement contains covenants, which include among other things, the maintenance of certain financial ratios. The loan is repayable in semi-annual installments with the first installment paid on 30 November 2017 and last installment due on 30 November 2038. As at 31 December 2020, the Group is in compliance with stipulated loan covenants.

c. The Group has a term loan from Saudi Industrial Development Fund ("SIDF") amounting to SR 65,300,000. This loan is secured by joint and several guarantees of the partners of the subsidiary company, promissory notes signed by the partners of the subsidiary company, unconditional and irrevocable assignment of the proceeds from certain projects. The loan is repayable in unequal semi-annual instalments till maturity. The loan carries financing costs based on prevailing market rates and had an original maturity of 30 November 2020. However, under governement initiatvies during the COVID pandemic, the repayment of loan was deferred by SIDF till January 2021. As at 31 December 2020, the subsidiary company had breached one of the financial covenants of the loan relating to payment of dividends. However, subsequent to the year end on 17 March 2021, the loan was fully repaid by the Company.

d. The Group signed an equity bridge loan (EBL) Murabaha Facility Agreement with Saudi Hollandi Bank for the purpose of financing the construction of the Water Treatment Station. The loan is secured by guarantees from the partners. The commission on this loan is charged at a floating rate based on SIBOR plus a margin. The loan agreement contains covenants, which include among other things, maintenance of certain financial ratios. The full amount of the loan is repayable on 30 November 2021. As at 31 December 2020, the Group is in compliance with all stipulated loan covenants.

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21. DEFINED EMPLOYEE BENEFITS OBLIGATION

The Group is committed to the following un-funded post-employment defined benefit plan:

In Kingdom of Saudi Arabia, the plan entitles an employee who completed over two but less than five years of service, to receive a payment equal to one-third of their final monthly salary for each completed year of service. Similarly, an employee who completed over five but less than ten years of service, to receive a payment equal to two-third of their final monthly salary for each completed year of service. Further, an employee who completed over ten years of service, to receive a payment equal to their final salary for each completed year of service.

The following table shows a reconciliation of opening balances to the closing balances for defined employee benefits obligation:

	31 December 2020	31 December 2019
Balance at beginning of year	**12,673,102**	11,350,313
Included in profit and loss		
Current service cost	**2,318,511**	2,157,959
Interest cost	**397,379**	549,866
	2,715,890	2,707,825
Included in other comprehensive income		
Actuarial (gain) / loss on defined employee benefits obligation	**(414,391)**	54,287
Others		
Benefit paid	**(1,788,447)**	(1,439,323)
Transferred from related parties	**370,981**	--
Balance at end of year	**13,557,135**	12,673,102

Significant actuarial assumptions

The significant assumptions used in determining defined benefit obligations for the year ended are as follows:

	31 December 2020	31 December 2019
Economic assumptions		
Discount rate	**2.20%**	2.95%
Weighted average future salary increases	**2.20%**	2.95%
Demographic assumptions		
Mortality rate	**75%**	75%
Retirement age	**60**	60
Turnover	**Moderate**	Moderate

Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 December 2020		31 December 2019	
Sensitivity level	***Increase of 0.5%***	***Decrease of 0.5%***	*Increase of 0.5%*	*Decrease of 0.5%*
Discount rate	**(834,426)**	**520,727**	(606,475)	657,435
Salary growth rate	**551,541**	**(868,650)**	686,451	(638,649)

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22. OTHER NON-CURRENT LIABILITIES

	31 December 2020	31 December 2019
Payable to MODON	**19,725,069**	23,263,647
Contract liabilities	**10,955,842**	8,949,699
	30,680,911	32,213,346

Pursuant to an amendment to the original concession arrangement with MODON, a reverse osmosis plant for water utilities and wastewater treatment facilities at the second industrial city in Dammam was made available to the Group and the consideration payable was recognized as a non-current liability. This is payable to MODON from the proceeds of the operation of the reverse osmosis plant, as stipulated in the amendment to the concession arrangement.

