

# POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ) AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024  
(1 JANUARY 2024 - 31 DECEMBER 2024)**

**WITH INDEPENDENT AUDITOR'S REPORT**

**POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ)  
AND ITS SUBSIDIARIES (A SAUDI JOINT STOCK COMPANY)  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF Power and Water Utility Company for Jubail and Yanbu ("Marafiq")  
(A SAUDI JOINT STOCK COMPANY)**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the consolidated financial statements of Power and Water Utility Company for Jubail and Yanbu ("Marafiq") (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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.

**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 is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other matter**

The financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 1 Ramadan 1445H (corresponding to 11 March 2024).

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, 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 auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF Power and Water Utility Company for Jubail and Yanbu ("Marafiq")  
(A SAUDI JOINT STOCK COMPANY) (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Key Audit Matters**

Key audit matters	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>The Group applies IFRS 15 'Revenue from contracts with customers' to account for its revenue.</p> <p>The amount of revenue recognized by the Group during the year ended 31 December 2024 is SR 6.88 billion.</p> <p>The Group is engaged in providing utility services including Water, Power and Gas to various customers. Revenue from services is recognized when the service is rendered over time as the customers simultaneously receive and consume the benefit.</p> <p>Revenue is considered to be one of the significant indicators for measuring the performance of the Group, resulting in a possible inherent risk of recognizing revenue which is more than its actual value. At the year end, accrued revenue is recognized considering consumption pattern of consumers, based on recent billing reports</p> <p>The revenue recognition is considered as a key audit matter due to the materiality of the amount of revenue and judgement involved in estimating accrued revenue at the year-end</p>	<p>Our audit procedures, among others, included the following:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the management's process and controls for the revenue recognition and assessed the design, implementation and operating effectiveness of management's internal controls system which govern the process around recognition of revenue.</li> <li>• We evaluated that revenue is recognized in accordance with IFRS 15 as endorsed in Kingdom of Saudi Arabia.</li> <li>• We tested, on a sample basis, the revenue invoices recorded before and after the period end to the supporting documents.</li> <li>• We performed recalculation of unbilled revenue and subsequent testing of revenue accrued to assess that revenue accrued at year-end is not materially misstated.</li> <li>• We performed a monthly trend analysis of the revenue recorded during the year and also compared with the revenue recorded for 2023. We obtained understanding of the material variances noted as a result of the above audit procedures.</li> <li>• We have recalculated revenue from the customer contracts, on a sample basis, based on the approved tariff rates and consumption per customer.</li> <li>• We performed the correlation analysis between the journal entries recorded in revenue, the trade receivable and cash accounts.</li> </ul>

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF Power and Water Utility Company for Jubail and Yanbu ("Marafiq")  
(A SAUDI JOINT STOCK COMPANY) (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Key Audit Matters (Continued)**

Key audit matter	How our audit addressed the key audit matter
<b>Revenue recognition (continued)</b>	
	<ul style="list-style-type: none"> <li>We have evaluated the relevance and adequacy of disclosures made by the management in the consolidated financial statements.</li> </ul>
<b>Changes in accounting treatment for joint arrangement</b>	
<p>The Group has reassessed critical management judgments relating to determination of whether the Group has control, joint control or significant influence over its investment in non-wholly owned joint arrangement (the "arrangement" or the "component").</p> <p>As a result of this reassessment, the Group has concluded that the joint arrangement which was previously accounted for as joint operation will be considered as a joint venture.</p> <p>The change in accounting treatment is applied retrospectively in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.</p> <p>We considered this to be a key audit matter as significant judgment is required in assessing whether the Group has joint control as per IFRS 11 - Joint Arrangements and then to assess if the arrangement would meet the classification, to appropriately accounted for, to be a Joint Venture of Joint Operation.</p> <p>Further, classification of the arrangement to be a joint venture has material accounting impact on the consolidated financial statements for the current and comparative year due to restatement.</p> <p>For further details refer to consolidated financial statements note 8.2 and note 34.</p>	<p>We performed the following procedures, among others:</p> <ul style="list-style-type: none"> <li>Reviewed the key terms of the joint arrangement's related shareholders agreements and relevant key contracts in place to obtain an overall understanding of the arrangement.</li> <li>Evaluated management's reassessment over the arrangement in accordance with IFRS Accounting Standards.</li> <li>Obtained the workings as prepared by the management which eliminates the effect of consolidation of the Group's share in the assets, liabilities, income and expense in the prior years as previously presented and to recognize the accounting impact as mandated for the arrangement being classified as Joint venture as per IFRS accounting standards.</li> <li>We recalculated the workings to test for mathematical accuracy and assessed the completeness of journal entries with reference to the prior year and transactions executed by the Group during the year to be in accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.</li> </ul>

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF Power and Water Utility Company for Jubail and Yanbu ("Marafiq")  
(A SAUDI JOINT STOCK COMPANY) (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Key Audit Matters (Continued)**

Key audit matter	How our audit addressed the key audit matter
<b>Changes in accounting treatment for joint arrangement (continued)</b>	
	<ul style="list-style-type: none"> <li>• The arrangement is audited by component auditors. We had discussions with the component auditors and issued them with Group instructions.</li> <li>• We assessed the competence, knowledge and experience of the component auditors, and examined the information reported by the component auditors to us and their working papers on significant risks to assess the adequacy of the procedures performed to support our audit opinion.</li> <li>• Finally, we verified the adequacy and compliance of the disclosure provided in the notes to the accounts with respect to the requirements of the applicable accounting standards.</li> </ul>
<b>Allowance for impairment of trade receivables</b>	
<p>As at 31 December 2024, the Company's gross trade receivables amounted to SR 1.21 billion against which allowance for expected credit losses amounted to SR 542.1 million is maintained.</p> <p>The Company uses the expected credit loss model ("ECL") to determine, and record expected credit losses based on what is required by IFRS 9 as endorsed by SOCPA, as well as maintain specific management overlays for certain customers as of the reporting date.</p> <p>We considered this as a key audit matter as it involves complex calculations and use of assumptions by management, in addition to the materiality of the amounts involved.</p> <p>Refer to notes (2.3) and (3) to the financial statements for the material accounting policy information and significant assumptions, estimates and judgements policies related to allowance for impairment of trade receivables and note (11) for the related disclosure.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of management's assessment of ECL and compared the accounting policy with the requirements IFRS 9.</li> <li>• Assessed the design, implementation, and operating effectiveness of the key controls related to: <ul style="list-style-type: none"> <li>- Recording of trade receivables and settlements.</li> <li>- Trade receivables aging reports.</li> </ul> </li> <li>• Assessed significant assumptions, including collection rates, impairment ratios and those relating to future economic events that are used to calculate the expected credit loss.</li> </ul>

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF Power and Water Utility Company for Jubail and Yanbu ("Marafiq")  
(A SAUDI JOINT STOCK COMPANY) (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Key Audit Matters (Continued)**

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>• Involved our specialists to assess the reasonableness of significant judgments, estimates and assumptions made by the management with reference to the calculation of ECL including the Company's assessment of the probability of default, incorporation of forward-looking information and the loss given default parameter.</li> <li>• Tested the completeness of data and the mathematical accuracy of the ECL model.</li> <li>• Obtained a list of the customers that the Company has recorded a management overlay against and assessed the basis used by management to arrive at these additional overlays.</li> <li>• Assessed the adequacy of the relevant disclosures included in the financial statements.</li> </ul>

**Other information included in The Group's 2024 Annual Report**

Other information consists of the information included in the Group's 2024 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2024 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 Group's 2024 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF Power and Water Utility Company for Jubail and Yanbu ("Marafiq")  
(A SAUDI JOINT STOCK COMPANY) (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**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 that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions 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 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 the 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 judgment and maintain professional skepticism 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF Power and Water Utility Company for Jubail and Yanbu ("Marafiq")  
(A SAUDI JOINT STOCK COMPANY) (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

- 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, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF Power and Water Utility Company for Jubail and Yanbu ("Marafiq")  
(A SAUDI JOINT STOCK COMPANY) (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

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.

For Ernst & Young Professional Services



**Marwan S. AlAfaliq**  
Certified Public Accountant  
License No. (422)



Al Khobar: 11 Ramadan 1446H  
11 March 2025

**POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ)  
AND ITS SUBSIDIARIES (A SAUDI JOINT STOCK COMPANY)  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2024**



		31 December 2024	31 December 2023	1 January 2023
	Note	SR '000	SR '000 <i>(Restated - note 34)</i>	SR '000 <i>(Restated - note 34)</i>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	6	14,437,067	14,692,597	14,801,515
Right of use assets	31	4,685,327	5,320,965	5,939,173
Intangible assets	7	8,473	11,699	13,861
Equity accounted investees	8.3	767,590	781,444	817,421
Long-term receivables and prepayments	9	132,692	177,539	218,645
<b>TOTAL NON-CURRENT ASSETS</b>		<b>20,031,149</b>	<b>20,984,244</b>	<b>21,790,615</b>
<b>CURRENT ASSETS</b>				
Inventories, net	10	356,795	270,672	296,140
Trade receivables, net	11	670,331	1,086,015	867,325
Prepayments and other current assets	12	438,625	399,686	401,729
Short-term deposits	13	43,553	104,000	1,542,000
Cash and cash equivalents	14	1,452,872	1,182,089	681,862
<b>TOTAL CURRENT ASSETS</b>		<b>2,962,176</b>	<b>3,042,462</b>	<b>3,789,056</b>
<b>TOTAL ASSETS</b>		<b>22,993,325</b>	<b>24,026,706</b>	<b>25,579,671</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	15	2,500,000	2,500,000	2,500,000
Statutory reserve	15.1	-	342,002	321,737
Retained earnings		2,612,962	2,589,376	2,568,824
Fair value reserve for cash flow hedge	23.3	111,446	121,206	143,522
<b>TOTAL EQUITY</b>		<b>5,224,408</b>	<b>5,552,584</b>	<b>5,534,083</b>
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Bank loans and borrowings	18	5,863,218	6,153,339	6,900,064
Lease liabilities	31	6,975,059	7,891,927	8,715,566
Other non-current liabilities	19	1,529,190	1,409,785	1,397,385
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>14,367,467</b>	<b>15,455,051</b>	<b>17,013,015</b>
<b>CURRENT LIABILITIES</b>				
Current portion of bank loans and borrowings	18	288,033	255,161	220,799
Current portion of lease liabilities	31	1,557,151	1,205,731	1,109,600
Trade payables	20	688,774	630,309	712,871
Accrued expenses and other current liabilities	21	867,492	927,870	989,303
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,401,450</b>	<b>3,019,071</b>	<b>3,032,573</b>
<b>TOTAL LIABILITIES</b>		<b>17,768,917</b>	<b>18,474,122</b>	<b>20,045,588</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>22,993,325</b>	<b>24,026,706</b>	<b>25,579,671</b>

The financial statements appearing on pages 1 to 55 were approved by the Board of Directors of the Parent Company and have been signed on their behalf by:

Khalid Mohammed Al-Salem  
Chairman of the Board

Mohammed Berki Al-Zuabi  
President & CEO


Muhammed Abdulhamid AIMulhim  
VP Finance

The accompanying notes from 1 to 34 form an integral part of these consolidated financial statements

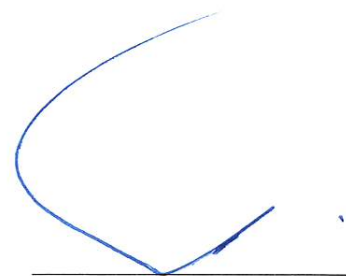
POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ)  
AND ITS SUBSIDIARIES (A SAUDI JOINT STOCK COMPANY)  
CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2024



	Note	2024 SR '000	2023 SR '000 (Restated - note 34)
Revenue	24	6,883,210	6,383,334
Cost of revenue	25	(5,360,571)	(4,671,192)
<b>Gross profit</b>		<b>1,522,639</b>	<b>1,712,142</b>
Administrative expenses	26	(285,157)	(276,514)
Impairment loss on trade receivables	11	(511,181)	(10,448)
Other operating income	27	222,424	176,244
Other operating expenses		(602)	(6,279)
<b>Operating profit</b>		<b>948,123</b>	<b>1,595,145</b>
Finance income	28	67,119	90,558
Finance cost	29	(1,043,298)	(1,123,587)
Share in results of equity accounted investees	8.4	66,270	64,970
<b>Profit before Zakat and income tax</b>		<b>38,214</b>	<b>627,086</b>
Zakat and income tax	22	(21,062)	(40,084)
<b>Net profit for the year</b>		<b>17,152</b>	<b>587,002</b>
<b>Earnings per share:</b>			
Basic and diluted earnings per share attributable to shareholders -SR	17	<b>0.07</b>	2.35

  
Khalid Mohammed Al-Salem  
Chairman of the Board

  
Mohammed Berki Al-Zuabi  
President & CEO


  
Muhammed Abdulhamid AlMulhim  
VP Finance

The accompanying notes from 1 to 34 form an integral part of these consolidated financial statements.


POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ)  
AND ITS SUBSIDIARIES (A SAUDI JOINT STOCK COMPANY)  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2024



	Note	2024 SR '000	2023 SR '000 <i>(Restated note 34)</i>
<b>Net profit for the year</b>		<b>17,152</b>	587,002
<i>Other comprehensive income to be reclassified to income statement in subsequent periods:</i>			
Share of loss on cash flow hedge of an equity accounted investee, net of deferred tax		(9,760)	(22,316)
<i>Other comprehensive income that will not be reclassified to income statement in subsequent periods:</i>			
Re-measurement gain on defined benefit obligation, net of deferred tax	19.1	26,932	3,815
<b>Other comprehensive income / (loss) for the year</b>		<b>17,172</b>	(18,501)
<b>Total comprehensive income for the year</b>		<b>34,324</b>	568,501

  
Khalid Mohammed Al-Salem  
Chairman of the Board

  
Mohammed Berki Al-Zuabi  
President & CEO

  
Muhammed Abdulhamid AlMulhim  
VP Finance

The accompanying notes from 1 to 34 form an integral part of these consolidated financial statements

**POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ) AND ITS SUBSIDIARIES**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**



	Attributable to equity holders of the Parent Company				
	Share capital SR '000	Statutory reserve SR '000	Retained earnings SR '000	Fair value reserve for cash flow hedge SR '000	Total SR '000
As at 1 January 2023 (Previously reported)	2,500,000	321,737	5,282,825	140,295	8,244,857
Restatement (Note 34)	-	-	(2,714,001)	3,227	(2,710,774)
As at 1 January 2023 (Restated Note 34)	2,500,000	321,737	2,568,824	143,522	5,534,083
Net profit for the year (Restated Note 34)	-	-	587,002	-	587,002
Other comprehensive income (Restated Note 34)	-	-	3,815	(22,316)	(18,501)
Total comprehensive income (Restated Note 34)	-	-	590,817	(22,316)	568,501
<i>Transactions with owners</i>					
Dividends paid (Note 16)	-	-	(550,000)	-	(550,000)
Total transactions with owners	-	-	(550,000)	-	(550,000)
Transfer to statutory reserve	-	20,265	(20,265)	-	-
As at 31 December 2023 (Restated Note 34)	2,500,000	342,002	2,589,376	121,206	5,552,584
<b>As at 1 January 2024</b>	<b>2,500,000</b>	<b>342,002</b>	<b>2,589,376</b>	<b>121,206</b>	<b>5,552,584</b>
Net profit for the year	-	-	17,152	-	17,152
Other comprehensive income	-	-	26,932	(9,760)	17,172
Total comprehensive income	-	-	44,084	(9,760)	34,324
<i>Transactions with owners</i>					
Dividends paid (Note 16)	-	-	(362,500)	-	(362,500)
Total transactions with owners	-	-	(362,500)	-	(362,500)
Transfer of statutory reserve	-	(342,002)	342,002	-	-
<b>As at 31 December 2024</b>	<b>2,500,000</b>	<b>-</b>	<b>2,612,962</b>	<b>111,446</b>	<b>5,224,408</b>

Khalid Mohammed Al-Salem  
Chairman of the Board

Mohammed Berki Al-Zuabi  
President & CEO

Muhammed Abdulhamid AlMulhim  
VP Finance

The accompanying notes from 1 to 34 form an integral part of these consolidated financial statements

**POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ)  
AND ITS SUBSIDIARIES (A SAUDI JOINT STOCK COMPANY)  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2024**




		2024	2023
	Note	SR '000	SR '000 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before Zakat and income tax		38,214	627,086
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	6	788,000	766,394
Depreciation of right of use assets	31	706,090	714,202
Amortization of intangible assets	7	4,953	8,875
Amortization of deferred income		(58,344)	(58,358)
Amortization of deferred employee benefits		5,746	4,188
Charge for impairment of trade receivables	11	511,181	5,516
Provision for slow-moving and obsolete inventories	10	20,156	11,667
Provision for employees' benefits	19.1	93,308	88,654
Share in results of investments in equity accounted investees	8.4	(66,270)	(64,970)
Finance income	28	(67,119)	(90,558)
Finance cost	29	1,043,298	1,123,587
<i>Changes in:</i>			
Trade receivables		(95,497)	(224,206)
Inventories		(106,279)	13,801
Prepayment and other current assets		(41,132)	(5,727)
Long term receivables and other assets		39,101	42,505
Trade payables		58,465	(82,562)
Accrued expenses and other current liabilities		(351)	3,754
Other non-current liabilities		6,901	(12,157)
<b>Cash generated from operating activities</b>		<b>2,880,421</b>	<b>2,871,691</b>
Employees' benefits paid	19.1	(31,997)	(18,384)
Finance cost paid		(418,519)	(415,915)
Zakat and income tax paid	22	(49,059)	(108,894)
<b>Net cash generated from operating activities</b>		<b>2,380,846</b>	<b>2,328,498</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(531,595)	(647,637)
Government grants received		106,072	-
Dividend received		74,223	79,160
Investment in associate	8.4	(35)	-
Finance income received on short term deposits		64,853	92,742
Net movement in short-term deposits		60,447	1,438,000
<b>Net cash (used in) / generated from investing activities</b>		<b>(226,035)</b>	<b>962,265</b>

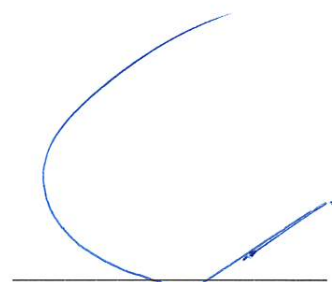
**POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ)  
AND ITS SUBSIDIARIES (A SAUDI JOINT STOCK COMPANY)  
CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 2024**



	Note	2024 SR '000	2023 SR '000 (Restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of bank loans and borrowings	18	(263,000)	(733,000)
Payment of lease obligation	31	(1,258,595)	(1,507,872)
Dividends paid	16	(362,433)	(549,664)
<b>Net cash used in financing activities</b>		<b>(1,884,028)</b>	<b>(2,790,536)</b>
Net change in cash and cash equivalents		270,783	500,227
Cash and cash equivalents at the beginning of the year		1,182,089	681,862
<b>Cash and cash equivalents at the end of the year</b>	14	<b>1,452,872</b>	<b>1,182,089</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>			
<b>Significant non-cash transactions</b>			
Addition to right of use assets		70,452	95,994
Change in fair value reserve for cash flow hedge		9,760	22,316
Customer funded assets acquired		30,328	16,620

  
Khalid Mohammed Al-Salem  
Chairman of the Board

  
Mohammed Berki Al-Zuabi  
President & CEO

  
Muhammed Abdulhamid AlMulhim  
VP Finance

The accompanying notes from 1 to 34 form an integral part of these consolidated financial statements

**POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU (MARAFIQ)  
AND ITS SUBSIDIARIES (A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**



**1. CORPORATE INFORMATION**

Power and Water Utility Company for Jubail and Yanbu ("Marafiq" or the "Parent Company") was incorporated pursuant to Royal Decree No. M/29 dated 21/7/1421 corresponding to 18 October 2000 as a Saudi joint stock company, in accordance with Ministerial Decision No. 2101 dated 26/12/1421 corresponding to 21 March 2001 which approved the Articles of Association of the Parent Company.

The Parent Company operates under commercial registration number 2055004968 dated 17/6/1422 corresponding to 5 September 2001 issued in Jubail Industrial City. The Parent Company's registered office is situated in the Support Industries Area of Jubail Industrial City, Kingdom of Saudi Arabia.

The issued and paid up capital of the Parent Company is divided into 250,000,000 shares of SR 10 per share amounted to SR 2,500,000,000 at the year end and was held as follows:

	<b>31 December 2024</b>	31 December 2023
Saudi Basic Industries Corporation ("SABIC")	<b>17.50%</b>	17.50%
Saudi Aramco Power Company ("SAPCO")	<b>17.50%</b>	17.50%
Royal Commission for Jubail & Yanbu ("Royal Commission")	<b>17.50%</b>	17.50%
Public Investment Fund ("PIF")	<b>17.50%</b>	17.50%
Free float	<b>30.00%</b>	30.00%
	<b>100%</b>	100%

The primary objective of the Parent Company is the operation, maintenance, construction, and management of (i) electric power systems, (ii) seawater cooling systems, (iii) desalinated water systems (including storage and distribution of process and potable water), and (iv) sanitary and industrial wastewater treatment systems to provide essential utility services to governmental, industrial, commercial, and residential customers in the industrial cities of Jubail and Yanbu. The Parent Company has also been selected by the Royal Commission as the sole power and water service provider for Jazan City for Primary and Downstream Industries (JCPDI) and the water service provider in Ras Al Khair Industrial City (RIC). The Parent Company may:

- own or lease related property, facilities and networks and/or install, extend, upgrade, replace or expand facilities or networks as required on its own or through others;
- engage in any activities necessary or complementary to those objectives, including importation of materials and the likes. The Parent Company shall provide those services to all beneficiaries in the two industrial cities of Jubail and Yanbu;
- acquire interests in other companies and own, lease, install, extend, upgrade, replace or expand related properties, facilities and networks and to engage in any activities in realizing its objectives; and
- own interest or shares in other companies or merge with or buy such companies and to establish new companies alone inside or outside the Kingdom Saudi Arabia.

The Parent Company through a consortium in Jeddah Althaniya Water Company project (45% shareholding by the Parent Company) together with Alamwal Alkhaleejiya Althaniya (35% shareholding) and Veolia Middle East (20% shareholding) has completed the process of constructing and commissioning wastewater treatment facilities in Jeddah.

The Parent Company commenced its commercial operations on 1 January 2003. The Company's principal places of business are Jubail and Yanbu Industrial Cities.

On 21 September 2021, the Council of Ministers Resolution No. 111 was issued approving the high intensity electricity consumption tariff (HIECT) that was applicable to establishments operating in qualified activities or sectors belonging to industrial, commercial and agricultural consumers effective 1 January 2022. Prior to determination of qualified activities or sectors, on 20 December 2022, the Council of Ministers Resolution No. 361 was issued approving the amendment of the effective date to be from 1 January 2023. The Resolution No. 111, has indicated that a compensation mechanism will be issued to compensate the Company for any reduction in revenue.

As of 31 December 2024, the regulatory authorities did not issue the compensation mechanism therefore, the Parent Company did not implement the tariff for heavy consumption of electricity and has recorded receivables and associated revenue based on the original tariff which is greater than the latest announced high intensity electricity consumption tariff. The Company continues to discuss this matter with the regulatory authorities and awaiting the final compensation mechanism to be issued which will ensure recovering the full receivable against the billed revenue in line with Council of Ministers Resolution No. 111.

Management has made all necessary efforts through continuous engagement with the regulatory authorities to clarify the expected financial impact on the Company in the event of applying the tariff to eligible customers and the delay in its approval for non-eligible customers. Additionally, the management has urged the regulatory authorities to expedite the adoption of a compensation mechanism to offset the expected shortfall in electricity revenues to ensure that the Company's financial position and cash flows are not adversely affected in line with Council of Ministers Resolution No. 111.

**1. CORPORATE INFORMATION (Continued)**

However, due to the uncertainty surrounding the timing of collection and implementation of mechanism for compensating the shortfall in the power sector's revenues resulting from the implementation of the High Intensity Electricity Consumption Tariff, the Company has recorded a provision for impairment of trade receivable amounting to SAR 496.2 million for the eligible customer receivables as of December 31, 2024 in accordance with requirement of IFRS accounting standards as endorsed in KSA. The Company's management affirms that these developments are beyond its control

On 2 January 2024 the Group has received Saudi Aramco notification for the newly established prices of Arab Light Crude Oil, Fuel Oil, Diesel Oil and Sales Gas effective 1 January 2024. During the year ended 31 December 2024, the fuel costs have increased by SR 590.9 million due to the price change.

The Parent Company has communicated with the relevant regulatory authorities to include the Company into electricity Balancing Account which will cover the difference between the required revenue and the actual revenue resulting from implementing the approved electricity tariffs.

**Group structure**

**Subsidiaries**

As at 31 December 2024 and 31 December 2023, the Parent Company has following subsidiaries (the Parent Company and its subsidiaries hereinafter referred to as ("the Group")):

- Marafiq Insurance Limited ("MIL"), owned 100% by the Parent Company, registered in the Island of Guernsey and is engaged in the business of captive insurance for Marafiq.
- Marafiq Water and Power Supply Company ("TAWREED"), owned 100% by the Parent Company, is registered in the Kingdom of Saudi Arabia for the purpose of purchase of water and electricity from Jubail Water and Power Company ("JWAP") and sale of these utilities to the On- Sale Parties: Saudi Power Procurement Company ("Principal Buyer"), Saudi Water Authority (SWA) ("previously The Saline Water Conversion Corporation") and Marafiq. TAWREED is also responsible for the purchase and supply of fuel to JWAP.
- MASA Services Company for Operation and Maintenance ("MASA"), owned 100% by Marafiq, is registered in the Kingdom of Saudi Arabia for the purpose of operation, maintenance and management of seawater cooling systems, desalinated and treated water systems, sanitary and industrial drainage systems, waste water treatment and operation and maintenance of utility services relating to management and treatment of industrial waste and hazardous waste.
- Jeddah Althaniya Operation and Maintenance Company ("JAOMC"), owned 100% by the Parent Company, is registered for operation and maintenance of a sewage collection and treatment plant in Jeddah. JAOMC was previously an associate owned 49% by the Parent Company, however during the year on 7 November 2024, the Parent Company signed an agreement to acquire 51% shareholding from other shareholder. Accordingly, effective 7 November 2024, the Parent Company will Consolidated 100% of JOAMC. Commercial operations of the Company commenced on 10 December 2024.

**Investment in associates**

As at 31 December 2024 and 31 December 2023, the Group has following associates:

- Jubail and Yanbu District Cooling Company ("TABREED"), owned 20% by Marafiq, is registered in Kingdom of Saudi Arabia with the principal activity being to develop, provide and support district cooling systems for industrial, commercial and residential customers in the industrial cities of Jubail and Yanbu.
- Al Haer Operations Limited Company, established in 2024 and owned 45% by MASA (subsidiary of Marafiq). The main activity of the company is to engage in operation and maintenance of water supply, sanitation, waste management and treatment, sanitation and construction of utility projects. No activities have been undertaken by Al Haer Operations during the period.

**Investment in joint venture**

As at 31 December 2024 and 31 December 2023, the Group has following joint venture:

- Jubail Water and Power Company ("JWAP"), owned 30% by Marafiq, is registered in the Kingdom of Saudi Arabia with the principal activity being to develop, construct, own, operate and maintain an independent water and power plant in Jubail Industrial City, Kingdom of Saudi Arabia, sell water and electricity and to engage in any business or activities related or ancillary thereto. JWAP commenced its commercial operations in 2010. (Refer note 34)
- Jeddah Althaniya Water Company ("JAWC"), owned 45% by Marafiq, is registered for management, operation, maintenance, construction and expansion of a sewage collection and treatment plant, distribution and disposal of waste and the establishment and expansion of the necessary facilities and networks in Jeddah. Commercial operations of JAWC commenced during the year ended 31 December 2023.

**1. CORPORATE INFORMATION (Continued)**

**Group structure (Continued)**

**Investment in joint venture (Continued)**

- During the year Marafiq entered into the consortium with Miahona Company and N.V. BESIX S.A. Sharjah branch for the Al-Haer independent sewage treatment plant project in Riyadh ("Project") and established Al-Haer Environmental Services Company (A limited liability Company). Marafiq own 35% of company and has accordingly contribute share capital. The operation of the Company is expected to be reflected on the Company's financial results starting from the first quarter of 2027.

The Group's ownership percentage in the above companies is the same in all periods presented in these consolidated financial statements, except for following

- Marafiq has acquired remaining 51% shares JOAMC to gain 100% shareholding.
- During the year Marafiq entered into the consortium and owned 35% shares of Al-Haer Environmental Services Company.
- MASA owned 45% shares in Al Haer Operations Limited Company, established in 2024

**Date of approval of consolidated financial statements**

These consolidated financial statements of Power and Water Utility Company for Jubail and Yanbu (Marafiq) and its subsidiaries (the "Group" or "Marafiq") for the year ended 31 December 2024 were approved in accordance with a resolution of the Board of Directors on 3 March 2025G corresponding to 3 Ramadan 1446H.

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES**

**2.1 Basis of preparation**

These consolidated financial statements have been prepared in accordance with IFRS accounting standards as endorsed in KSA and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These consolidated financial statements have been prepared on a historical cost basis except for the cash flow hedge of investees that is carried at fair value and obligation for post-employment defined benefits which is measured at projected unit credit method.

These consolidated financial statements are presented in Saudi Riyals which is also the Group's functional currency and all values are rounded to the nearest thousand (SR 000), except when otherwise indicated.

**2.2 Basis of consolidation**

These financial statements comprise the consolidated financial statements of the Parent Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group will re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)**

**2.2 Basis of consolidation (Continued)**

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in statement of income
- Reclassifies the Group's share of components previously recognized in statement of income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-Controlling Interests (NCI) are measured 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.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**2.3 Summary of material accounting policies**

Following are the material accounting policies applied by the Group in preparing its consolidated financial statements. These accounting policies have been consistently applied for all the periods presented.

