



MIAHONA COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)
For the three-month and nine-month periods ended 30 September 2024
together with the
Independent Auditor's Review Report



MIAHONA COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month and nine-month periods ended 30 September 2024



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KPMG Professional Services

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Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

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

To the Shareholders of Miahona Company

Introduction

We have reviewed the accompanying 30 September 2024 condensed consolidated interim financial statements of Miahona Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2024;
- the condensed consolidated interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2024;
- the condensed consolidated interim statement of other comprehensive income for the three-month and nine-month periods ended 30 September 2024;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2024;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2024; and
- the notes to the condensed consolidated interim financial statements.

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2024 condensed consolidated interim financial statements of Miahona Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services



Hani Hamzah A. Bedairi
License No: 460



Riyadh, 5 November 2024
Corresponding to 3 Jumada al Ula 1446H

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR 70,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٧٠,٠٠٠,٠٠٠) ريال سعودي منفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان.

MIAHONA COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION



As at 30 September 2024

(Amounts in Saudi Riyals)

	<i>Notes</i>	30 September 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment		7,371,039	8,413,083
Intangible assets		287,692	2,755
Intangible assets arising from service concession arrangements	4	355,511,940	345,824,800
Plant under construction		-	160,786
Right-of-use assets		9,987,752	11,680,901
Investments in equity accounted investments	5	18,194,795	13,406,907
Concession contract receivables	6	300,220,821	270,411,073
Prepayments and advances	7	39,862,185	13,527,315
Non-current assets		731,436,224	663,427,620
CURRENT ASSETS			
Concession contract receivables	6	34,586,026	34,586,026
Inventories		6,613,538	5,772,457
Prepayments and advances	7	24,350,130	25,830,425
Fair value of derivative financials instruments		42,199	1,977,120
Trade and other receivables	8	61,750,214	62,921,487
Contract assets	9	5,992,344	38,082,881
Due from related parties	20.2.1	10,468,390	4,514,655
Term deposits		23,700,000	16,061,000
Cash and cash equivalents	10	178,072,086	136,166,214
Current assets		345,574,927	325,912,265
TOTAL ASSETS		1,077,011,151	989,339,885
EQUITY			
Share capital	11	160,925,543	160,925,543
Statutory reserve		250,000	250,000
Cash flow hedge reserves		(11,969,912)	1,705,695
Retained earnings		274,108,929	229,971,854
Sub-total		423,314,560	392,853,092
Non-controlling interest		(3,976,127)	385,268
Total equity		419,338,433	393,238,360
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	12	353,930,842	400,722,135
Lease liabilities		7,958,250	9,538,537
Fair value of derivative financials instrument		17,160,163	387,749
Defined employee benefits obligations		24,212,045	22,393,896
Other liabilities		30,651,740	-
Deferred revenue and contract liabilities	13	13,624,619	13,105,682
Non-current liabilities		447,537,659	446,147,999
CURRENT LIABILITIES			
Loans and borrowings	12	138,306,543	41,828,378
Lease liabilities		1,881,556	1,736,816
Share-based payments	15	1,256,036	-
Trade and other payables	14	61,531,175	94,976,966
Other liabilities		4,498,933	5,892,326
Zakat		2,660,816	5,519,040
Total current liabilities		210,135,059	149,953,526
Total liabilities		657,672,718	596,101,525
TOTAL EQUITY AND LIABILITIES		1,077,011,151	989,339,885

The accompanying notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.

Chairman
Khalid Abuwayyan

Chief Executive Officer
Awaadh Al Otaibi

Chief Financial Officer
Rehan Masood

MIAHONA COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
For the three-month and nine-month periods ended 30 September 2024
(Amounts in Saudi Riyals)


	<i>Notes</i>	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2024	2023	2024	2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	16	88,483,460	76,003,625	248,079,325	225,616,990
Cost of revenue	17	(63,912,076)	(47,045,430)	(167,944,649)	(146,013,219)
Gross profit		24,571,384	28,958,195	80,134,676	79,603,771
General and administrative expenses	18	(10,830,484)	(7,898,036)	(34,493,802)	(27,461,328)
Other income	19	6,031,016	209,498	7,631,423	401,624
Allowance for expected credit losses ("ECL") on trade receivables, contract assets and concession contract receivables		(9,783)	355,632	(1,365,984)	(319,327)
Operating profit		19,762,133	21,625,289	51,906,313	52,224,740
Finance costs		(13,027,797)	(9,258,758)	(30,796,664)	(24,484,041)
Finance income on concession contract receivables		7,079,286	4,137,802	16,600,870	11,830,018
Income on term deposits		2,265,708	1,290,980	5,354,542	2,616,255
Share of profit from equity accounted investments		1,537,737	2,199,979	4,722,888	5,998,269
Profit before Zakat		17,617,067	19,995,292	47,787,949	48,185,241
Zakat expense		(892,406)	(1,082,620)	(2,980,545)	(4,189,070)
Profit for the period		16,724,661	18,912,672	44,807,404	43,996,171
Profit for the period after Zakat attributable to:					
Equity holders of the parent company		16,536,528	18,882,822	44,137,075	43,923,024
Non-controlling interest		188,133	29,850	670,329	73,147
		16,724,661	18,912,672	44,807,404	43,996,171
Earnings per share					
Basic earnings per share	23	0.10	0.12	0.27	0.27
Diluted earnings per share	23	0.10	0.12	0.27	0.27