23. TRADE AND OTHER PAYABLES

	31 December 2020	31 December 2019
Trade payables	**21,427,181**	17,160,703
Accrued expenses	**54,321,356**	50,608,598
Due to related parties (note 30.3)	**17,049,562**	16,026,332
Retention payable	**846,225**	1,842,040
Advance from customer	**1,033,044**	808,681
Other	**3,960,880**	1,588,286
	98,638,248	88,034,640

24. ZAKAT

Charge for the year

The charge for the year represents Zakat charged in the consolidated statement of profit or loss for the Group.

The Group comprise of Saudi companies which present their financial statements and file their Zakat declarations, where applicable, on individual basis to the General Authority of Zakat and Tax (the "GAZT") in the Kingdom of Saudi Arabia.

The movement for the year was as follows:

	31 December 2020	31 December 2019
At the beginning of the year	**3,532,124**	2,924,433
Charge for the year	**3,984,167**	2,715,717
Payments during the year	**(2,990,751)**	(2,108,026)
At the end of the year	**4,525,540**	3,532,124

Status of assessments

As of 31 December 2020, the Group entities have filed Zakat declarations with GAZT for all years up to 2019.

Miahona Company Limited	GAZT raised an assessment pertaining to Zakat declaration of 2018, which is still not finalized by GAZT. Zakat declaration for the year 2019 is yet to be assessed by GAZT.
ICDOC	GAZT raised an assessment pertaining to Zakat declaration of 2015, which is still not finalized by GAZT. Zakat declarations for the years 2016 to 2019 are yet to be assessed by GAZT.
JECO	GAZT raised an assessment order of SR 14,220 pertaining to Zakat declaration of 2015, which was paid on 30 March 2021. Zakat declarations for the years 2016 to 2019 are yet to be assessed by GAZT.
RWPC	Zakat declarations for the years 2015, 2017 and 2019 are yet to be assessed by GAZT.

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25. REVENUE

a) Revenue from contract with customers

	2020	2019
Revenue recognised under service concession arrangements:		
Water and wastewater services	**184,494,642**	189,958,595
Construction revenue	**20,728,458**	44,321,216
Management services	--	1,896,281
Operation and maintenance revenue	**23,011,346**	26,196,963
	228,234,446	262,373,055

Service concession arrangements

The Group recognises revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*. Revenue from the service concession arrangement is recognized as follows:

i. The amount of consideration to which the Group expects to be entitled from the Grantor for the services provided is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement with GACA, the Group is obliged to Build-Operate-Transfer a Water Treatment Station ("WTS") for 30 years and to Rehabilitate-Operate-Transfer the existing WTS during the construction period.

The total expected consideration over 30 years is allocated to the performance obligations based on the relative stand-alone selling prices of the construction services and operation & maintenance services, taking into account the significant financing component, as follows:

- The Group estimates the relative stand-alone selling price by reference to the forecast cost plus 5%.
- The Group estimates the relative stand-alone selling price by reference to the forecast cost plus 7.7%.
- The implied interest rate of 5.2% is assumed to be the rate that would be reflected in a financing transaction between the Group and the Grantor.

ii. The amount of consideration to which the Group is entitled to by providing services to the public is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement with MODON, the Grantor is not obliged to make any payment to the Group and the Group earns revenue by providing services to the public and charging them for the same. Accordingly, the revenue earned from construction services is recognized as an intangible asset under IFRIC 12.

b) Disaggregation of revenue from contract with customers

The Group has disaggregated revenue into various categories as shown in Note 25(a) which is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by the economic data.

	2020	2019
Timing of revenue recognition		
- Services transferred over time	**227,584,846**	260,376,582
- Services at point in time	**649,600**	1,996,473
	228,234,446	262,373,055

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25. REVENUE (CONTINUED)

c) *Contract balances*

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Note	**31 December 2020**	31 December 2019
Receivables, which are included in trade receivables	*13*	**105,391,121**	95,881,614
Concession contract receivables	*10*	**296,833,958**	296,169,542
Contract liabilities	*22*	**10,955,842**	8,949,699