**a) Investments in associates and joint venture**

An associate 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.

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.

The Group's investments in its associates and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associates or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated income statement reflects the Group's share of the results of operations of the associates or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associates or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates or joint venture are eliminated to the extent of the interest in the associates or joint venture.

The aggregate of the Group's share of profit or loss of an associate and joint venture is shown on the face of the consolidated income statement outside operating profit and represents profit or loss after tax and non-controlling interests in subsidiaries of the associates or joint venture.

The financial statements of the associates and joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)**

**2.3 Summary of material accounting policies (Continued)**

**a) Investments in associates and joint venture (Continued)**

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associates or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value and recognizes the loss as 'Share of results accounted investees' in the consolidated income statement.

Upon loss of significant influence over the associates or joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of associate upon loss of significant influence and the fair value of retained investment and proceeds from disposal is recognized in statement of income.

**b) Current versus non-current classification**

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**c) 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)**

**2.3 Summary of material accounting policies (Continued)**

**c) Fair value measurement (Continued)**

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyses the movements in the values of assets and liabilities that are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are discussed in Note 23.

**d) Revenue recognition**

Revenue from contracts with customers is recognized over time to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

All Group's customers are based in the Kingdom of Saudi Arabia. The Group is engaged in providing utility services including water, power and sale of gas to various customers.

The specific recognition criteria described below must also be met before revenue is recognized.

*Utility services*

The Group recognises revenue as the services are rendered over time as the customers simultaneously receive and consume the benefit. As per terms of the utility contracts with the customers, the Group invoices to customers per unit of output delivered to them. The Group uses the output method to measure progress towards complete satisfaction of performance obligation in each contract and the Group recognizes revenue amount to which the Group has a right to invoice as the Group has a right to consideration from its customers in an amount that corresponds directly with the value to the customer of the entity's performance completed to date. As per the Utility User Agreements (UUA), the amount of consideration is fixed per unit of output. No variable consideration, financing, non-cash consideration and consideration payable to customer is involved in the transaction price.

*Connection charges*

Revenue in respect of connection charges, recovered from customers at the time of entering into an agreement, are recognized as deferred income and amortized over the expected life of customer relationship as follows:

Industrial customers	20 years
Non-industrial customers	5 years

*Finance income*

For all financial instruments measured at amortized cost, finance income or expense is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the consolidated income statement.

*Dividends*

Dividends are recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)**

**2.3 Summary of material accounting policies (Continued)**

**d) Revenue recognition (Continued)**

*Other income*

Any other income is recognized when the realization of income is virtually certain and earned by the Group on its own account. Non-cash consideration received from customers is initially recognized at fair value. Subsequent to initial recognition, non-cash consideration is recognized as revenue over the expected period over which related performance obligations are satisfied.

**e) Foreign currencies**

The Group's consolidated financial statements are presented in Saudi Riyals, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

*Transactions and balances*

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in the consolidated income statement with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is classified to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e. the translation differences on items whose fair value gain or loss is recognized in OCI or income statement are also recognized in OCI or income statement, respectively).

*Group companies*

On consolidation, the assets and liabilities of foreign operations, if any, are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date and their income statement are translated at exchange rates prevailing at the date of the transaction. The exchange differences arising on the translation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the consolidated income statement.

**f) Property, plant and equipment**

Property, plant and equipment except land and capital work in progress are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Contributions by customers of items of property, plant and equipment, which require an obligation on the Group to either connect the customer to the network or to supply the customer with ongoing access to supply of power or water or both, are recognized at the fair value when the Group has obtained control of the item. A corresponding credit to deferred revenue is made in current and non-current liabilities combined. Revenue and the related depreciation is subsequently recognized over the contractual period stipulated in the Utility User Agreement (UUA).

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is derecognized.

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)**

**2.3 Summary of material accounting policies (Continued)**

**f) Property, plant and equipment (Continued)**

Depreciation is charged when the assets is available for use in the manner intended by management. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Land and capital work in progress are stated at cost less impairment losses, if any, and is not depreciated until the asset is available for use in the manner intended by management.

The Group exercises judgement in determining the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear.

Depreciation is calculated on a straight-line basis over the estimated useful lives of these assets as follows:

	<u>Useful lives (in years)</u>
Plant and machinery	20 - 30
Buildings, wells and civil infrastructure	10 - 40
Meters, pipe networks and lift stations	20 - 25
Power lines, cables, meters and networks	30 - 40
Common external facilities	20
Other equipment	3 - 25

**g) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any

*Software licences*

Intangibles mainly represent software license costs. A summary of the policies applied to the Group's intangible assets is as follows:

	<u>Software licence</u>
Useful lives	5 years
Amortization method used	Amortized on a straight-line basis over the useful life
Internally generated or acquired	Acquired

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated income statement when the asset is derecognized.

**h) 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.

*A. As a Lessee*

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 is 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.

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)**

**2.3 Summary of material accounting policies (Continued)**

**h) Leases (Continued)**

*A. As a Lessee (Continued)*

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. 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 has elected not to recognise right-of-use assets and lease liability for leases of low-value assets such as IT equipment 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.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' in the consolidated statement of financial position.

*B. As a Lessor*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

**i) Financial instruments — initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group applies the classification and measurement requirements for financial instruments under IFRS 9 'Financial Instruments'.

A financial asset or financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument, which is generally on trade date.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss - FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)**

**2.3 Summary of material accounting policies (Continued)**

**i) Financial instruments — initial recognition and subsequent measurement (Continued)**

**Financial assets**

*(i) Classification and subsequent measurement of financial assets*

The Group classifies its financial assets as those to be measured subsequently at amortized cost if they meet the following criteria:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets cash flows. The Group initially measures the trade receivables at the transaction price as the trade receivables do not contain a significant financing component.

*(ii) 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.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*(iii) Impairment of financial assets*

The Group recognizes a loss allowance for expected credit losses ("ECL") for financial assets measured at amortized cost. The ECL is recognized either for lifetime or for 12 months. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations
- Actual or expected significant changes in the operating results of the customer
- Significant increases in credit risk on other financial instruments of the same customer
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of customers and changes in the operating results of the customer
- Macroeconomic information (such as market interest rates or growth rates)
- Past due information adjusted for future information

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)**

**2.3 Summary of material accounting policies (Continued)**

**i) Financial instruments — initial recognition and subsequent measurement (Continued)**

**Financial assets (Continued)**

*(iii) Impairment of financial assets (Continued)*

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 360 days past due in making a contractual payment, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group has adopted the simplified approach as allowed by IFRS 9 and measures the loss allowance at an amount equal to lifetime expected credit losses for all trade receivables that result from contracts with the customers. The Group determines the expected credit losses on trade receivables by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

Objective evidence that financial assets are impaired can include significant financial difficulty, default or delinquency of the counterparty, restructuring of amounts due on terms that the Group would not otherwise consider, indications that a customer will enter bankruptcy, or other observable data relating to customers such as adverse changes in the economic conditions that correlate with defaults by the customers.

The Group considers evidence of impairment at both a specific asset and collective level. All individually significant financial instruments found not to be specifically impaired are then collectively (with similar risk characteristics) assessed for any impairment that has been incurred but not yet identified.

Impairment losses for a financial instrument are recognized in the consolidated income statement and reflected in impairment for credit losses. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated income statement.

When an asset is uncollectible, it is written-off against the related provision. Such assets are written-off after all the necessary procedures have been completed and the amount of loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the consolidated income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the provision. The amount of reversal is recognized in the consolidated income statement.

*(iv) Derecognition of financial assets*

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

**Financial liabilities**

*(i) Classification and subsequent measurement of financial liabilities*

The group classifies its financial liabilities as those to be measured subsequently at amortized cost using the effective interest method, if they are not:

- contingent consideration of an acquirer in a business combination,
- held-for-trading, or
- designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The Group does not qualify any of its financial liabilities under 'fair value through profit or loss (FVTPL)'.

*(ii) Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated income statement.

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)**

**2.3 Summary of material accounting policies (Continued)**

**i) Financial instruments — initial recognition and subsequent measurement (Continued)**

**Financial liabilities (Continued)**

*(iii) Interest rate benchmark reform*

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

*(iv) Offsetting*

Financial assets and liabilities are off-set and the net amount is presented in the consolidated statement of financial position when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

**j) Impairment of non-financial assets**

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or Cash Generating Unit ("CGU")'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year

Impairment losses are recognized in the consolidated income statement in expense categories consistent with the function of the impaired asset.

For assets, excluding goodwill an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated income statement.

The following specific criteria are also applied in assessing impairment of specific assets:

*Intangible assets*

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)**

**2.3 Summary of material accounting policies (Continued)**

**k) Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is principally based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Provision for slow-moving and obsolete inventories are made considering various factors including age of the inventory items, historic usage, expected utilization in future and evaluation from the internal technical teams.

**l) Cash and cash equivalents**

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks, cash on hand and short-term deposits with a maturity of three months or less.

**m) Short-term deposits**

Deposits of original maturity of greater than three months but less than one year are classified as short-term deposits under current assets.

**n) Cash dividend and non-cash distribution to owners of equity**

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and the distribution is no longer at the discretion of the Group. A distribution is authorised when it is approved by the shareholders in the General Assembly. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity.

Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in consolidated income statement.

**o) Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**p) Zakat and taxes**

Zakat

The Group is subject to the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat is provided on an estimated basis. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which the assessment is finalized. The Zakat charge in the consolidated income statement represents the Zakat for the Group.

Withholding tax

The Group deducts taxes on certain transactions with non-resident entities in the Kingdom of Saudi Arabia according to the Saudi Income Tax Law.

Value added tax

Expenses and assets are recognized net of the amount of value added tax ("VAT"), except: When the VAT incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. When receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the ZATCA is included as part of receivables or payables in the consolidated statement of financial position.

**q) Earnings per share**

Earnings per share are computed by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Weighted average number of ordinary shares as of 31 December 2024 and 31 December 2023 were 250,000,000 shares.

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)**

**2.3 Summary of material accounting policies (Continued)**

**r) Employees' benefits**

*Short-term employee benefits*

Short-term employees' 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 benefit plan*

The Group is operating unfunded post-employment defined benefit plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurement gains and losses are recognized in full in the period in which they occur in other comprehensive income.

Past service costs are recognized in consolidated income statement on the earlier of:

- The date of the plan amendment or curtailment; and
- The date on which the Group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under 'cost of revenue' and 'administrative expenses' in the consolidated income statement:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income.

The defined benefit liability comprises the present value of the defined benefit obligation, less past service costs out of which the obligations are to be settled. However, currently the plan is unfunded and has no assets.

*Employee home ownership program*

The Parent Company has established a home ownership program that offers eligible employees the opportunity to buy residential units constructed by the Parent Company. Upon signing the sale contract with the eligible Saudi employees, the relevant housing units are classified under other non-current assets as due from employees at their present value. Down payments and instalments of purchase price received from employees are set off against the amounts due from employees classified under other non-current assets. The cost of the houses and the related purchase price is removed from other non-current assets when title to the houses is transferred to the employees on repayment of all instalments, at which time no significant gain or loss is expected to result to the Group.

*Employees' savings plan*

The Parent Company administers an employees' savings plan (defined contribution plan) on behalf of its employees. Contributions from the participants are recorded as a liability and deposited in a separate bank account (refer note 14 and 19.2). Under the plan, an employee's contribution varies up to 15% of their basic pay at their discretion. Provision is made for the contributions made by the Parent Company which is 10% of the employee's contribution in the first year and ultimately increasing up to 100% in the tenth year.

**s) Segment reporting**

A business segment is a group of assets, operations or entities:

- engaged in business activities from which it may earn revenue and incur expenses including revenues and expenses that relate to transactions with any of the Parent Company's other components;
- the results of its operations are continuously analysed by Chief Operating Decision Maker (CODM) in order to make decisions related to resource allocation and performance assessment; and
- for which financial information is discretely available.

The Chief Executive Officer of the Parent Company is considered to be the chief operating decision maker. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The details of Group's segments are presented in note 5 to these consolidated financial statements.

**t) Cash flow hedge**

The Group uses interest rate swaps (IRS) to hedge its cash flow interest rate risk for investees. Such derivative financial instruments are initially recorded at cost on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

For the purpose of cash flow hedges the Group hedges the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (Continued)**

**2.3 Summary of material accounting policies (Continued)**

**u) Government grants**

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. In the particular case the Company is tariff-regulated. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

Government grants, including non-monetary grants at fair value are recognised provided that there is a reasonable assurance that:

- The Group will comply with the conditions attaching to them; and
- The grants will be received.

Receipt of a grant does not itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled.

The manner in which a grant is received does not affect the accounting method to be adopted in regard to the grant. Therefore, a grant is accounted for in the same manner whether it is received in cash or as a reduction of a liability towards the government.

The Group assesses the relationship between the grant and related expenses when it is recognised. A provision of the estimated-results obligations is provided if it seems probable to pay the grant that was recognised previously.

Government grants related to depreciable assets are recognised in the consolidated statement of income over the periods and on the basis of the percentages used to recognise the depreciation expenses of the underlying assets.

Government grants related to non-depreciable assets which require the attainment of certain obligations are recognised in the consolidated statement of income over the periods where the cost of achievement of obligations are incurred.

However, grants relating to non-depreciable assets that are unconditional of the attainment of some obligations are recognised in the consolidated statement of profit or loss at their nominal values in the same period.

The government grant is recognized by the Group, which becomes payable as a compensation for expenses or losses already incurred, which represents the coverage of the gap in the actual and estimated operating income or for the purpose of providing immediate financial support to the Group without future costs related to it in the Group's consolidated statement of income. The Group assesses the relationship between the grant and related expenses upon recognition.

The grant is recognized in the consolidated statement of income even if there are no conditions specifically related to the Group's operating activities other than the requirement for the Group to operate in certain industrial regions or sectors.

### **3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### **i. Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

#### **ii. Defined benefit plans (post-employment benefits)**

The cost of defined benefit post-employment benefits and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include determination of the discount rate, future salary increases, withdrawal before normal retirement age, mortality rates etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, yield and duration of Saudi government bonds obligation with at least an 'A' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

Age-wise "Low, Service based" withdrawal rates are used in carrying out the valuation. These age-wise withdrawal rates are generally used in the MENA region to carry out the actuarial valuation of end of service benefit schemes of companies in Oil & Gas and Energy sectors.

The rates assumed are based on the Group reinsurance mortality tables, rated down one year. In the absence of any standard mortality tables in the region, these rates are generally used in the Kingdom of Saudi Arabia in carrying out actuarial valuation of end of service benefits schemes. If any other mortality table is used it will not make any significant difference in the results. A further detail about post-employment benefit obligation is provided in Note 19.1.

#### **iii. Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)**

**iv. Useful lives of property, plant and equipment**

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

**v. Useful lives of intangibles**

The Group shall review the amortization period and the amortization method for any intangible asset with a finite useful life at least at each financial year-end. If the expected useful life of the asset is different from previous estimates, the Group shall change the amortization period accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the Group shall change the amortization method to reflect the changed pattern. Such changes shall be accounted for as changes in accounting estimates in accordance with IAS 8.