The accompanying notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.

 Chairman
Khalid Abunayyan

 Chief Executive Officer
Awaadh Al Otaibi

 Chief Financial Officer
Rehan Masood

MIAHONA COMPANY
(A Saudi Joint Stock Company)
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER
COMPREHENSIVE INCOME**



For the three-month and nine-month periods ended 30 September 2024
(Amounts in Saudi Riyals)

	For the three-month period ended 30 Sep		For the nine-month period ended 30 Sep	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Profit for the period after Zakat	16,724,661	18,912,672	44,807,404	43,996,171
<i>Item that may be reclassified subsequently to profit or loss</i>				
Cash flow hedges – effective portion of changes in fair value	(22,950,460)	(226,552)	(18,707,331)	(18,666)
Total comprehensive income for the period	(6,225,799)	18,686,120	26,100,073	43,977,505
Other comprehensive income for the period attributable to:				
Equity holders of the parent company	(16,106,178)	(428,131)	(13,675,607)	(445,998)
Non-controlling interest	(6,844,282)	201,579	(5,031,724)	427,332
	(22,950,460)	(226,552)	(18,707,331)	(18,666)
Total comprehensive income for the period attributable to:				
Equity holders of the parent company	430,350	18,454,691	30,461,468	43,477,026
Non-controlling interest	(6,656,149)	231,429	(4,361,395)	500,479
	(6,225,799)	18,686,120	26,100,073	43,977,505

The accompanying notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.

Chairman
Khalid Abunayyan

Chief Executive Officer
Awaadh Al Otaibi

Chief Financial Officer
Rehan Masood



MIAHONA COMPANY
 (A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the nine-month period ended 30 September 2024
(Amounts in Saudi Riyals)

	Share capital	Statutory reserve	Additional capital contribution	Cash flow hedge reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest	Total equity
As at 31 December 2022 (Audited)	500,000	250,000	160,425,543	4,362,751	176,967,131	342,505,425	-	342,505,425
Non-controlling interest	-	-	-	-	43,923,024	43,923,024	150,000	150,000
Profit for the period	-	-	-	(445,988)	-	(445,988)	73,147	43,996,171
Other comprehensive income for the period	-	-	-	(445,988)	-	(445,988)	427,332	(18,666)
Total comprehensive income for the period	-	-	-	(445,988)	43,923,024	43,477,026	500,479	43,977,505
As at 30 September 2023 (Unaudited)	500,000	250,000	160,425,543	3,916,753	220,890,155	385,982,451	650,479	386,632,930
As at 31 December 2023 (Audited)	160,925,543	250,000	-	1,705,695	229,971,854	392,853,092	385,268	393,238,360
Profit for the period	-	-	-	-	44,137,075	44,137,075	670,329	44,807,404
Other comprehensive income for the period	-	-	-	(13,675,607)	-	(13,675,607)	(5,031,724)	(18,707,331)
Total comprehensive income for the period	-	-	-	(13,675,607)	44,137,075	30,461,468	(4,361,395)	26,100,073
As at 30 September 2024 (Unaudited)	160,925,543	250,000	-	(11,969,912)	274,108,929	423,314,560	(3,976,127)	419,338,433

The accompanying notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.