26. COST OF REVENUE

	2020	2019
Salaries and employee related costs	**40,647,460**	47,362,568
Amortization of intangible assets arising from service concession (note 7)	**37,653,484**	37,557,369
Royalty	**22,168,747**	21,128,181
Electricity	**18,426,851**	17,373,531
Subcontract costs	**9,853,369**	9,743,500
Maintenance service, spare parts and consumables	**6,997,411**	7,259,551
Chemicals	**5,884,261**	7,269,183
Sludge transportation and violated treatment	**2,136,940**	3,197,510
Insurance expense	**2,094,283**	1,146,469
Depreciation (note 5)	**1,820,928**	2,422,138
Depreciation of right-of-use assets (note 8)	**745,603**	903,832
Professional fees	**16,500**	1,276,999
Operation rent	**--**	1,851,105
Other	**6,937,535**	6,230,668
Operation cost	**155,383,372**	164,722,604
Construction cost	**15,754,268**	42,120,000
	171,137,640	206,842,604

27. OTHER INCOME

	2020	2019
Interest income	**555,474**	662,348
Other	**476,478**	149,923
	1,031,952	812,271

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28. GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
Business development expense	**13,042,125**	4,635,757
Salaries and employee related costs	**8,161,882**	8,381,051
IT cost and other utilities	**1,519,771**	1,398,283
Professional fees	**1,238,640**	1,487,622
Depreciation of right-of-use assets (note 8)	**1,067,186**	1,067,960
Depreciation (note 5)	**733,140**	1,005,125
Advertising and training	**548,154**	312,019
Amortization (note 6)	**446,986**	351,035
Business travel	**86,519**	607,917
Loss on disposal of intangible assets arising from concession arrangement	**--**	214,988
Other	**785,207**	1,771,010
	27,629,610	21,232,767

29. FINANCE COSTS

	2020	2019
Interest on loans and borrowings	**23,826,147**	25,754,453
Bank charges	**384,960**	318,873
Interest on lease liabilities (note 8)	**370,540**	628,487
	24,581,647	26,701,813

30. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors and key management personnel of the Group, and entities jointly controlled or significantly influenced by such parties. In the ordinary course of its activities, the Group transacts with related parties at terms mutually agreed between the parties. Balances and transactions between the Group entities are eliminated on consolidation. Details of major transactions and balances between the Group and other related parties are as follows:

Name of related party	Nature of relationship
Abdullah Abunayyan Holding	Shareholder of the ultimate parent company
Vision International Investment Company (VIIC)	Shareholder and ultimate parent company
Estydama Projects Company	Shareholder
Acciona Aqua	Joint operations partner
Jeddah Water Services	Associate
Toledo Arabia Company	Affiliate
Advanced Piping Solution Company	Affiliate
Beatona Company Limited	Affiliate
Saudi Tumpane Company	Affiliate
Welspun Middle East Pipes Company	Affiliate
Middle East Paper Company (MEPCO)	Affiliate
Water Treatment and Environment Company (WTECO)	Affiliate
Abunayyan Trading Company	Affiliate

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30. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

30.1 Related party transactions

	Nature of transaction	*Transactions* **2020**	*Transactions* 2019
Toledo Arabia Company	Employee cost	--	38,654
Middle East Paper Company	Sales	**5,475,119**	4,497,922
Jeddah Water Services ("JWS")	Expenses paid on behalf of JWS	--	227,166
Vision International Investment Company	Expenses paid on behalf of VIIC	**1,608,461**	3,832,903
	Services received	**(4,921,869)**	--
	Defined employee benefit obligation transferred from the Company	**370,981**	--
Water Treatment an Environment Company	Services received	**1,112,610**	2,172,807
Abunayyan Trading Company	Services received	**1,322,878**	10,834,332
Abdullah Abunayyan Holding	Services rendered	--	(731,327)
Beatona Company Limited	Expenses paid on behalf of the Company	**44,335**	--

30.2 Due from related parties

	31 December 2020	31 December 2019
Middle East Paper Company	**508,780**	360,006
Toledo Arabia Company	**204,014**	204,014
Vision International Investment Company	**71,501**	3,384,909
Beatona Company Limited	**44,335**	--
Jeddah Water Services	**7,878**	511,436
Multiform Saudi Company	--	168,213
Other	--	8,422
	836,508	4,637,000

30.3 Due to related parties

	31 December 2020	31 December 2019
Abunayyan Trading Company	**14,472,796**	13,149,918
Water Treatment and Environment Company	**1,759,141**	1,665,204
Abdullah Abunayyan Holding	**808,946**	808,946
Acciona Aqua	**2,678**	396,263
Saudi Tumpane Company	**6,001**	6,001
	17,049,562	16,026,332

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31. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Management assessed that the fair values of cash and cash equivalents, trade and other receivables, trade and other payables approximate their carrying values largely due to the short-term maturities of these financial instruments.