**vi. Impairment of inventories**

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. This estimation is performed on an individual line item basis and a provision for non-moving and obsolete inventory items applied according to the inventory type and the degree of ageing or obsolescence.

**vii. Zakat**

The Group is subject to Zakat in accordance with Zakat, Tax and Customs Authority ("ZATCA") regulations. Zakat is provided on an accrual basis. Zakat computation involves relevant knowledge and judgment of the rules and regulations to assess the impact of Zakat liability at a particular period end. This liability is considered an estimate until the final assessment by ZATCA is carried out until which the Group retains exposure to additional Zakat liability.

**viii. Impairment of financial assets**

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost. The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and 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.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime 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.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is 360 days or more past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

**a) Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)**

**viii. Impairment of financial assets (Continued)**

*b) Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at Fair value through other comprehensive income ("FVOCI") 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 or being more than 360 days past due;
- 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 reorganization; or
- the disappearance of an active market for a security because of financial difficulties

*c) Presentation of allowance for ECL in the consolidated statement of financial position*

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

*d) Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-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.

**ix. Provisions**

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 recognized as finance cost.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for. A provision for onerous contracts is measured at the present value of the lower of expected cost of terminating the contract and expected net cost of continuing with the contract. Before a provision is established, the Group recognizes an impairment loss on the assets associated with that contract.

**x. Lease term and estimating the incremental borrowing rate**

Extension and termination options are included in a number of leases. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated) and also where such options held are exercisable only by the Group and not by the respective lessor. Options are not included in the lease liabilities where the leased assets could be replaced without significant cost or business disruptions.

When the Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)**

**xi. Determination of joint control**

Judgement is required to determine when the Group has joint control, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements relate to the operating, capital and financing decisions of the arrangement, such as: Termination of or material amendment to key project documents, termination or materially amendment to any financing document or to refinance borrowing facilities, the approval of capital expenditure programme for each year. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Judgement is also required to classify a joint arrangement as either a joint operation or joint venture. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, it considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
  - The legal form of the separate vehicle
  - The terms of the contractual arrangement
  - Other facts and circumstances (when relevant). This assessment often requires significant judgement, and a different conclusion on joint control and also whether the arrangement is a Joint Operation or a Joint Venture, may materially impact the accounting.

**4. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

**a) New and revised standards with no material effect on the consolidated financial statements**

Following are the recent changes to IFRSs that were adopted on 1 January 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1);
- Non-current Liabilities with Covenants (Amendments to IAS 1);
- Lease liabilities in a Sale and Leaseback (Amendments to IFRS 16); and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

The application of the revised IFRSs did not have any material impact on the amounts reported or disclosures for current and prior periods.

**b) Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- Lack of exchangeability – Amendments to IAS 21, effective for annual periods beginning on or after 1 January 2025.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), effective date yet to be determined.
- IFRS 18 – Presentation and Disclosure in Financial Statement, effective for annual periods beginning on or after 1 January 2027.
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures, effective for annual periods beginning on or after 1 January 2027.
- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

The above-mentioned standards are not expected to have a significant impact on the Group's consolidated financial statements.

## **5. OPERATING SEGMENTS**

The main operating activities of the Group are divided into Power, Water, Gas and others which are complementary to each other in the production and distribution of electricity, water and gas to customers. The Group's primary revenues are currently realized from sale of power, water and gas to final customers according to the applicable tariffs.

***Segment information:***

The Group is organized into business units based on following reportable segments:

- Power, includes electric power generation, transmission, distribution and retail sales;
- Water, includes desalinated and treated water systems, and potable, process and industrial water production, distribution, sea water cooling systems for heavy industries, industrial and sanitary waste water treatment and disposal;
- Gas, includes sales gas distribution and retail sales of gas;
- Independent Water and Power, includes power and water sold by TAWREED through separate arrangement, refer note 1.

Further, Corporate and others, includes all other activities that are not directly attributable to identifiable operating segments. This primarily includes finance income, other income/expense, charge of impairment on trade receivables and share in results of equity accounted investees.

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

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**5. OPERATING SEGMENTS (Continued)**

**For the year ended 31 December 2024**

	Power	Water	Gas	Independent Water and Power	Corporate and others	Eliminations	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Third party revenue	1,665,912	2,493,198	144,820	2,576,189	3,091	-	6,883,210
Inter-segment revenue	222,494	540,307	-	400,621	8,251	(1,171,673)	-
Depreciation and amortization	(390,604)	(526,407)	(3,965)	(577,257)	(810)	-	(1,499,043)
Charge for impairment of trade receivables	(505,466)	-	-	-	(5,715)	-	(511,181)
Operating profit	(336,066)	454,903	1,514	629,295	199,890	(1,413)	948,123
Share in results of equity accounted investees	-	-	-	-	229,499	(163,229)	66,270
Finance income	-	4,788	-	2,419	59,912	-	67,119
Finance cost	(284,857)	(259,397)	-	(499,043)	(1)	-	(1,043,298)
<b>Profit before Zakat and income tax (EBT)</b>	<b>(620,923)</b>	<b>200,294</b>	<b>1,514</b>	<b>132,671</b>	<b>489,300</b>	<b>(164,642)</b>	<b>38,214</b>
Property, plant and equipment, right of use assets and intangibles as at 31 December 2024	6,627,149	8,111,482	46,731	3,174,911	1,170,594	-	19,130,867
Lease liabilities as at 31 December 2024	1,053,360	1,876,065	5	5,474,945	127,835	-	8,532,210
Addition during year to assets	80,073	404,097	6,384	-	107,411	-	597,965

**For the year ended 31 December 2023**

	Power	Water	Gas	Independent Water and Power	Corporate and others	Eliminations	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Third party revenue	1,630,965	2,451,457	103,872	2,197,040	-	-	6,383,334
Inter-segment revenue	213,896	547,632	-	366,233	8,379	(1,136,140)	-
Depreciation and amortization	(372,512)	(536,915)	(2,795)	(577,257)	-	-	(1,489,479)
Charge for impairment of trade receivables	-	-	-	-	(10,448)	-	(10,448)
Operating profit	378,802	428,935	13,928	621,109	153,533	(1,162)	1,595,145
Share in results of equity accounted investees	-	-	-	-	165,389	(100,419)	64,970
Finance income	-	3,405	-	285	86,868	-	90,558
Finance cost	(279,991)	(287,338)	-	(556,258)	-	-	(1,123,587)
<b>Profit before Zakat and income tax (EBT)</b>	<b>98,811</b>	<b>145,002</b>	<b>13,928</b>	<b>65,136</b>	<b>405,790</b>	<b>(101,581)</b>	<b>627,086</b>
Property, plant and equipment, right of use assets and intangibles as 31 December 2023	6,898,613	8,185,565	43,278	3,752,168	1,145,637	-	20,025,261
Lease liability as at 31 December 2023	1,017,844	1,776,345	5	6,179,111	124,353	-	9,097,658
Addition during year to assets	191,958	513,157	4,814	-	57,036	-	766,965

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**6. PROPERTY, PLANT AND EQUIPMENT**

	Land	Plant & machinery	Buildings, wells & civil infrastructure	Meters, pipe networks & lift stations	Power lines, cables, meters & networks	Common external facilities	Other equipment	Capital work – in-progress (Note 6.2)	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
<b>Cost:</b>									
Balance at 1 January 2023 (Restated)	25,184	12,475,066	2,475,556	1,956,798	1,546,623	90,371	705,946	1,981,701	21,257,245
Additions (Restated)	-	52,839	-	4,985	-	-	31,536	574,897	664,257
Disposals (Restated)	-	-	-	-	(67)	-	(38,955)	-	(39,022)
Transfers (Note 6.4) (Restated)	-	710,630	22,909	401,739	203,502	-	85,877	(1,431,371)	(6,714)
Balance at 31 December 2023 (Restated)	25,184	13,238,535	2,498,465	2,363,522	1,750,058	90,371	784,404	1,125,227	21,875,766
Acquisition of a subsidiary	-	-	-	-	-	-	99	-	99
Additions	-	-	-	16,846	1,293	-	18,097	525,688	561,924
Disposals	-	-	-	-	-	-	-	(29,553)	(29,553)
Transfers	-	364,990	16,433	117,192	16,680	-	23,637	(538,932)	-
<b>Balance at 31 December 2024</b>	<b>25,184</b>	<b>13,603,525</b>	<b>2,514,898</b>	<b>2,497,560</b>	<b>1,768,031</b>	<b>90,371</b>	<b>826,237</b>	<b>1,082,430</b>	<b>22,408,236</b>
<b>Accumulated depreciation:</b>									
Balance at 1 January 2023 (Restated)	-	4,266,668	549,751	759,751	385,713	53,087	440,760	-	6,455,730
Depreciation (Note 6.1) (Restated)	-	449,686	81,951	116,454	58,267	4,504	55,532	-	766,394
Disposals (Restated)	-	-	-	-	-	-	(38,955)	-	(38,955)
Balance at 31 December 2023 (Restated)	-	4,716,354	631,702	876,205	443,980	57,591	457,337	-	7,183,169
Depreciation (Note 6.1)	-	470,677	82,349	118,162	56,928	4,504	55,380	-	788,000
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2024</b>	<b>-</b>	<b>5,187,031</b>	<b>714,051</b>	<b>994,367</b>	<b>500,908</b>	<b>62,095</b>	<b>512,717</b>	<b>-</b>	<b>7,971,169</b>
<b>Carrying value:</b>									
<b>Balance at 31 December 2024</b>	<b>25,184</b>	<b>8,416,494</b>	<b>1,800,847</b>	<b>1,503,193</b>	<b>1,267,123</b>	<b>28,276</b>	<b>313,520</b>	<b>1,082,430</b>	<b>14,437,067</b>
Balance at 31 December 2023 (Restated)	25,184	8,522,181	1,866,763	1,487,317	1,306,078	32,780	327,067	1,125,227	14,692,597

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**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**6.1 Allocation of depreciation charge for the year**

	<u>2024</u>	<u>2023</u>
	SR '000	SR '000 (Restated)
Cost of revenue	<b>776,323</b>	754,628
Administrative expenses	<b>11,677</b>	11,766
	<b><u>788,000</u></b>	<u>766,394</u>

**6.2 Capital work-in-progress**

Capital work-in-progress mainly represents costs incurred on new projects for installation of plant and machinery, civil infrastructure and equipment for various facilities of the Group.

**6.3 Assets under pledge**

Property, plant and equipment as of 31 December 2024 with a carrying amount of SR 4,146.9 million (31 December 2023: SR 4,366.3 million) are subject to a first charge and second charge to secure SIDF loans (refer to Note 18).

**6.4 Transfers**

During 2023, SR 6.7 million were transferred to intangible assets.

**7. INTANGIBLE ASSETS**

	<u>31 December</u>	<u>31 December</u>
	2024	2023
	SR '000	SR '000 (Restated)
<b><u>Cost:</u></b>		
<b>Opening balance</b>	<b>134,582</b>	127,868
Acquisition of a subsidiary	<b>1,727</b>	-
Transfers from capital work in progress (Note 6.4)	-	6,714
<b>Closing balance</b>	<b><u>136,309</u></b>	<u>134,582</u>
<b><u>Accumulated amortization:</u></b>		
<b>Opening balance</b>	<b>122,883</b>	114,008
Amortization	<b>4,953</b>	8,875
<b>Closing balance</b>	<b><u>127,836</u></b>	<u>122,883</u>
<b><u>Carrying value:</u></b>		
<b>At 31 December</b>	<b><u>8,473</u></b>	<u>11,699</u>

Net book values above as of 31 December 2024 and 31 December 2023 includes IT software and licences.

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**8. GROUP INFORMATION**

**8.1 Subsidiaries**

- (i) One of the subsidiaries, TAWREED, entered into twenty years Power and Water Purchase Agreement (PWPA) with Jubail Water and Power Company (JWAP) for JWAP to construct, own, operate and transfer an Independent Water and Power Plant (IWPP). As per the PWPA, JWAP agreed to sell the entire power and water capacity and output of the IWPP only to TAWREED as per the rates stipulated in the PWPA.
- (ii) TAWREED entered into a back-to-back On-Sale Agreement (the "On-Sale Agreement") with Saudi Electric Company (SEC), Saudi Water Authority (SWA) and Marafiq (the three jointly known as the "On-Sale Parties") for a similar term of twenty years to sell the entire power and water purchased from JWAP. Based on the terms of the On-Sale Agreement, all costs incurred by TAWREED, such as the cost of power and water capacity and water output, fuel cost, overheads and development costs, etc., are to be repaid by the On-Sale Parties without any mark up.
- (iii) On 30 June 2022, TAWREED and the On-Sale Parties signed a novation agreement in relation to the On-Sale Agreement, whereby Saudi Electricity Company (SEC) was released from all its rights, obligations and liabilities under the On-Sale Agreement, and Saudi Power Procurement Company (SPPC or Principal Buyer) assumed all of SEC rights, obligations and liabilities under the On-Sale Agreement.

**8.2 Equity accounted investees**

As at 31 December 2024 and 31 December 2023, the Group has following equity accounted investees which:

**Associates:**

- Jubail and Yanbu District Cooling Company ("TABREED"), owned 20% by the Parent Company, is registered in Kingdom of Saudi Arabia with the principal activity to develop, provide and support district cooling systems for industrial, commercial and residential customers in the industrial cities of Jubail and Yanbu. As at 31 December 2024, the investment was carried at SR 2.9 million (31 December 2023: SR 2.05 million) using equity accounting method.

**Joint venture:**

- Jubail Water and Power Company ("JWAP"), owned 30% by Marafiq, is registered in the Kingdom of Saudi Arabia with the principal activity being to develop, construct, own, operate and maintain an independent water and power plant in Jubail Industrial City, Kingdom of Saudi Arabia, sell water and electricity and to engage in any business or activities related or ancillary thereto. JWAP commenced its commercial operations in 2010. As at 31 December 2024, the investment was carried at SR 709.7 million (31 December 2023: SR 725.1 million) using equity accounting method.
- Jeddah Althaniya Water Company ("JAWC"), owned 45% by the Parent Company, is registered for management, operation, maintenance, construction and expansion of a sewage collection and treatment plant, distribution and disposal of waste and the establishment and expansion of the necessary facilities and networks in Jeddah. The commercial operations of JAWC commenced during 2023. As at 31 December 2024, the investment was carried at SR 54.97 million (31 December 2023: SR 54.13 million) using equity accounting method.
- Al-Haer Environmental Services Company ("AESC"), owned 35% by the Parent Company, is an independent sewage treatment plant project in Riyadh. Marafiq entered into the consortium with Miahona Company and N.V. BESIX S.A. Sharjah branch for this project during the current year. The operation of the Company is expected to be reflected on the Company's financial results starting from the first quarter of 2027. As at 31 December 2024, the investment was carried at SR 0.035 million using equity accounting method.

Below are summarized financial statements of the investees.