[Signature]

Chairman
Khalid Abuwayyan

[Signature]

Chief Executive Officer
Awadh Al Otaibi

[Signature]

Chief Financial Officer
Rehan Masood

MIAHONA COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the nine-month period ended 30 September 2024
(Amounts in Saudi Riyals)



	<i>Notes</i>	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Cash flows from operating activities:			
Profit before Zakat		47,787,949	48,185,241
<i>Adjustments:</i>			
Depreciation of property and equipment		2,054,263	1,949,006
Amortization of intangible assets		9,798	210,399
Depreciation of right-of-use assets		2,007,832	1,564,700
Amortization of intangible assets arising from service concession arrangements	4	32,863,339	28,402,346
Amortisation of concession contract receivables	6	25,967,926	21,341,221
Finance cost on lease liabilities		350,689	374,782
Amortization of the upfront fees		917,109	813,670
Finance costs		29,528,866	24,109,259
Share of profit from equity accounted investments	5	(4,722,888)	(5,998,269)
Allowance for ECL on trade receivables, contract assets and concession contract receivables		1,365,984	319,327
Defined employee benefits obligation expense		2,446,063	2,183,785
Income on term deposits		(5,354,542)	(2,616,255)
Finance income	6	(16,600,870)	(11,830,018)
		<u>118,621,518</u>	<u>109,009,194</u>
Changes in operating assets and liabilities:			
Inventories		(841,081)	(1,833,586)
Trade and other receivables		1,061,273	41,245,286
Contract assets		30,834,553	-
Due from related parties		(5,953,735)	-
Prepayments and advances		12,698,168	(16,344,402)
Other liabilities		(3,167,064)	(3,156,996)
Deferred revenue and contract liabilities		518,937	357,296
Share-based payment		1,256,036	-
Trade and other payables		(32,133,269)	(22,455,640)
		<u>122,895,336</u>	<u>106,812,152</u>
Income on short term deposits received		5,195,542	-
Defined employee benefits obligations paid		(627,914)	(860,693)
Finance costs paid		(30,841,386)	(22,710,065)
Zakat paid		(5,838,769)	(5,608,422)
Net cash flows generated from operating activities		<u>90,782,809</u>	<u>77,632,972</u>
INVESTING ACTIVITIES			
Acquisition of property and equipment		(1,012,219)	(2,157,046)
Acquisition of intangible assets		(294,735)	-
Acquisition of intangible assets arising from service concession arrangements		(10,125,066)	(15,288,717)
Additions to concession contract receivables		(39,016,018)	(15,653,833)
Advance paid to EPC contractor		(38,697,262)	-
Dividend received from investments in equity accounted investees		-	1,370,976
Proceeds of term deposits		106,576,000	54,396,735
Placement of term deposits		(114,056,000)	(73,000,000)
Acquisition of investment in equity accounted investees		(65,000)	-
Net cash flows used in investing activities		<u>(96,690,300)</u>	<u>(50,331,885)</u>

MIAHONA COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**For the nine-month period ended 30 September 2024***(Amounts in Saudi Riyals)*

	<i>Notes</i>	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
FINANCING ACTIVITIES			
Repayment of loan and borrowings	12	(38,869,910)	(37,777,562)
Proceeds from loans and borrowings	12	90,274,136	18,960,373
Upfront fees paid	12	(1,489,944)	-
Payment of lease liabilities		(2,100,919)	(2,489,818)
Acquisition of non-controlling interest		-	150,000
Net cash flows generated from / (used in) financing activities		47,813,363	(21,157,007)
Net increase in cash and cash equivalents during the period		41,905,872	6,144,080
Cash and cash equivalents at the beginning of the period		136,166,214	67,821,386
Cash and cash equivalents at the end of the period		178,072,086	73,965,466
Non-cash transactions			
Additions to right-of-use assets and lease liability		485,209	3,922,068
Derecognition of right-of-use assets and lease liability		(170,528)	-
Proceeds of term deposits		-	15,356,000
Placement of term deposits		-	(15,356,000)
Transfer from prepayments and advances to loans and borrowings		1,144,519	-
Transfer from plant under construction to concession contract receivables		160,786	-
Additions to intangible assets arising from service concession arrangements and other non-current liabilities		32,425,411	-
Cash flow hedge reserves – effective portion of change in fair value		(18,707,331)	(18,666)

The accompanying notes 1 to 25 form an integral part of these condensed consolidated interim financial statements.

Chairman
Khalid Abunayyan

Chief Executive Officer
Awaadh Al Otaibi

Chief Financial Officer
Rehan Masood



1. REPORTING ENTITY

Miahona Company (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration numbered 1010253603 dated 16 Rajab 1429 H (corresponding to 20 July 2008).

The main activities of the Company and its subsidiaries (collectively referred to as “the Group”) are to engage in water transportation and distribution, operation of sewage treatment networks and facilities, general construction of the non-residential buildings (schools, hospitals, hotels etc.), establishing main water distribution stations and lines and establishing sewage stations and project, sewage networks and pumps.