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31. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

A. *Accounting classification and fair values*

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value, if the carrying amount is a reasonable approximation of fair value.

31 December 2020	***Carrying amount***	***Fair value***			
		Level 1	***Level 2***	***Level 3***	***Total***
Financial liabilities measured at fair value					
Fair value of derivative financial instruments	**8,777,996**	**--**	**8,777,996**	**--**	**8,777,996**

31 December 2019	*Carrying amount*	*Fair value*			
		Level 1	*Level 2*	*Level 3*	*Total*
Financial liabilities measured at fair value					
Fair value of derivative financial instruments	6,745,292	--	6,745,292	--	6,745,292

Fair value of derivative financial instruments determined at level 2 represents derivate financial liability/ (assets). The fair value is calculated as the present value of estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash flow are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark rate used by market participants for this purpose when pricing interest rate swaps.

The following table shows the carrying amounts of financial assets and financial liabilities. Carrying value of these financial assets and financial liabilities not measured at fair value is a reasonable approximation of fair value.

Financial instruments by category	**31 December 2020**	31 December 2019
	Carrying amount	
Financial assets at amortized cost		
Cash and cash equivalents	**128,275,609**	65,195,737
Trade and other receivables	**102,102,718**	96,403,159
Concession contract receivables	**296,833,958**	296,169,542
	527,212,285	457,768,438

	31 December 2020	31 December 2019
	Carrying amount	
Financial liabilities at amortized cost		
Loans and borrowings	**502,449,962**	523,958,386
Trade and other payables	**98,638,248**	88,034,640
Other non-current liabilities	**30,680,911**	32,213,346
	631,769,121	644,206,372

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31. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B. *Financial risk management*

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

C. *Risk management framework*

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors are responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's board of directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Group.

i. *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

No impairment losses on financial assets have been recognized in profit or loss relating to receivables from related parties during the years ended 31 December 2020 and 2019. The Group considers the trade receivables from related parties to have low credit risk as these related parties with their existing financial position and future cash flows are expected to meet their contractual cash flow obligations in the near term. Furthermore, no adverse changes in economic and business conditions in the longer term are expected to reduce their ability to fulfil their contractual cash flow obligations.

Expected credit loss assessment for corporate customers

The Group's exposure to credit risk is influenced mainly by the individual characteristics of its each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and sector in which customers operate.

The Group established a credit policy under which each new customer is analyzed individually for creditworthiness before the entity's standard payment and delivery terms and conditions are offered. The review includes financial statements, industry information and in some cases bank references. Sale limits are established for each customer and reviewed periodically. The Group limits its exposure to credit risk by offering credit terms which are typically not longer than three months on average.

In monitoring customer credit risk, customers are grouped according to their credit characteristics (including the type of customer such as retail/wholesale etc.), trading history with the Group and existence of previous financial difficulties.

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31. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

C. Risk management framework (continued)

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables which comprise a large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different types of counterparties based on the following common credit risk characteristics such as geographic region and age of customer relationship.

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth.

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

	31 December 2020			31 December 2019		
	Gross carrying amount	***Weighted-average loss***	***Loss allowance (%)***	*Gross carrying amount*	*Weighted-average loss*	*Loss allowance (%)*
Not due	**30,276,579**	**220,756**	**0.7%**	37,403,582	116,583	0.3%
1–90 days	**9,840,464**	**171,377**	**1.7%**	14,238,232	110,472	0.8%
91–180 days	**12,688,060**	**278,335**	**2.2%**	12,604,677	204,725	1.6%
181–270 days	**11,831,031**	**45,002**	**0.4%**	11,140,444	95,013	0.9%
271–360 days	**11,604,357**	**26,464**	**0.2%**	11,408,550	91,355	0.8%
More than 360 days	**29,150,630**	**8,002,719**	**27.5%**	9,086,129	8,160,690	89.8%
	105,391,121	**8,744,653**		95,881,614	8,778,838	

Cash and cash equivalents

The Group held cash at bank amounting to SR 128.2 million (31 December 2019: SR 65.1 million), which are held with banks with sound credit rating.