	2024			2023		
	JWAP	JAWC	Tabreed	JWAP	JAWC	Tabreed
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
Current assets	1,302,039	106,937	32,515	1,308,545	43,840	17,765
Non-current assets	4,935,775	932,626	-	5,710,824	968,236	-
Current liabilities	884,380	184,782	18,009	882,740	166,639	8,814
Non-current liabilities	2,931,757	732,633	-	3,658,782	725,156	-
Equity	2,421,677	122,148	14,505	2,477,846	120,282	8,951
Revenue	993,690	53,797	14,392	1,011,925	21,955	15,626
Net profit or loss for the year	226,569	(4,389)	4,274	237,216	(11,198)	1,490
Other comprehensive income / loss	(40,714)	6,256	-	(57,514)	(13,129)	-
Total comprehensive income	185,855	1,867	4,274	179,702	(24,327)	1,490

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**8. GROUP INFORMATION** (Continued)

**8.2 Equity accounted investees** (Continued)

**8.3** Movement of investment in equity accounted investees is:

	<b>31 December 2024</b>	31 December 2023
	<b>SR '000</b>	SR '000 (Restated)
Opening balance	<b>781,444</b>	817,421
Change in control of investee	<b>4,033</b>	-
Share of results	<b>66,270</b>	64,970
	<b>851,747</b>	882,391
Dividend received	<b>(74,223)</b>	(78,660)
Movement in OCI	<b>(9,934)</b>	(22,287)
Closing balance	<b>767,590</b>	781,444

**8.4** As at year end, the Group investees have conventional financial assets and conventional financial liabilities. Conventional financial assets include cash, time deposits and short-term investments. Conventional financial liabilities include long-term borrowings facilities. MIL has conventional financial assets amounting to SR 43.55 million (31 December 2023: SR 52.04 million) on which MIL earned interest income amounting to SR 2.59 million (31 December 2023: SR 2.17 million). JWAP has conventional financial liabilities amounting to 2,635.79 million (31 December 2023: SR 3,158.11 million). No other investee has conventional financial assets and conventional financial liabilities at the reporting date.

**9. LONG TERM RECEIVABLES AND PREPAYMENTS**

	<b>31 December 2024</b>	31 December 2023
	<b>SR '000</b>	SR '000 (Restated)
Due from employees under home ownership program (Note 9.1)	<b>124,740</b>	163,623
Deferred employees benefit (Note 9.1)	<b>7,952</b>	13,916
	<b>132,692</b>	177,539

**9.1 Due from employees under home ownership program**

The Parent Company has established an employee home ownership program (HOP) that offers eligible employees the opportunity to buy residential units constructed by the Parent Company. The cost of land and construction costs of the housing units are repayable by employees over a period up to twenty years. The ownership of the housing units is transferred to employees upon full payment of the amounts due. This amount, recorded at amortized cost, represents the cost of housing units sold to the employees under employee home ownership program.

The Group does not expect any impairment losses against this balance given the historical default experience together with the underlying value of the residential units and that the amounts due are deductible from monthly salaries of employees. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for due from employee home ownership program.

The Parent Company discounts the carrying amount of due from employees under home ownership program using effective interest method and recognizes deferred employee benefit asset which is being amortized on straight line over average duration of home ownership scheme to the consolidated income statement.

**10. INVENTORIES, NET**

	<b>31 December 2024</b>	31 December 2023
	<b>SR '000</b>	SR '000 (Restated)
Spare parts	<b>391,770</b>	414,148
Fuel oil	<b>95,821</b>	15,577
Others	<b>17,799</b>	14,478
	<b>505,390</b>	444,203
Less: Provision for slow-moving and obsolete inventories	<b>(148,595)</b>	(173,531)
	<b>356,795</b>	270,672

The movement in the provision for slow-moving and obsolete inventories is:

	<b>2024</b>	2023
	<b>SR '000</b>	SR '000
Opening balance	<b>173,531</b>	161,863
Provided during the year (note 25)	<b>20,156</b>	11,668
Write-off during the year	<b>(45,092)</b>	-
Closing balance	<b>148,595</b>	173,531

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**11. TRADE RECEIVABLES, NET**

	<b>31 December 2024</b>	31 December 2023
	<b>SR '000</b>	SR '000 (Restated)
Trade receivables – related parties (Note 30.2)	<b>965,328</b>	919,419
Trade receivables – others	<b>247,117</b>	197,529
	<b>1,212,445</b>	1,116,948
Provision for impairment	<b>(542,114)</b>	(30,933)
	<b>670,331</b>	1,086,015

For terms and conditions relating to trade receivables from related party receivables, refer to Note 30. Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days.

The movement in allowance for impairment in respect of trade receivables during the year is:

	<b>2024</b>	2023
	<b>SR '000</b>	SR '000
Opening balance	<b>30,933</b>	25,417
Provision for the year *	<b>511,181</b>	10,448
Write off during the year	-	(4,932)
Closing balance	<b>542,114</b>	30,933

\* This includes provision for HIECT eligible customers amounting to SR 496.2 million. (Refer note 1)

As at year end, the ageing analysis of trade receivables is as follows:

	<b>Total</b>	<b>Up to 6 months</b>	<b>6 to 12 months</b>	<b>More than 12 months</b>
<b>ECL percentage 2024</b>		<b>33%</b>	<b>97%</b>	<b>86%</b>
ECL percentage 2023		1.1%	14.6%	21.5%
<b>Gross balance (SR in '000)</b>				
<b>2024</b>	<b>1,212,445</b>	<b>979,853</b>	<b>134,589</b>	<b>98,003</b>
2023 (Restated)	1,116,948	1,018,333	27,899	70,716

See Note 23 on credit risk of trade receivables, which discusses how the Group manages and measures credit risk of trade receivables that are neither past due nor impaired.

**12. PREPAYMENTS AND OTHER CURRENT ASSETS**

	<b>31 December 2024</b>	31 December 2023
	<b>SR '000</b>	SR '000 (Restated)
Accrued revenue	<b>264,010</b>	229,127
Advances and other receivables	<b>75,479</b>	65,885
Prepayments	<b>71,300</b>	74,731
Power margin (Note 12.1)	<b>24,499</b>	24,413
Accrued finance income	<b>3,337</b>	5,530
	<b>438,625</b>	399,686

**12.1** Power margin represents compensation receivable by the Parent Company for the power produced by JWAP, refer note 27.1.

**13. SHORT-TERM DEPOSITS**

Short-term deposits are placed with commercial banks for varying periods between three and twelve months and earn finance income at market rates of interest.

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**14. CASH AND CASH EQUIVALENTS**

	<u>31 December 2024</u>	<u>31 December 2023</u>
	SR '000	SR '000 (Restated)
Cash at bank	383,872	215,718
Short term deposits	1,069,000	966,371
<b>Cash and cash equivalents</b>	<b>1,452,872</b>	<b>1,182,089</b>

Cash and cash equivalents include cash and bank balances and demand deposits with original maturities of three months or less.

Short-term deposits earn interest at fixed rates based on daily bank deposit rates. Short-term deposits are made for periods of up to three months from the date of placement, depending on the immediate cash requirements of the Group.

Bank balances at 31 December 2024 include SR 46.8 million (31 December 2023: SR 42.8 million) representing employees' contributions and finance income pertaining to the employees' saving plan.

**15.SHARE CAPITAL AND RESERVES**

	<u>31 December 2024</u>	<u>31 December 2023</u>
<b>Authorized and issued shares</b>		
Ordinary shares of SR 10 each – Number	250,000,000	250,000,000
Ordinary shares issued and fully paid – SR '000	2,500,000	2,500,000

**15.1 Statutory reserve**

The Shareholders of the Parent Company in their meeting held on 24 July 2024 approved the transfer of the statutory reserve in the financial statements of SR 342 million as at 31 December 2023 to the retained earnings. The Company has updated its bylaws in accordance with the provisions of the Companies regulation.

**16. DIVIDENDS**

	<u>2024</u>	<u>2023</u>
Dividends to shareholders - SR '000	362,500	550,000
Dividend per share – SR	1.45	2.2

During the year ended 31 December 2024, the Board of Directors of the Parent Company in their meetings held on 06 March 2024 announced to distribute cash dividends for second half of 2023 amounting to SR 275 million (SR 1.10 per share), which was paid on 27 March 2024. Further, the Board of Directors of the Parent Company approved interim dividends for first half of 2024 on 31 July 2024 amounting to SR 87.5 million (SR 0.35 per share), which was paid on 5 September 2024. During the year ended 31 December 2023, the Parent Company distributed cash dividends amounting to SR 275 million (SR 1.10 per share) for the final dividend of year ended 31 December 2022 and SR 275 million (SR 1.10 per share) for the interim dividend of the year ended 31 December 2023.

**17. EARNINGS PER SHARE**

	<u>2024</u>	<u>2023</u>
		(Restated)
Profit attributable to ordinary shareholders – SR '000	17,152	587,002
Weighted average number of ordinary shares outstanding during the year	250,000,000	250,000,000
Basic and dilutive (loss) / earnings per share – SR	0.07	2.35

Basic earnings per share for profit attributable to ordinary shares holders for the year ended 31 December 2024 and 31 December 2023 are computed based on the weighted average number of shares outstanding during such years. The diluted earnings per share are the same as the basic earnings per share as the Group does not have any dilutive instruments in issue.

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**18. BANK LOANS AND BORROWINGS**

	<b>31 December 2024</b>	31 December 2023
	<b>SR '000</b>	SR '000 (Restated)
<i>Shariah compliant long-term loans</i>		
Fourth Murabaha	<b>1,500,000</b>	1,500,000
Fifth Murabaha	<b>1,500,000</b>	1,500,000
Sixth Murabaha	<b>2,900,000</b>	2,900,000
SIDF (a related party)	<b>291,000</b>	554,000
	<b>6,191,000</b>	6,454,000
Less: Unamortised transaction costs	<b>(39,749)</b>	(45,500)
	<b>6,151,251</b>	6,408,500

Bank loans and borrowings are presented in these consolidated financial statements as follows:

	<b>31 December 2024</b>	31 December 2023
	<b>SR '000</b>	SR '000 (Restated)
Current maturity under current liabilities	<b>288,033</b>	255,161
Non-current maturity under non-current liabilities	<b>5,863,218</b>	6,153,339
	<b>6,151,251</b>	6,408,500

Movement in bank loans and borrowings is as follows:

	<b>2024</b>	2023
	<b>SR '000</b>	SR '000 (Restated)
Opening balance	<b>6,454,000</b>	7,187,000
Repayments	<b>(263,000)</b>	(733,000)
	<b>6,191,000</b>	6,454,000
Less: Unamortized transaction costs	<b>(39,749)</b>	(45,500)
Closing balance	<b>6,151,251</b>	6,408,500

**18.1 MARAFIQ**

**Murabaha**

During 2019, the Parent Company entered into three loan agreements with three banks to restructure its Murabaha facilities with loans having extended tenor. The loans have aggregate amount of SR 5.9 billion (SR 1.5 billion, SR 1.5 billion and SR 2.9 billion) which was fully utilized as at 31 December 2024.

The Parent Company's payment obligations under the Murabaha Facility Documents rank pari passu with the claims of all its other unsecured creditors, except for obligations mandatorily preferred by law. The loan agreements include certain covenants including debt to tangible net worth and debt service coverage, to be maintained by the Parent Company during the term of the loans and at the year-end. The Parent Company complied with such covenants as of year ended 31 December 2024. The loans carry finance charges at Saudi Inter Bank Offered Rate (SIBOR) plus a margin. During the year, the Company has rescheduled the Murabaha facilities with respective banks and delayed commencement of principal repayments by 3 years. The Principal repayment of loans will now commence from 2028 and maturing on 2034.

**Saudi Industrial Development Fund (SIDF)**

The loan agreements entered into with SIDF, a related party, on 26 May 2016 provided for two loans with an aggregate amount of SR 1.6 billion to finance the construction of Parent Company's production facilities. The Parent Company had drawn full amount as at 31 December 2018. Up-front fees and annual administrative expenses are charged by SIDF under the loan agreement. The loans are payable in seventeen unequal semi-annual instalments which commenced in January 2018 and maturing in 2025.

The above loans are secured by a mortgage on certain assets of the Parent Company (Note 6.3). The covenants of the borrowing facility with SIDF require the Parent Company to maintain certain level of financial conditions. As of the reporting date, due to the restatement, the Group has breached a covenant related to the liquidity ratio as required by the borrowing agreement. The classification of the outstanding principal amount has not been affected, as this loan is fully due by 2025. The parent company continues to maintain sufficient financial solvency to meet all its obligations

**18. BANK LOANS AND BORROWINGS (Continued)**

The aggregate maturities of gross carrying value of loans are summarised as follows:

	<b>31 December 2024</b>	31 December 2023
	<b>SR '000</b>	SR '000
		(Restated)
2024	-	263,000
2025	<b>291,000</b>	881,000
2026	-	590,000
2027	-	590,000
2028	<b>842,857</b>	590,000
2029	<b>842,857</b>	590,000
2030 and above	<b>4,214,286</b>	2,950,000
	<b>6,191,000</b>	<b>6,454,000</b>

**19. OTHER NON-CURRENT LIABILITIES**

	<b>31 December 2024</b>	31 December 2023
	<b>SR '000</b>	SR '000
		(Restated)
Obligation for post-employment defined benefits (Note 19.1)	<b>789,562</b>	755,114
Non-current portion of deferred income (Note 19.3)	<b>545,847</b>	568,893
Deferred government grant (Note 19.4)	<b>106,072</b>	-
Employees' savings plan (Note 19.2)	<b>76,421</b>	69,073
Others	<b>11,288</b>	16,705
	<b>1,529,190</b>	<b>1,409,785</b>

**19.1 Post-employment defined benefit plan**

The Group has post-employment defined benefit plan. The benefits are required by Saudi Labor and Workman Law. The Group recognises the benefits in the consolidated income statement and consolidated statement of profit or loss and other comprehensive income. The benefits are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

The following table summarizes the components of the net benefit expense recognized in consolidated income statement and amounts recognized in the consolidated statement of financial position.

**Movement in the present value of defined benefit obligation**

	<b>2024</b>	2023
	<b>SR '000</b>	SR '000
		(Restated)
Defined benefit obligation at 1 January	<b>755,114</b>	688,818
Acquisition of a subsidiary	<b>69</b>	-
Interest cost	<b>59,605</b>	31,090
Current service cost	<b>39,745</b>	57,377
Past service cost	<b>(6,042)</b>	-
Net benefit expense recognized in consolidated income statement	<b>93,308</b>	88,467
Re-measurement gain recognized in other comprehensive income	<b>(26,932)</b>	(3,787)
Benefits paid	<b>(31,997)</b>	(18,384)
Defined benefit obligation at 31 December	<b>789,562</b>	755,114

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**19. OTHER NON-CURRENT LIABILITIES (Continued)**

**19.1 Post-employment defined benefit plan (Continued)**

Remeasurement gain recognized in other comprehensive income relates to:

	<u>2024</u>	<u>2023</u>
	SR '000	SR '000
		(Restated)
Financial assumptions	(62,010)	60
Demographic assumptions	2,260	1,943
Experience adjustments	32,818	(5,790)
	<u>(26,932)</u>	<u>(3,787)</u>

Significant assumptions used in determining the post-employment defined benefit obligation include the following:

	<u>2024</u>	<u>2023</u>
		(Restated)
Discount rate	5.5% to 6%	4.60% to 4.7%
Future salary increases	5.5% to 4.7%	5.05% to 4.7%
Normal retirement age	60 to 65 years	60 years
Withdrawal rate	Low, Service based	Low, Service based

At 31 December 2024, the weighted-average duration of the defined benefit obligation was 11.78 years (2023: 10.71 years).