The Company was formed on 16 Rajab 1429 H (corresponding to 20 July 2008) as a Limited Liability Company. On 16 Jumada’I 1445H (corresponding to 31 October 2023), the legal status of the Company changed from a Limited Liability Company to a Saudi Joint Stock Company – Closed. This was pursuant to the Company’s listing process on Tadawul, whereby the Company had filed the application of listing with Capital Market Authority (CMA) and Tadawul on 17 December 2023. Tadawul approved the application on 14 February 2024. CMA approved the application on 20 March 2024. The Company has been listed on Tadawul on 6 June 2024.

The Company has following subsidiaries and associates:

Name	Activities	Country of incorporation	Percentage of ownership (effective)	
			As at 30 September 2024	As at 31 December 2023
Industrial Cities Development and Operating Company (“ICDOC”) (refer note (a) below)	The main activity of ICDOC is to engage in the water supply, sanitation, waste management and treatment, sanitation, building construction, construction of utility projects and electrical installations construction.	Saudi Arabia	100%	100%
Riyadh Water Production Company (“RWPC”) (refer note (b) below)	The main activity of RWPC is to engage in water supply, sanitation, waste management and treatment and water collection, treatment and delivery.	Saudi Arabia	100%	100%
Al Jazzirah Environment Company (“JECO”) (refer note (c) below)	The main activity of JECO is to engage in water supply, sanitation, waste management and treatment, sanitation, building construction, construction of utility projects, electrical installations.	Saudi Arabia	100%	100%
Araha Environmental Sciences Company (“ARAHA”) (refer note (d) below)	The main activity of Araha is to engage in operation of sewer systems or sewer treatment facilities, repair and maintenance of sewer systems, sewage disposals plants and pumping station, Construction of sewer systems, sewage disposal plants and pumping stations.	Saudi Arabia	70%	70%

MIAHONA COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month and nine-month periods ended 30 September 2024

(Amount in Saudi Riyals)


1. REPORTING ENTITY (CONTINUED)

Name	Activities	Country of incorporation	Percentage of ownership (effective)	
			As at 30 September 2024	As at 31 December 2023
Sustainable Water Company for Environmental Services (“SWESC”) (refer note (e) below)	The main activity of SWESC is to engage in water supply, sanitation, waste management and treatment, sanitation, construction of utility projects, real estate activities in owned or leased properties.	Saudi Arabia	70%	70%
Al Haer Environmental Services (Al Haer) (f)	The main activity of Al Haer is to engage in water supply, sanitation, waste management and treatment, sanitation and construction of utility projects	Saudi Arabia	45%	NA
Al Haer Operations Limited Company (Al Haer Operations) (g)	The main activity of Al Haer is to engage in water supply, sanitation, waste management and treatment, sanitation and construction of utility projects	Saudi Arabia	55%	NA
International Water Partner Company (IWP) (refer note (h) below)	The main activity is for Management, Operations and Maintenance (MOM) Services for the first Cluster i.e., North-west consisting of the areas of Madinah and Tabuk	Saudi Arabia	40%	40%
International Water Partner Company the second (IWP2) (refer note (i) below)	The main activity is for Management, Operations and Maintenance (MOM) Services for the Cluster i.e., Eastern consisting of the areas of Dammam	Saudi Arabia	35%	35%

- (a) ICDOC is engaged in the following service concession arrangements as at the reporting date:
- A service concession arrangement with a Government related entity in Jeddah dated 24 March 2002, effective from 15 March 2005, for rehabilitating, operating and maintaining the wastewater plant and related network system (“wastewater treatment facilities”) of Jeddah Industrial city. The wastewater treatment facilities will be transferred back to Government related entity at the end of the concession arrangement period of 20 years.
 - A service concession arrangement with Government related entity for industrial cities in Dammam and Al-Ahsa dated 22 October 2007, effective from 30 January 2008, for rehabilitating, operating and maintaining the water utilities and wastewater plant and related network system (“water utilities and wastewater treatment facilities”) of the first and second industrial cities in Dammam and building, operating and maintaining the water utilities and wastewater treatment facilities of the first industrial city in Al-Ahsa. The water utilities and wastewater treatment facilities in industrial cities in Dammam and Al-Ahsa will be transferred back to Government related entity at the end of the concession arrangement period of 30 years.
- (b) RWPC is engaged in a service concession arrangement with the Government related entity dated 15 September 2015 to perform the following:
- remediate, operate and maintain the existing Water Treatment Station (“WTS”).
 - further, develop, own, finance engineer, design, procure, construct, commission, start up and test the new WTS.
 - operate, maintain and transfer the new WTS.
- (c) JECO is a subcontractor for operations and maintenance of the above service concession contracts relating to ICDOC, RWPC and Araha.

1. REPORTING ENTITY (CONTINUED)

- (d) On 30 November 2022, the Company formed Araha. The Company has injected cash of SR 350,000 equal to 70% of Araha's shares.