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables). The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

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31. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

C. Risk management framework (continued)

ii. Liquidity risk (continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

		Contractual cash flows			
31 December 2020	***Carrying amount***	***1-12 months***	***1 – 5 years***	***More than 5 years***	***Total***
Due to related parties	**17,049,562**	**17,049,562**	**--**	**--**	**17,049,562**
Trade and other payables	**80,555,642**	**80,555,642**	**--**	**--**	**80,555,642**
Loans and borrowings	**502,449,962**	**109,232,968**	**269,448,764**	**232,022,561**	**610,704,293**
Payable to MODON	**19,725,069**	**3,538,577**	**16,186,492**	**--**	**19,725,069**
Lease liabilities	**7,438,946**	**2,215,198**	**4,767,837**	**1,830,333**	**8,813,368**
	627,219,181	**212,591,947**	**290,403,093**	**233,852,894**	**735,156,567**

		Contractual cash flows			
31 December 2019	*Carrying amount*	*1-12 months*	*1 – 5 years*	*More than 5 years*	*Total*
Due to related parties	16,026,332	16,026,332	--	--	16,026,332
Trade and other payables	72,008,308	72,008,308	--	--	72,008,308
Payable to MODON	23,263,647	3,538,577	17,634,419	2,090,650	23,263,646
Loans and borrowings	523,958,386	52,325,835	331,674,822	307,974,703	691,975,360
Lease liabilities	14,107,462	2,360,539	8,904,033	6,763,667	18,028,239
	649,364,135	146,259,591	358,213,274	316,829,020	821,301,885

iii. Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Exposure to currency risk

Currency risk is the risk that the value of a financial instruments will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars. The Saudi Riyal is pegged to the US Dollar.

32. CAPITAL MANAGEMENT

For the purposes of the Group's capital management, capital includes assigned capital and all equity reserves attributable to Group's shareholders. The primary objective of the Group's capital management is to maximise value to the shareholder equity. Other objectives include maintaining a positive capital base so as to maintain market and government confidence and to enable development of business in Saudi Arabia.

Management achieve these objectives through operating the Group as optimally as possible and through maintaining adequate positive cash flows. Management ensure that it meets its financial commitments, its statutory and legal obligations and evaluates whether any additional support may be required in the form of capital contributions.

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33. CONTINGENCIES AND COMMITMENTS

As of 31 December, the Group had the following contingencies and commitments:

	31 December 2020	31 December 2019
Performance guarantees outstanding	13,925,796	4,417,300
Commitments related to engineering procurement contracts	–	5,000,000

Operating lease commitment
The Group has operating lease for staff accommodation in Dammam. Rent expense for the year ended 31 December 2020 is SR 175,000 (2019: 'Nil'). Future rental commitments are SR 160,000 under the operating lease, all of which are due within one year.

34. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new pronouncements are effective for annual years beginning on or after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements:

- COVID-19 Related Rent Concessions (Amendment to IFRS 16)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

35. IMPACT OF COVID-19 ON THE GROUP'S OPERATIONS AND THE FINANCIAL STATEMENTS

During March 2020, the World Health Organization ("WHO") declared the Coronavirus ("COVID 19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Kingdom of Saudi Arabia in particular implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

In response to the spread of the COVID 19 in the Kingdom of Saudi Arabia and its resulting disruptions to the social and economic activities, the Group's management has proactively assessed its impacts on its operations and has taken a series of preventive measures to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuous supply of its services. The Group's business operations largely remain unaffected from various bans and restrictions imposed by various regulatory authorities having limited exemption from curfew hours to ensure the supply of services. Based on these factors, the Group's management believes that the COVID 19 pandemic has had no material effect on the Group's financial performance for the year ended 31 December 2020. The Group's management continues to monitor the situation closely.

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36. EVENTS AFTER THE REPORTING DATE

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

37. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved from Board of Directors on 28 April 2021 (corresponding to 16 Ramadan 1442H).

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