A quantitative sensitivity analysis for discount rate assumption on the defined benefit obligation as at 31 December is as follows:

Assumption	<u>Discount rate</u>	
	<u>1% increase</u>	<u>1% decrease</u>
Sensitivity Level	SR '000	SR '000
<b>Defined benefit obligation changes as at 31 December 2024</b>	<b>(96,239)</b>	<b>96,411</b>
Defined benefit obligation changes as at 31 December 2023 (Restated)	(122,662)	27,109
Assumption	<u>Future salary</u>	
	<u>1% increase</u>	<u>1% decrease</u>
Sensitivity Level	SR 000	SR 000
<b>Defined benefit obligation changes as at 31 December 2024</b>	<b>99,864</b>	<b>(100,506)</b>
Defined benefit obligation changes as at 31 December 2023 (Restated)	29,856	(136,499)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following are expected payments or contribution to its defined benefit plans of the Group in future years.

	<u>31 December</u>	<u>31 December</u>
	<u>2024</u>	<u>2023</u>
Within next 12 months	30,682	37,035
Between 2 to 5 years	134,666	176,033
Between 5 to 10 years	280,657	289,830
More than 10 years	1,472,253	833,340
Total	<u>1,918,258</u>	<u>1,336,238</u>

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**19. OTHER NON-CURRENT LIABILITIES (Continued)**

**19.2 Employees' savings plan**

	<u>2024</u>	<u>2023</u>
	SR '000	SR '000 (Restated)
Opening balance	69,073	56,877
Additions	17,794	19,001
Payments	(10,446)	(6,805)
Closing balance	<u>76,421</u>	<u>69,073</u>

**19.3** Deferred income includes receipt of connection charges during the year amounting to SR 5.94 million (31 December 2023: SR 11.03 million).

**19.4** Deferred government grant includes amount received in relation to Liquid Fuel Displacement Program for execution of capital project. There are no unfulfilled conditions or contingencies attached to these grants.

**20. TRADE PAYABLES**

	<u>31 December 2024</u>	<u>31 December 2023</u>
	SR '000	SR '000 (Restated)
Due to related parties (Note 30.3)	402,772	203,133
Retention payable	195,732	166,631
Trade payables	88,527	238,072
Due to contractors	1,743	22,473
	<u>688,774</u>	<u>630,309</u>

**21. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	<u>31 December 2024</u>	<u>31 December 2023</u>
	SR '000	SR '000 (Restated)
Accrued expenses and other payables – related parties (Note 30.3)	334,958	372,065
GR/IR Accruals	310,853	309,091
Accrued expenses and other payables	123,225	84,746
Current portion of deferred income	58,118	57,148
Provision for Zakat and income tax (Note 22)	11,258	39,255
Accrued finance charges	7,180	10,847
Others	21,900	54,718
	<u>867,492</u>	<u>927,870</u>

**22. ZAKAT AND INCOME TAX**

Zakat and income tax charge for the year represents the accumulated amount of the Zakat and income tax provision made by the Group.

**Amounts recognized in consolidated income statement**

	<u>2024</u>	<u>2023</u>
	SR '000	SR '000 (Restated)
Zakat and Income tax		
- Zakat charge for the year	9,637	40,124
- Prior year zakat and tax charge	11,184	(40)
- Deferred tax charge	241	-
	<u>21,062</u>	<u>40,084</u>

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**22. ZAKAT AND INCOME TAX (Continued)**

The principal elements of the Zakat base of the Parent Company are as follows:

	<b>31 December 2024</b>	31 December 2023
	<b>SR '000</b>	SR '000
Non-current assets	<b>16,938,289</b>	19,565,164
Non-current liabilities	<b>11,849,106</b>	11,367,358
Shareholder equity	<b>5,225,854</b>	8,992,114
Net income before Zakat and tax	-	540,945
Current liabilities	<b>310,084</b>	-
Inventories	<b>329,720</b>	352,005
Dividends paid	-	549,664

Some of the above amounts have been adjusted in arriving at approximate Zakat base and the Zakat charge for the year.

**(i) Movement in Zakat and income tax provision**

	<b>2024</b>	2023
	<b>SR '000</b>	SR '000
		(Restated)
As at 1 January	<b>39,255</b>	108,025
Provision for Zakat and income tax	<b>9,637</b>	40,124
Prior year charge	<b>11,184</b>	-
Deferred tax charge	<b>241</b>	-
Payment of Zakat and income tax	<b>(49,059)</b>	(108,894)
As at 31 December	<b>11,258</b>	39,255

**(iii) Status of assessments**

**Power and Water Utility Company for Jubail and Yanbu (Marafiq)**

Zakat and Income Tax assessments up to the year 2017 has been finalized. ZATCA requested additional information related to zakat and income tax returns for the financial years 2021, 2022 and 2023 which was duly provided by the company and currently under ZATCA's review.

During the current period, ZATCA has finalized the assessment for the financial year ended 31 December 2018 and assessed additional Zakat liability of SR 11.9 million. Company accepted certain adjustments made by ZATCA and settled the related zakat liability amounting to SAR 1.1 million and contested the remaining by filing a lawsuit before Tax Violations and Disputes Resolution Committee (TVDR). TVDR issued a decision in this case on 12 February 2025 in which TVDR provided partial relief to the Company which resulted in a further reduction in Zakat liability amounting to SAR. 1.3 million. Company has an option to file appeal before Tax Violations and Disputes Appeal Committee (TVDAC) against TVDR's decision within 30 days from the day following the date of its receipt through the electronic portal of GSTC.

Zakat returns for the years up to 31 December 2023 have been filed with ZATCA within statutory deadlines. Company opted to apply the provisions of Zakat Implementing Regulations issued under Ministerial Resolution [MR] 1007 dated 19/08/1445AH to the zakat returns for the financial years ended 31 December 2021 and 2022 and submitted revised returns with ZATCA within the statutory timeline prescribed in MR 1007.

**Marafiq Water and Power Supply Company (TAWREED)**

Zakat and Income Tax assessments up to the year 2016 has been finalized with the ZATCA. Zakat returns for the years up to 31 December 2023 have been submitted within the statutory deadline and ZATCA review is awaited. ZATCA has raised certain additional queries for the years 2018 through 2021 which have been responded by TAWREED and ZATCA's review is awaited.

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**22. ZAKAT AND INCOME TAX (Continued)**  
**(iii) Status of assessments (Continued)**

**Masa Services Company for Operation and Maintenance (MASA)**

During the period, ZATCA issued assessment for the year 2017 and 2018 to MASA for additional Zakat and income tax liability amounting to SR 0.76 million which has been recorded in the financial statements.

The Zakat and income tax assessment for the years since inception through 2023 are under review by ZATCA. Income tax and Zakat returns for the year ended 31 December 2023 have been submitted within the statutory deadline.

**Jeddah Althaniya Operation and Maintenance Company (JAOMC)**

Zakat and income tax returns from inception till the year ended 31 December 2023 have been filed and are under review by ZATCA. Zakat and income tax returns for the year ended 31 December 2023 have been submitted within the statutory deadline.

**23. FINANCIAL INSTRUMENTS**

**23.1 Financial assets**

	<b>31 December 2024</b>	31 December 2023
	<b>SR '000</b>	SR '000 (Restated)
Due from employee home ownership program (Note 9)	<b>124,740</b>	163,623
Trade receivables (note 11)	<b>1,212,445</b>	1,116,948
Other receivables	<b>291,846</b>	259,070
Short term deposits	<b>43,553</b>	104,000
Cash and cash equivalents (note 14)	<b>1,452,872</b>	1,182,089
Total financial assets not measured at fair value	<b>3,125,456</b>	2,825,730

**23.2 Financial liabilities**

	<b>31 December 2024</b>	31 December 2023
	<b>SR '000</b>	SR '000 (Restated)
Loans and borrowings (note 18)	<b>6,191,000</b>	6,454,000
Lease liabilities (note 31)	<b>8,532,210</b>	9,097,658
Other non-current liabilities	<b>193,781</b>	85,778
Trade payables (note 20)	<b>688,774</b>	630,309
Accrued expense and other payables	<b>798,116</b>	831,467
Total financial liabilities not measured at fair value	<b>16,403,881</b>	17,099,212

**23.2.1 Bank loans and borrowings (Note 18)**

	<u>Interest rate %</u>	<u>Maturity</u>	<b>31 December 2024</b>	31 December 2023
			<b>SR '000</b>	SR '000 (Restated)
<b>Marafiq</b>				
Fourth Murabaha	SIBOR + 0.75%	2034	<b>1,500,000</b>	1,500,000
Fifth Murabaha	SIBOR + 0.85%	2034	<b>1,500,000</b>	1,500,000
Sixth Murabaha	SIBOR + 0.80%	2034	<b>2,900,000</b>	2,900,000
SIDF	-	2025	<b>291,000</b>	554,000
Less: Unamortised transaction costs			<b>(39,749)</b>	(45,500)
			<b>6,151,251</b>	6,408,500

**23.3 Measurement of fair values**

**Fair value hedge**

The Group's financial assets and financial liabilities are measured at amortized cost except for the cash flow hedge in investees that is carried at fair value on a recurring basis.

The Group has not disclosed the fair value for financial instruments such as short-term trade and other receivables, trade and other payables and cash and bank balances, as their carrying amounts are a reasonable approximation of fair values largely because of short-term maturity of these instruments. The fair value of Murabaha, SIDF and other loans facilities is approximately the same as their carrying value.

**23. FINANCIAL INSTRUMENTS** (Continued)  
**23.3 Measurement of fair values** (Continued)

**Fair value hedge** (Continued)

The cash flow hedge reserve represents the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognized in the consolidated income statement when the hedged transaction impacts the income or loss. Under the finance agreements, the hedges are required to be held until the maturity date of the loans. Changes in fair value of the undesignated portion of the IRS are recognised in the consolidated income statement.

Interest rate swaps are fair valued by calculating present value of the estimated future cash flows. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current default swap or bond prices.

**Fair value hierarchy of financial instruments**

31 December 2024	Fair value			
	Level 1	Level 2	Level 3	Total fair value
	----- SR'000-----			
Share of cash flow hedge reserve of investees	-	111,446	-	111,446

31 December 2023	Fair value			
	Level 1	Level 2	Level 3	Total fair value
	----- SR'000-----			
	Restated			
Share of cash flow hedge reserve of investees	-	121,206	-	121,206

**Financial instruments risk management objectives and policies**

The Group's principal financial assets include cash and cash equivalents, trade receivables and certain other receivables that arrive directly from its operations. The Group's principal financial liabilities comprise loans and borrowings as well as trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's financial risk activities are governed by appropriate policies and procedures. Financial risks are identified, measured and managed in accordance with Group policies and risk appetite.

The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

**Fair value measurement**

The fair value of financial assets and financial liabilities of the Group approximates their carrying value, unless specifically disclosed in the relevant note.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include: loans and borrowings, deposits, and certain other financial instruments.

**23. FINANCIAL INSTRUMENTS** (Continued)

**23.3 Financial instruments risk management objectives and policies** (Continued)

**Cash flow and interest rate risk**

*Interest rate sensitivity*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's profit before Zakat and income tax is affected through the impact on floating rate borrowings, as follows:

	<u>2024</u>	<u>2023</u>
	SR '000	SR '000
Increase/decrease by 100 basis points	<u><u>-/+61,910</u></u>	<u><u>-/+64,540</u></u>

The interest rate swaps settle on a semi-annual basis. The floating rate on the interest rate swaps is the relevant interbank rate. The Group will settle the difference between the fixed and floating interest rate on a net basis fixed contract rates and floating interest amounts, calculated by reference to the agreed notional principal amounts.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries including foreign currency amounts due from related parties.

The Group did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars. Since Saudi Riyal is on a fixed parity with the US Dollar, the management believes that the Group does not have any significant exposure to currency risk.

**Commodity price risk**

The Group is affected by the volatility of certain commodities, primarily Fuel oil and Gas. The Group's have developed and enacted a risk management strategy dealing with commodity price risk and its mitigation by enhancing production efficiency and increasing the reliability of its plants.

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its investing activities, including deposits with banks and financial institutions.

Expected credit loss allowance as at 31 December 2024 (31 December 2023: immaterial) in respect of cash and cash equivalents, accrued revenue, due from employee home ownership program and short-term deposits was immaterial.

**Trade receivables**

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit worthiness analysis. At 31 December 2024, the Group had 9 customers (31 December 2023: 9 customers) that owed it more than SR 20 million each and accounted for approximately 70.5% (31 December 2023: 65.9%) of gross receivables.

The requirement for impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are combined into homogenous categories based on their classification into industrial, government, residential and commercial categories and assessed for impairment collectively. The calculation is based on historical data adjusted for future outlook and expectations. Loss rates are calculated using a 'roll rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments. The calculation is based on historical data adjusted for future outlook and expectations.

The expected credit loss estimates are disclosed in Note 11. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as medium, as its customers are located in multiple locations and several industries and operate in largely independent markets.

**23. FINANCIAL INSTRUMENTS** (Continued)

**23.3 Financial instruments risk management objectives and policies** (Continued)

*Credit risk* (Continued)

*Financial instruments and cash deposits*

Credit risk from balances with banks and financial institutions is managed by the Treasury Department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the management and may be updated throughout the year subject to approval of the higher management. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position is the carrying amounts as illustrated in Note 23.1.

**Liquidity risk**

Liquidity risk is the risk that the Group may encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by managing the working capital and ensuring that the bank facilities are available.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, Islamic Murabaha loans and other sources of funding. 4.7% of the Group's debt will mature in less than one year at 31 December 2024 (31 December 2023: 4.1%) based on the carrying value of borrowings reflected in the consolidated financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

*Excessive risk concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

As at 31 December 2024	Contractual undiscounted cash flows				
	Carrying value	Within 12 months	2 to 5 years	> 5 years	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Loans and borrowings	6,151,251	291,000	1,685,714	4,214,286	6,191,000
Lease liabilities	8,532,210	1,995,544	5,798,433	3,125,685	10,919,662
Other non-current liabilities	193,781	-	-	193,781	193,781
Trade payables	688,774	688,774	-	-	688,774
Accrued expense and other payables	798,116	798,116	-	-	798,116
	<b>16,364,132</b>	<b>3,773,434</b>	<b>7,484,147</b>	<b>7,533,752</b>	<b>18,791,333</b>

As at 31 December 2023	Contractual undiscounted cash flows				
	Carrying value	Within 12 months	2 to 5 years	> 5 years	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Loans and borrowings	6,408,500	263,000	2,651,000	3,540,000	6,454,000
Lease liabilities	9,097,658	1,705,972	5,876,750	3,064,339	10,647,061
Other non-current liabilities	85,778	-	6,541	79,237	85,778
Trade payables	630,309	630,309	-	-	630,309
Accrued expense and other payables	831,467	831,467	-	-	831,467
	<b>17,053,712</b>	<b>3,430,748</b>	<b>8,534,291</b>	<b>6,683,576</b>	<b>18,648,615</b>

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**23. FINANCIAL INSTRUMENTS (Continued)**

**23.3 Financial instruments risk management objectives and policies (Continued)**

**Capital management**

Capital includes equity attributable to the equity holders of the Parent Company.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is total debt to tangible net worth. Tangible net worth includes share capital, reserves, retained earnings, excluding dividend declared or paid and any unrealized income from investment in securities.