Araha is engaged in a service concession arrangement with the Government related entity dated 28 August 2022, effective from 2 May 2023, to perform the rehabilitation remediation and financing, completion, testing, operation and maintenance, handover, and transfer of the existing two sewage treatment plants (STP) in Makkah called Hadda and Arana STPs.

- (e) On 27 February 2023, the company was awarded a contract through competitive tendering process for the Ras Tanura Refinery ("RTR") wastewater treatment plant project – to treat industrial wastewater of a Government related entity. The Company's share capital amounted to SR 350,000 equal to 70% of SWESC's shares.

The industrial wastewater treatment plant, wastewater and effluent transmission systems will be developed on a Build-Own-Operate-Transfer ("BOOT") basis for a period of 25 years. This BOOT arrangement is classified as a financial asset model under IFRIC 12, Service Concession Arrangements.

JECO is a subcontractor for operations and maintenance of the above service concession contracts relating to ICDOC, RWPC, Araha and SWESC.

- (f) During 2024, the Company has formed Al Haer. The Company holds 45% of shares of Al Haer. No activities have been undertaken by Al Haer during the period.
- (g) During 2024, the Company has formed Al Haer Operations. The Company holds 55% of shares of Al Haer Operations. No activities have been undertaken by Al Haer Operations during the period.
- (h) The Group made an investment in IWP to the extent of 40% of IWP's share capital, for a consideration of SR 200,000 in February 2021.

IWP is engaged in a contract with a Government related entity to perform management and operations of the water supply lines between the cities, engage in water wells, water technology, production, distribution, transport, sell, sewerage, drainage and re-use of water and public construction contracting, piping, electrical work, mechanical work, maintenance, operating and road works.

- (i) The Group made an investment in a newly formed entity IWP2 to the extent of 35% of IWP2's share capital, for a consideration of SR 175,000 in January 2022.

IWP2 is engaged in a contract with a Government related entity to perform management and operations of the water supply lines between the cities, engage in water wells, water technology, production, distribution, transport, sell, sewerage, drainage and re-use of water and public construction contracting, piping, electrical work, mechanical work, maintenance, operating and road works.

2. BASIS OF PRESENTATION**2.1 Statement of compliance**

These condensed consolidated interim financial statements of the Group have been prepared in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2.2 Preparation of condensed consolidated interim financial statements

These condensed consolidated interim financial statements do not include all of the information and disclosures required in a full set of annual consolidated financial statements and should therefore be read in conjunction with the last annual consolidated financial statements for the year ended 31 December 2023 ("last annual consolidated financial statements"). Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group financial position and performance since the last annual consolidated financial statements.

2. BASIS OF PRESENTATION (Continued)

2.3 Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date. Further, the financial statements are prepared using the accrual basis of accounting and on a going concern basis.

Items	Measurement basis
Derivative financial instruments	Fair value
Defined employee benefits obligations	Present value of the defined benefit obligation
Investment in equity accounted investments	Equity method of accounting

2.4 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR), which is the Company's functional currency. The Group has used Saudi Riyal (SR) as the presentation currency. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

2.5 Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Non-controlling interest ("NCI") is measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

2.6 Basis of equity accounted investments

An equity accounted investee is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Interests in equity accounted investee are accounted using the equity method.

Unrealised gains arising from transactions with equity accounted investments are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those followed in preparing the Group's last annual consolidated financial statements for the year ended 31 December 2023 except following.

a) Share-based payment

The fair value of the amount payable to employees in respect of share-based payment, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share-based payment. Any changes in the liability are recognised in the profit or loss.

3.1 Significant accounting judgements, estimates and assumptions.

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Therefore, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made the following estimates and judgements, which are significant to the condensed consolidated interim financial statements:

- Consolidation: whether the Group has de facto control over an investee;
- Revenue recognition: allocation of transaction price to performance obligations, measurement of significant financing component;
- Derivative financial instruments;
- Measurement of defined employee benefits obligation - key actuarial assumptions; and
- Allowance for expected credit losses on trade receivables, contract assets and concession contract receivables.

3.2 New Standards, Amendment to Standards and Interpretations:

There are new standards and number of amendments to standards which are effective from 1 January 2024 and have been explained in Group's annual Consolidated Financial Statements for the year ended 31 December 2023, however they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements for the period ended 30 September 2024.

3.3 Standards issued but not yet effective

There are new standards and amendments that are not yet effective and have been explained in Group's annual Consolidated Financial Statements for the year ended 31 December 2023. These amended standards and interpretations are not expected to have a material impact on the consolidated financial statements of the Group. The Group has not early adopted the new or amended standards in preparing these condensed consolidated interim financial statements.

4. INTANGIBLE ASSETS ARISING FROM SERVICE CONCESSION ARRANGEMENTS

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)	31 December 2023 (Audited)
<i>Cost:</i>			
As at the beginning of the period / year	739,120,517	713,487,665	713,487,665
Additions during the period / year	<u>42,550,479</u>	<u>15,288,717</u>	<u>25,632,852</u>
As at the end of the period / year	<u>781,670,996</u>	<u>728,776,382</u>	<u>739,120,517</u>
<i>Accumulated amortization:</i>			
As at the beginning of the period / year	393,295,717	353,993,618	353,993,618
Charge for the period / year	<u>32,863,339</u>	<u>28,402,346</u>	<u>39,302,099</u>
As at the end of the period / year	<u>426,159,056</u>	<u>382,395,964</u>	<u>393,295,717</u>
Net book value – closing balance	<u>355,511,940</u>	<u>346,380,418</u>	<u>345,824,800</u>

Intangible assets arising from service concession arrangements includes the costs below:

- the cost of rehabilitation of water utilities and wastewater treatment facilities for the first and second industrial cities of Dammam;
- the cost of construction of water utilities and wastewater treatment facilities for the first industrial city of Al-Ahsa;
- the cost of rehabilitation of water utilities and wastewater treatment facilities for reverse osmosis plant at the second industrial city in Dammam; and
- the cost of rehabilitation of wastewater treatment facilities for Jeddah Industrial City.

Included in additions during the period are capitalization of finance costs amounting to SR 455,397 (30 September 2023: SR 700,000).

5. INVESTMENTS IN EQUITY ACCOUNTED INVESTMENTS

	Ownership %	30 September 2024 (Unaudited)	31 December 2023 (Audited)
International Water Partners Company	40	12,851,254	9,952,855
International Water Partners Company 2	35	5,278,541	3,454,052
Al Haer Environmental Services	45	<u>65,000</u>	-
		<u>18,194,795</u>	<u>13,406,907</u>

Movement in investments in equity accounted investments is as follows:

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)	31 December 2023 (Audited)
Opening balance	13,406,907	8,301,414	8,301,414
Additions during the period / year	65,000	-	-
Share of profit for the period / year	4,722,888	5,998,269	6,476,468
Dividends received during the period / year	-	<u>(1,370,976)</u>	<u>(1,370,975)</u>
Closing balance	<u>18,194,795</u>	<u>12,928,707</u>	<u>13,406,907</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**For the three-month and nine-month periods ended 30 September 2024***(Amount in Saudi Riyals)***6. CONCESSION CONTRACT RECEIVABLES**

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Concession contract receivables	<u>334,806,847</u>	<u>304,997,099</u>
<i>Classified as:</i>		
- Non-current	300,220,821	270,411,073
- Current	<u>34,586,026</u>	<u>34,586,026</u>
	<u>334,806,847</u>	<u>304,997,099</u>

The movement in concession contract receivables is as follows:

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)	31 December 2023 (Audited)
Opening balance	305,143,186	284,728,330	284,728,330
Additions for the period / year (refer note 6.1)	39,016,018	15,653,833	34,563,521
Transfers for the period / year	160,786	-	-
Finance income for the period / year	16,600,870	11,830,018	15,829,062
Amortization for the period / year	<u>(25,967,926)</u>	<u>(21,341,221)</u>	<u>(29,977,727)</u>
	334,952,934	290,870,960	305,143,186
Allowance for ECL	<u>(146,087)</u>	<u>(146,087)</u>	<u>(146,087)</u>
Closing balance	<u>334,806,847</u>	<u>290,724,873</u>	<u>304,997,099</u>

6.1 Additions for the period relates to the following:

- a) During 2023, the Group has entered into a long-term operation and maintenance agreement (“LTOM Agreement”) with a Government related entity for a period of 10 years. The scope of the LTOM agreement is rehabilitation and remediation work of the water treatment plants while simultaneously providing operation and maintenance services. All the relevant output of the plants will be purchased and off taken by the Government related entity. At the end of the LTOM Agreement, the plants would be transferred back to Government related entity.
- b) During 2023, the Group entered into an agreement with Saudi Aramco for construction and operation of the industrial wastewater treatment plant for processing the wastewater from the Ras Tanura Refinery (“RTR”). The initial term of the operation of the plant is for 25 years from the date of completion of construction.

During the period ended 30 September 2024, the Group has classified this arrangement under IFRIC 12, Service Concession Arrangements as a financial asset model.