The Group's net debt to adjusted equity ratio as at year end was as follows:

	<b>31 December 2024</b>	31 December 2023
	<b>SR '000</b>	SR '000
Total debt (Borrowings and leases)	<b>14,683,461</b>	15,506,158
Less: cash and cash equivalents	<b>(1,452,872)</b>	(1,182,089)
Net debt	<b>13,230,589</b>	14,324,069
Total equity	<b>5,224,408</b>	5,552,584
Fair value reserve of cash flow hedge of investees	<b>(111,446)</b>	(121,206)
Adjusted equity	<b>5,112,962</b>	5,431,378
<b>Net debt to adjusted equity ratio</b>	<b>2.6</b>	2.6

In order to achieve its overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants may lead to call-back of facilities. There have been no breaches of the financial covenants of any loans and borrowing in the current period except for what disclosed in note 18. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2024 and 31 December 2023.

**24. REVENUE**

Revenue from contracts with customers is disaggregated as follows:

	<b>2024</b>	2023
	<b>SR '000</b>	SR '000 (Restated)
Power (note 24.2)	<b>3,564,248</b>	3,200,992
Water (note 24.2)	<b>3,130,574</b>	3,042,159
Gas	<b>144,820</b>	103,872
Others	<b>43,568</b>	36,311
	<b>6,883,210</b>	6,383,334

**24.1** The Group provides utility services to various customers across the Kingdom of Saudi Arabia. Revenue from contract with customers is recognized over time (Refer note 2.3 (d)).

**24.2** Reconciliation with segment note:

	<b>Power</b>		<b>Water</b>	
	<b>2024</b>	2023	<b>2024</b>	2024
	<b>SR'000</b>	SR'000 (Restated)	<b>SR'000</b>	SR'000 (Restated)
Power revenues	<b>3,564,248</b>	3,200,992	<b>3,130,574</b>	3,042,159
Independent Water and Power (note 5)	<b>(1,903,099)</b>	(1,574,654)	<b>(673,090)</b>	(622,386)
Other revenues related to power and water	<b>4,763</b>	4,627	<b>35,714</b>	31,684
As per Segment (note 5)	<b>1,665,912</b>	1,630,965	<b>2,493,198</b>	2,451,457

**25. COST OF REVENUE**

	<b>2024</b>	2023
	<b>SR '000</b>	SR '000
		(Restated)
Fuel and chemicals	<b>1,890,337</b>	1,310,627
Depreciation of Property, plant and equipment and right of use assets	<b>1,464,005</b>	1,448,495
Power and water costs	<b>872,476</b>	786,638
Employees related costs	<b>632,851</b>	650,280
Repair and maintenance	<b>174,274</b>	169,461
Operating and maintenance expenses	<b>117,831</b>	102,082
Provision for slow-moving and obsolete inventories (Note 10)	<b>20,156</b>	11,667
Amortization of intangible assets	<b>4,802</b>	8,850
Others	<b>183,839</b>	183,092
	<b>5,360,571</b>	4,671,192

**25.1** Cost of revenue includes inventories consumed during the year amounting to SR 420.59 million (2023: SR 409.9 million).

**26. ADMINISTRATIVE EXPENSES**

	<b>2024</b>	2023
	<b>SR '000</b>	SR '000
		(Restated)
Employees related costs	<b>170,549</b>	180,556
Services contracts	<b>40,831</b>	31,994
Depreciation of Property, plant and equipment and right of use assets	<b>30,085</b>	32,109
Donations	<b>4,646</b>	6,530
Amortization of intangible assets	<b>151</b>	25
Others	<b>38,895</b>	25,300
	<b>285,157</b>	276,514

**27. OTHER OPERATING INCOME**

	<b>2024</b>	2023
	<b>SR '000</b>	SR '000
		(Restated)
Power margin (Note 27.1)	<b>148,569</b>	147,413
Insurance claim	<b>49,967</b>	513
Gain on sale of scrap	<b>418</b>	14,963
Others	<b>23,470</b>	13,355
	<b>222,424</b>	176,244

**27.1 Power margin**

The power margin represents the income received by the Group as per the direction of the Supreme Economic Council's resolution number 369/27 dated 29 Shawwal 1427 (20 November 2006) which mentioned that the Group would be compensated for selling the entire power produced by the IWPP to on-sale party (Principal Buyer) instead of selling it to the Parent Company's customers and for its efforts to establish the initial set-up and to start the IWPP project.

**28. FINANCE INCOME**

	<b>2024</b>	2023
	<b>SR '000</b>	SR '000
		(Restated)
Income on short term deposits	<b>62,453</b>	84,973
Unwinding of discount on HOP receivable	<b>4,666</b>	5,585
	<b>67,119</b>	90,558

**29. FINANCE COST**

	<b>2024</b>	<b>2023</b>
	<b>SR '000</b>	<b>SR '000</b> (Restated)
Finance cost on loans and borrowings (Note 29.1)	<b>414,851</b>	418,578
Finance cost on lease liabilities and others	<b>628,447</b>	705,009
	<b>1,043,298</b>	<b>1,123,587</b>

**29.1** This includes finance cost on Shariah compliant facilities amounting SR 414.85 million (2023: SR 418.58 million).

**30. RELATED PARTY TRANSACTIONS AND BALANCES**

***Terms and conditions of transactions with related parties***

The sales to and purchases from related parties are made at mutually agreed terms and conditions. Outstanding balances at the year-end are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024, the Group did not record any provision for impairment of receivables relating to amounts owed by related parties except for expected credit loss under the requirement of IFRS 9. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

The government of Kingdom of Saudi Arabia is the ultimate controlling party of the Parent Company. Related parties include shareholders, subsidiaries, associates, joint ventures, key management personnel and other related parties including entities under control, joint control or significant influence of the shareholders as well as government entities. Following are significant transactions and balances with related parties other than those disclosed elsewhere in the consolidated financial statements.

**30.1 Significant transactions with related parties**

(i) Billings for providing power and water services to related parties in accordance with long term supply agreements are as follows:

	<b>2024</b>	<b>2023</b>
	<b>SR '000</b>	<b>SR '000</b> (Restated)
<i>Shareholders</i>		
SABIC and its subsidiaries	<b>1,622,968</b>	1,694,270
Royal Commission	<b>234,074</b>	169,819
<i>Other related parties</i>		
Saudi Aramco and its subsidiaries	<b>1,521,352</b>	1,566,647
Principal Buyer	<b>2,391,071</b>	1,980,377
SWA	<b>782,355</b>	731,115
Other government entities	<b>186,812</b>	103,014

(ii) Costs include fuel oil, gas, power and water costs in accordance with long-term purchase agreements as follows:

	<b>2024</b>	<b>2023</b>
	<b>SR '000</b>	<b>SR '000</b> (Restated)
<i>Other related parties</i>		
Saudi Aramco and its subsidiaries	<b>1,968,788</b>	1,344,603
SEC	<b>79,456</b>	76,726
Principal Buyer	<b>44,660</b>	34,137
SWA	<b>25,420</b>	33,611

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**30. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

**30.2 Due from related parties**

**Gross trade receivables**

	<b>31 December 2024</b>	31 December 2023
	SR '000	SR '000 (Restated)
<i>Shareholders</i>		
SABIC and its subsidiaries	<b>403,749</b>	184,398
Royal Commission	<b>109,444</b>	82,661
<i>Other related parties</i>		
Saudi Aramco and its subsidiaries	<b>338,928</b>	267,830
SWA	<b>77,692</b>	186,466
Principal Buyer	<b>607</b>	152,874
Other government entities	<b>34,908</b>	45,190
	<b>965,328</b>	919,419

**Prepayments and other current assets**

	<b>31 December 2024</b>	31 December 2023
	SR '000	SR '000 (Restated)
<i>Other related parties</i>		
Principal Buyer	<b>182,354</b>	175,950
SWA	<b>65,197</b>	61,138
	<b>247,551</b>	237,088

**30.3 Due to related parties**

**Trade payables**

	<b>31 December 2024</b>	31 December 2023
	SR '000	SR '000 (Restated)
<i>Shareholder</i>		
Royal Commission	-	53
<i>Other related parties</i>		
Saudi Aramco and its subsidiaries	<b>243,095</b>	203,080
JWAP	<b>159,677</b>	-
	<b>402,772</b>	203,133

**Retention payable**

	<b>31 December 2024</b>	31 December 2023
	SR '000	SR '000 (Restated)
<i>Shareholder</i>		
Royal Commission	<b>22</b>	22
<i>Other related parties</i>		
SEC	<b>17</b>	-
	<b>39</b>	22

**Accrued expenses and other current liabilities**

	<b>31 December 2024</b>	31 December 2023
	SR '000	SR '000 (Restated)
<i>Shareholder</i>		
Royal Commission	<b>9,617</b>	8,705
<i>Other related parties</i>		
Saudi Aramco and its subsidiaries	<b>165,192</b>	107,257
SEC	<b>17,087</b>	8,599
JWAP	<b>143,062</b>	247,504
	<b>334,958</b>	372,065

**30. RELATED PARTY TRANSACTIONS AND BALANCES** (Continued)

**30.4 Related party Leases**

Following are lease liabilities with related parties of the Group:

	<b>31 December 2024</b>	31 December 2023
	<b>SR '000</b>	SR '000 (Restated)
Lease liability in respect of assets on lease from Royal Commission (Note (i))		
- Non-current	<b>794,209</b>	<b>2,415,793</b>
- Current	<b>2,245,322</b>	<b>495,244</b>
	<b>3,039,531</b>	<b>2,911,037</b>
Lease liability in respect of PWPA assets of JWAP		
Current portion	<b>762,169</b>	708,349
Non-current portion	<b>4,737,883</b>	5,499,989
	<b>5,500,052</b>	6,208,338

- (i) Based on the formal agreement signed between the Parent Company and the Royal Commission in 2006, effective 1 January 2003, the Royal Commission leased to the Parent Company power and water operating facilities at Yanbu and water operating facilities at Jubail, valued at SR 3,373 million. The obligation under this lease will be payable by the Parent Company in 25 equal annual instalments of SR 168.7 million each.

The Parent Company signed the second lease agreement in 2016 with Royal Commission in Yanbu for additional power and water operating facilities valued at SR 1,526.6 million. The obligation under this lease will be payable by the Parent Company in average 25 annual instalments.

The Parent Company signed the third lease agreement in 2017 with Royal Commission in Yanbu for additional power and water operating facilities valued at SR 318.8 million. The obligation under this lease will be payable by the Parent Company in average 25 annual instalments.

The Parent Company signed the fourth lease agreement in 2017 with Royal Commission in Jubail for additional power and water operating facilities valued at SR 1,777.8 million. The obligation under this lease will be payable by the Parent Company in 25 annual instalments.

The Parent Company signed the fifth lease agreement in 2018 with Royal Commission in Yanbu for additional water operating facilities valued at SR 13.1 million. The obligation under this lease will be payable by the Parent Company in 25 annual instalments.

The Parent Company signed the sixth lease agreement in 2019 with Royal Commission in Yanbu for additional water operating facilities valued at SR 1.2 million. The obligation under this lease will be payable by the Parent Company in 29 annual instalments.

The Parent Company signed the seventh lease agreement in 2020 with Royal Commission in Yanbu for additional water operating facilities valued at SR 510.9 million. The obligation under this lease will be payable by the Parent Company in 25 annual instalments.

The Parent Company signed the eighth lease agreement in 2023 with Royal Commission in Yanbu for additional water operating facilities valued at SR 45.61 million. The obligation under this lease will be payable by the Parent Company in 25 annual instalments.

The Parent Company signed the ninth lease agreement in 2023 with Royal Commission in Jubail for additional water operating facilities valued at SR 151.45 million. The obligation under this lease will be payable by the Parent Company in 25 annual instalments.

**30. RELATED PARTY TRANSACTIONS AND BALANCES** (Continued)

**30.5 Transactions with key management personnel**

Key management personnel of the Group comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

The remuneration of directors and other members of key management personnel during the year was as follows:

	<u>2024</u>	<u>2023</u>
	SR '000	SR '000 (Restated)
Short-term employee benefits	40,931	29,191
Post-employment defined benefit plan	5,781	5,992
<b>Total compensation paid to key management personnel</b>	<b>46,712</b>	<b>35,183</b>

**31. LEASE LIABILITIES AND RIGHT OF USE ASSETS**

**Leases as lessee (IFRS 16)**

The Group has various type of leases which typically run for a period of 1 to 50 years, with some leases containing an option to mutually renew the lease after that date.

**i. Lease liabilities**

	<u>31 December 2024</u>	<u>31 December 2023</u>
	SR '000	SR '000 (Restated)
Current portion	1,557,151	1,205,731
Non-current portion	6,975,059	7,891,927
	<b>8,532,210</b>	<b>9,097,658</b>

**Movement in lease liabilities**

	<u>2024</u>	<u>2023</u>
	SR '000	SR '000 (Restated)
Opening Balance, 1 Jan	9,097,658	9,825,164
Finance Interest for the year	622,695	684,373
Addition	70,452	95,994
Payment during the year	(1,258,595)	(1,507,872)
	<b>8,532,210</b>	<b>9,097,658</b>

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**31. LEASE LIABILITIES AND RIGHT OF USE ASSETS (Continued)**

**Right of use assets (IFRS 16)**

	Land	Plant & machinery	Buildings, wells & civil infrastructure	Meters, pipe networks & lift stations	Power lines, cables, meters & networks	Other equipment	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
<b>Cost:</b>							
Balance at 1 January 2023 (Restated)	365,225	12,976,130	824,854	1,629,950	923,606	113,125	16,832,890
Additions (Restated)	-	-	60,331	23,420	216	12,027	95,994
Balance at 31 December 2023 (Restated)	365,225	12,976,130	885,185	1,653,370	923,822	125,152	16,928,884
Additions	-	-	<b>43,822</b>	<b>606</b>	-	<b>26,024</b>	<b>70,452</b>
<b>Balance at 31 December 2024</b>	<b>365,225</b>	<b>12,976,130</b>	<b>929,007</b>	<b>1,653,976</b>	<b>923,822</b>	<b>151,176</b>	<b>16,999,336</b>
<b>Accumulated depreciation:</b>							
Balance at 1 January 2023 (Restated)	58,284	8,500,476	659,078	1,188,744	388,213	98,922	10,893,717
Depreciation (Restated)	10,867	589,383	11,271	63,522	25,907	13,252	714,202
Balance at 31 December 2023 (Restated)	69,151	9,089,859	670,349	1,252,266	414,120	112,174	11,607,919
Depreciation	<b>10,868</b>	<b>589,242</b>	<b>9,449</b>	<b>61,662</b>	<b>23,955</b>	<b>10,914</b>	<b>706,090</b>
<b>Balance at 31 December 2024</b>	<b>80,019</b>	<b>9,679,101</b>	<b>679,798</b>	<b>1,313,928</b>	<b>438,075</b>	<b>123,088</b>	<b>12,314,009</b>
<b>Carrying value:</b>							
<b>Balance at 31 December 2024</b>	<b>285,206</b>	<b>3,297,029</b>	<b>249,209</b>	<b>340,048</b>	<b>485,747</b>	<b>28,088</b>	<b>4,685,327</b>
Balance at 31 December 2023 (Restated)	296,074	3,886,271	214,836	401,104	509,702	12,978	5,320,965

### **32. COMMITMENTS AND CONTINGENCIES**

#### **Capital commitments**

Capital expenditure contracted by the Group at the end of the year but not incurred is SR 651.46 million (31 December 2023: SR 574.1 million).