7. PREPAYMENTS AND ADVANCES

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Amount paid as margin for bank guarantee	9,324,638	13,036,723
Prepayments and other current assets	13,515,283	13,185,270
Advances to suppliers	<u>41,372,394</u>	<u>13,135,747</u>
	<u>64,212,315</u>	<u>39,357,740</u>
<i>Classified as:</i>		
- Non-current	39,862,185	13,527,315
- Current	<u>24,350,130</u>	<u>25,830,425</u>
	<u>64,212,315</u>	<u>39,357,740</u>

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	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Trade receivables	64,208,459	67,116,913
Less: allowance for ECL	(4,590,484)	(4,480,484)
	59,617,975	62,636,429
Staff and other receivables	2,132,239	285,058
	61,750,214	62,921,487

The movement of allowance for ECL is as follows:

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)	31 December 2023 (Audited)
At the beginning of the period / year	4,480,484	19,239,225	19,239,225
Allowance for the period / year	110,000	173,239	773,239
Written off during the period / year	-	(15,867,405)	(15,531,980)
At the end of the period / year	4,590,484	3,545,059	4,480,484

9. CONTRACT ASSETS

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Contract assets	5,992,344	38,082,881

Movement for the period is as follows:

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)	31 December 2023 (Audited)
Opening balance	38,082,881	22,629,006	22,629,006
Unbilled amount during the period / year	5,992,344	14,919,280	15,453,875
Billed amount during the period / year	(36,826,897)	-	-
Written off during the period / year	(1,255,984)	-	-
Closing balance	5,992,344	37,548,286	38,082,881

10. CASH AND CASH EQUIVALENTS

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Cash in hand	37,933,771	136,093,011
Cash at bank	138,315	73,203
Short term deposits – <i>having original maturity less than 3 months</i>	140,000,000	-
	178,072,086	136,166,214

11. SHARE CAPITAL

Share capital is divided into 160,925,543 shares of SR 1 each (31 December 2023: 160,925,543 shares of SR 1 each). The value of share capital is distributed as follows:

	30 September 2024 (Unaudited)		31 December 2023 (Audited)	
	Number of shares	Percentage holding	Number of shares	Percentage holding
Vision International Investment Company	112,647,880	70%	160,925,543	100%
Others	48,277,663	30%	-	-
	160,925,543	100%	160,925,543	100%

12. LOANS AND BORROWINGS

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Murabaha term loan (a)	178,090,000	213,970,000
Murabaha term loan (b)	210,996,783	214,092,865
Equity bridge loan (EBL) (c)	18,960,373	18,960,373
Senior debt facility (d)	11,556,481	-
Equity bridge loan (EBL) (e)	78,717,656	-
Sub-total	498,321,293	447,023,238
Less: Borrowing cost subject to amortization	(6,083,908)	(4,472,725)
Amortised cost of loans and borrowings	492,237,385	442,550,513
Less: current portion of loans and borrowings	(138,306,543)	(41,828,378)
Non-current portion of loans and borrowings	353,930,842	400,722,135

Movement for the period is as follows:

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)	31 December 2023 (Audited)
Opening balance	442,550,513	461,763,643	461,763,643
Proceeds received during the period / year	90,274,136	18,960,373	18,960,373
Repayments made during the period / year	(38,869,910)	(37,777,562)	(39,222,049)
Amortisation of upfront fees during the period / year	917,109	813,670	1,048,546
Upfront fees paid during the period / year	(1,489,944)	-	-
Upfront fees transferred during the period / year	(1,144,519)	-	-
Closing balance	492,237,385	443,760,124	442,550,513

- a. Murabaha facilities of SR 350,000,000 secured from a local bank, which includes non-recourse term-facility of SR 320,000,000 (fully utilized) and a working capital line of SR 30,000,000 (availability period has ended). This facility is secured by an irrevocable and unconditional assignment of proceeds of Dammam and Jeddah projects or any new related contract extensions. These facilities carry financing costs based on Enhanced Saudi Inter Bank Offer Rate (SIBOR) plus margin. The facilities are repayable in unequal semi-annual instalments till maturity date i.e., 28 February 2026. As at 30 September 2024, the Group is in compliance with all stipulated financial covenants.
- b. The Group signed a Murabaha term loan facility agreement amounting to SR 249,736,000 with a consortium of local banks to finance the construction of a water treatment station. The facilities include long-term loan of SR 243,786,000 on non-recourse basis (utilized) and a working capital line of SR 5,950,000 (unutilized). The commission on this loan is charged at a floating rate based on SIBOR plus margin. The loan is repayable in semi-annual installments with the first installment paid on 30 November 2018 and last installment due on 30 September 2038. To reduce its exposure to floating rate risk, the Group has entered into a profit rate swap. As at 30 September 2024, the Group is in compliance with all stipulated financial covenants.
- c. The Group signed an EBL facility agreement amounting to SR 18,960,373 with a local bank. The commission on this loan is charged at a floating rate based on SIBOR plus margin. The loan is repayable in one bullet payment on 14 February 2026 (maturity date).
- d. The Group entered into a senior debt facility arrangement amounting to SR 65,113,880 with a local commercial bank. The commission on this facility is charged at a floating rate based on SIBOR plus margin. The facilities are repayable in unequal quarterly instalments till maturity date i.e., 19 February 2033. To reduce its exposure to floating rate risk, the Group has entered into a profit rate swap.
- e. During 2024, the Group entered "long-term" EBL facility arrangement amounting to USD 33,944,546 (equivalent to SR 127,292,048). The commission on this facility is charged at a floating rate based on SIBOR plus margin. The maturity date of EBL murabaha facilities is 15 June 2028, and on that date, it becomes repayable in full. To reduce its exposure to floating rate risk, the Group has entered into a profit rate swap. As at 30 September 2024, the Group is in compliance with all stipulated financial covenants.