#### **Other commitment**

One of the Group companies, TAWREED entered into an agreement with Saudi Aramco to purchase fuel required for the IWPP for a period of twenty years and the cost of the fuel will be reimbursed by On-Sale Parties on a monthly basis without any mark-up.

#### **Contingent liabilities**

At 31 December 2024, bank guarantees and letter of credits have been issued amounting to SR 570.11 million (31 December 2023: SR 400.8 million) by the Group's bankers, on behalf of the Group in the ordinary course of business. The Parent Company has also issued a corporate guarantee on behalf of its joint venture (JWAC) amounting to SR 159 million (31 December 2023: SR 159 million).

### **33. SUBSEQUENT EVENTS**

- i. Subsequent to the year end, one of the suppliers of the Group, Saudi Aramco announced increase in prices of energy products effective from 1 January 2025 that may have a material impact on the Group's operating results for the year ending 31 December 2025 onwards. Currently, management is in the process of ascertaining relevant financial impacts.
- ii. On 30 January 2025, a fire broke out in one of the auxiliary units of the sixth unit's boiler within the steam turbine unit in Yanbu Industrial City. It is noted that the unit was completely shut down at the time due to annual routine maintenance. The company is in process of assessing the financial impact, noting that the building is covered by insurance for such risks, which will be considered during damage assessment.
- ii. On 15 February 2025, ZATCA announced MR 947, which extends the timeline for Zakat payers to opt for applying the provisions of Zakat Implementing Regulations issued under MR 1007 to prior years' zakat returns by 30 April 2025. The Group is currently in the process of assessing the applicability of the same.

#### **34. COMPARATIVE FIGURES AND RESTATEMENT**

##### **34.1 Reclassification of comparative figures**

Certain comparative figures have been reclassified to conform with the presentation in the current year as follows:

<b>31 December 2023</b>	<b>Previously reported</b>	<b>Reclassification</b>	<b>Currently reported</b>
	<b>SR '000</b>	<b>SR '000</b>	<b>SR '000</b>
Property, plant and equipment	19,633,250	(3,791,249)	15,842,001
Right of use assets	-	3,791,249	3,791,249

<b>1 January 2023</b>	<b>Previously reported</b>	<b>Reclassification</b>	<b>Currently reported</b>
	<b>SR '000</b>	<b>SR '000</b>	<b>SR '000</b>
Property, plant and equipment	19,990,861	(3,865,323)	16,125,538
Right of use assets	-	3,865,323	3,865,323

Such reclassifications have not resulted in any additional impact on statement of equity or total comprehensive income for the comparative figures.

##### **34.2 Restatements**

In the current year:

- a) The Group has reviewed its position in relation to control over JWAP and its accounting treatment as a joint operation. While the arrangement continues to meet the criteria for a Joint Arrangements under IFRS 10 &11, Joint operation accounting under IFRS 11 was reassessed and concluded to be a joint venture instead. Consequently, the Group has deconsolidated its proportionate share and accounted for the investment in JWAP as a joint venture using the equity method, as required by IAS 28 Investments in Associates and Joint Ventures.
- b) The Group has recognized the PWPA agreement with JWAP as a lease under the requirement of IFRS 16 which was earlier consolidated proportionally and recorded as owned asset under joint operation accounting of JWAP. Refer to column (adjustment b) in the restatement below.
- c) The Group has remeasured its lease liabilities in line with the requirements of IFRS 16 Leases from the lease commencement date using the incremental borrowing rate and accordingly adjusted the related right-of-use assets, finance charges on lease liabilities and depreciation charges on right-of-use assets. Refer to column (adjustment c) in the restatement below.
- d) The management of the Company has identified certain accounting errors pertaining to prior periods, as explained below:
  - I. The Company has identified revenue amounting to SR 6 million that erroneously been recognized in prior year. Refer to column (adjustment d) in the restatement below.
  - II. The Company has restated the accounting for a lease arrangement that was expired in 2019. Refer to column (adjustment d) in the restatement below.
  - III. The Company has restated the equity accounting for its share in the results of a joint venture which was incorrectly accounted for in prior years. Refer to column (adjustment d) in the restatement below.

As a result of the above, management has restated comparative financial statement as of 31 December 2023 and as of 1 January 2023, and for the year ended 31 December 2023 as follows:

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**34. COMPARATIVE FIGURES AND RESTATEMENT (Continued)**

**Consolidated statement of financial position**

At 31 December 2023	Previously reported	Adjustment (a)	Adjustment (b)	Adjustment (c)	Adjustment (d)	Restated
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	15,842,001	(1,149,404)	-	-	-	14,692,597
Right of use assets	3,791,249	-	3,752,168	(2,204,453)	(17,999)	5,320,965
Intangible assets	12,633	(934)	-	-	-	11,699
Equity accounted investees	56,321	733,338	-	-	(8,215)	781,444
Long-term receivables and prepayments	225,369	(47,830)	-	-	-	177,539
<b>Total non-current assets</b>	<b>19,927,573</b>	<b>(464,830)</b>	<b>3,752,168</b>	<b>(2,204,453)</b>	<b>(26,214)</b>	<b>20,984,244</b>
<b>Current assets</b>						
Inventories, net	270,838	(166)	-	-	-	270,672
Trade receivables, net	1,086,110	(95)	-	-	-	1,086,015
Prepayments and other current assets	450,098	(44,412)	-	-	(6,000)	399,686
Short-term deposits	131,000	(27,000)	-	-	-	104,000
Cash and cash equivalents	1,186,936	(4,847)	-	-	-	1,182,089
<b>Total current assets</b>	<b>3,124,982</b>	<b>(76,520)</b>	<b>-</b>	<b>-</b>	<b>(6,000)</b>	<b>3,042,462</b>
<b>TOTAL ASSETS</b>	<b>23,052,555</b>	<b>(541,350)</b>	<b>3,752,168</b>	<b>(2,204,453)</b>	<b>(32,214)</b>	<b>24,026,706</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Bank loans and borrowings	7,243,373	(1,090,034)	-	-	-	6,153,339
Lease liabilities	2,508,239	-	5,474,945	(72,948)	(18,309)	7,891,927
Other non-current liabilities	2,767,409	(2,178)	-	(1,355,446)	-	1,409,785
Deferred tax liabilities	2,984	(2,984)	-	-	-	-
<b>Total non-current liabilities</b>	<b>12,522,005</b>	<b>(1,095,196)</b>	<b>5,474,945</b>	<b>(1,428,394)</b>	<b>(18,309)</b>	<b>15,455,051</b>
<b>Current liabilities</b>						
Current portion of bank loans and borrowings	463,278	(208,117)	-	-	-	255,161
Current portion of lease liabilities	340,821	-	704,165	161,846	(1,101)	1,205,731
Trade payables	606,903	23,406	-	-	-	630,309
Accrued expenses and other current liabilities	916,673	11,197	-	-	-	927,870
<b>Total current liabilities</b>	<b>2,327,675</b>	<b>(173,514)</b>	<b>704,165</b>	<b>161,846</b>	<b>(1,101)</b>	<b>3,019,071</b>
<b>TOTAL LIABILITIES</b>	<b>14,849,680</b>	<b>(1,268,710)</b>	<b>6,179,110</b>	<b>(1,266,548)</b>	<b>(19,410)</b>	<b>18,474,122</b>
<b>TOTAL EQUITY</b>	<b>8,202,875</b>	<b>727,360</b>	<b>(2,426,942)</b>	<b>(937,905)</b>	<b>(12,804)</b>	<b>5,552,584</b>

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**34. COMPARATIVE FIGURES AND RESTATEMENT (Continued)**

At 1 January 2023	Previously reported	Adjustment (a)	Adjustment (b)	Adjustment (c)	Adjustment (d)	Restated
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	16,125,538	(1,324,023)	-	-	-	14,801,515
Right of use asset	3,865,323	-	4,329,425	(2,236,955)	(18,620)	5,939,173
Intangible assets	13,925	(64)	-	-	-	13,861
Equity accounted investees	68,783	757,768	-	-	(9,119)	817,421
Long-term receivables and prepayments	280,461	(61,816)	-	-	-	218,645
<b>Total non-current assets</b>	<b>20,354,030</b>	<b>(628,135)</b>	<b>4,329,425</b>	<b>(2,236,955)</b>	<b>(27,739)</b>	<b>21,790,615</b>
<b>Current assets</b>						
Inventories, net	296,306	(166)	-	-	-	296,140
Trade receivables, net	867,600	(275)	-	-	-	867,325
Prepayments and other current assets	446,730	(45,001)	-	-	-	401,729
Short-term deposits	1,575,900	(33,900)	-	-	-	1,542,000
Cash and cash equivalents	685,694	(3,832)	-	-	-	681,862
<b>Total current assets</b>	<b>3,872,230</b>	<b>(83,174)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,789,056</b>
<b>TOTAL ASSETS</b>	<b>24,226,260</b>	<b>(711,309)</b>	<b>4,329,425</b>	<b>(2,255,575)</b>	<b>(27,739)</b>	<b>25,579,671</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Bank loans and borrowings	8,198,215	(1,298,151)	-	-	-	6,900,064
Lease liabilities	2,603,691	-	6,179,111	(48,555)	(18,681)	8,715,566
Other non-current liabilities	2,762,126	(2,023)	-	(1,362,718)	-	1,397,385
Deferred tax liabilities	4,367	(4,367)	-	-	-	-
<b>Total non-current liabilities</b>	<b>13,568,399</b>	<b>(1,304,541)</b>	<b>6,179,111</b>	<b>(1,411,273)</b>	<b>(18,681)</b>	<b>17,013,015</b>
<b>Current liabilities</b>						
Current portion of bank loans and borrowings	410,888	(190,089)	-	-	-	220,799
Current portion of lease liabilities	333,343	-	642,043	135,316	(1,101)	1,109,600
Trade payables	687,139	25,732	-	-	-	712,871
Accrued expenses and other current liabilities	981,634	7,669	-	-	-	989,303
<b>Total current liabilities</b>	<b>2,413,004</b>	<b>(156,688)</b>	<b>642,043</b>	<b>135,316</b>	<b>(1,101)</b>	<b>3,032,573</b>
<b>TOTAL LIABILITIES</b>	<b>15,981,403</b>	<b>(1,461,229)</b>	<b>6,821,154</b>	<b>(1,275,957)</b>	<b>(19,782)</b>	<b>20,045,588</b>
<b>TOTAL EQUITY</b>	<b>8,244,857</b>	<b>749,920</b>	<b>(2,491,729)</b>	<b>(960,998)</b>	<b>(7,957)</b>	<b>5,534,083</b>

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**34. COMPARATIVE FIGURES AND RESTATEMENT (Continued)**

**Consolidated statement of income**

For the year ended 31 December 2023	Previously reported	Adjustment (a)	Adjustment (b)	Adjustment (c)	Adjustment (d)	Restated
	SR '000	SR '000				SR '000
<b>Revenue</b>	6,389,334	-	-	-	(6,000)	6,383,334
Cost of revenue	(5,264,445)	(166,737)	621,044	138,946	-	(4,671,192)
<b>Gross profit</b>	<b>1,124,889</b>	<b>(166,737)</b>	<b>621,044</b>	<b>138,946</b>	<b>(6,000)</b>	<b>1,712,142</b>
Administrative expenses	(281,588)	5,555	-	(481)	-	(276,514)
Impairment loss on trade receivables	(10,448)	-	-	-	-	(10,448)
Other operating income	179,520	(3,276)	-	-	-	176,244
Other operating expenses	(6,279)	-	-	-	-	(6,279)
<b>Operating profit</b>	<b>1,006,094</b>	<b>(164,458)</b>	<b>621,044</b>	<b>138,465</b>	<b>(6,000)</b>	<b>1,595,145</b>
Finance income	92,709	(2,151)	-	-	-	90,558
Finance cost	(518,913)	66,088	(556,258)	(115,234)	730	(1,123,587)
Share in results of equity accounted investees	(8,149)	72,215	-	-	904	64,970
<b>Profit before Zakat and income tax</b>	<b>571,741</b>	<b>(28,306)</b>	<b>64,786</b>	<b>23,231</b>	<b>(4,366)</b>	<b>627,086</b>
Zakat and income tax	(45,943)	5,859	-	-	-	(40,084)
<b>Net profit for the year</b>	<b>525,798</b>	<b>(22,447)</b>	<b>64,786</b>	<b>23,231</b>	<b>(4,366)</b>	<b>587,002</b>
<b>Earnings per share:</b>						
Basic and diluted earnings per share attributable to shareholders -SR	<b>2.10</b>	<b>(0.09)</b>	<b>0.26</b>	<b>0.09</b>	<b>(0.02)</b>	<b>2.35</b>

**Consolidated statement other comprehensive of income**

For the year ended 31 December 2023	Previously reported	Adjustment (a)	Restated
	SR '000	SR '000	SR '000
<b>Net profit for the year</b>	<b>525,798</b>	<b>61,204</b>	<b>587,002</b>
<i>Other comprehensive income to be reclassified to income statement in subsequent periods:</i>			
Share of loss on cash flow hedge of a joint operation, net of deferred tax	(17,282)	17,282	-
Share of loss on cash flow hedge of an equity accounted investee, net of deferred tax	(4,312)	(18,004)	(22,316)
	<b>(21,594)</b>	<b>(722)</b>	<b>(22,316)</b>
<i>Other comprehensive income that will not be reclassified to income statement in subsequent periods:</i>			
Re-measurement gain on defined benefit obligation, net of deferred tax	3,815	-	3,815
<b>Other comprehensive loss for the year</b>	<b>(17,779)</b>	<b>(722)</b>	<b>(18,501)</b>
<b>Total comprehensive income for the year</b>	<b>508,019</b>	<b>60,482</b>	<b>568,501</b>