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	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Deferred revenue (a)	8,823,521	8,826,186
Contract liabilities (b)	4,801,098	4,279,496
	<u>13,624,619</u>	<u>13,105,682</u>

(a) Deferred revenue arises from the Group's connection services under service concession contract. Connection services consideration is received upfront, accordingly, the consideration received in respect of connection services is recognized as a deferred revenue and is recognized as revenue on a straight-line basis over the term of the concession arrangement.

(b) The contract liabilities primarily relate to the advance consideration received from customers.

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)	31 December 2023 (Audited)
Opening balance	4,279,496	5,974,551	5,974,551
Billed during the period / year	(851,297)	(3,976,711)	4,871,522
Revenue recognized during the period / year	1,372,899	4,413,890	(6,566,577)
Closing balance	<u>4,801,098</u>	<u>6,411,730</u>	<u>4,279,496</u>

14. TRADE AND OTHER PAYABLES

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Trade payables	8,693,672	20,488,511
Accrued expenses	41,815,534	57,009,224
Due to related parties (note 20.2.2)	52,185	52,185
Retention payable	1,703,431	1,522,040
Advance from customers	301,883	391,995
Value added tax (VAT) payable	2,075,251	1,236,153
Employee accruals	6,889,220	14,276,858
	<u>61,531,175</u>	<u>94,976,966</u>

15. SHARE-BASED PAYMENTS

During 2024, the Company approved a share-based payment plan for key management personnel of the Company. The key management personnel will receive a cash settlement equivalent to the market value of 260,870 shares of the Company. The cash will be disbursed in three equal installments i.e., within 3 months, 12 months, and 24 months from 6 June 2024, which is the Company's listing date. The cash will be settled upon the completion of the service period corresponding to each of above-mentioned intervals.

The movement in provision for share-based payment for the period is as follows:

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)	31 December 2023 (Audited)
Opening balance	-	-	-
Charged during the period / year	3,956,041	-	-
Vested during the period / year	(2,700,005)	-	-
Closing balance	<u>1,256,036</u>	<u>-</u>	<u>-</u>

16. REVENUE

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Revenue recognised under service concession arrangements:				
<i>Water and wastewater services</i>	68,014,026	63,550,382	188,469,804	174,918,254
<i>Construction revenue – Concession asset</i>	15,120,323	4,947,827	39,176,804	15,653,833
<i>Construction revenue – Intangible</i>	2,670,812	2,898,287	10,125,066	13,463,727
<i>Connection revenue</i>	277,258	240,170	805,592	704,882
Operation and maintenance revenue	2,401,041	4,339,459	9,502,059	18,757,385
Management services	-	27,500	-	2,118,909
	88,483,460	76,003,625	248,079,325	225,616,990

Service concession arrangements

Revenue from the service concession arrangements is recognized as follows:

- i. The amount of consideration to which the Group expects to be entitled from the Grantor for the services provided is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement with the Government related entity, the Group is obliged to Build-Operate-Transfer a Water Treatment Station for 28 years.

The total expected consideration over 28 years is allocated to the performance obligations based on the relative stand-alone selling prices of the construction services and operation & maintenance services, taking into account the significant financing component, as follows:

- For construction services under one BOT arrangement, the Group estimates the relative stand-alone selling price by reference to the forecast cost plus 5%.
- For operation & maintenance services under one BOT arrangement, the Group estimates the relative stand-alone selling price by reference to the forecast cost plus 7.7%.
- The implied interest rate of 5.2% is assumed to be the rate that would be reflected in a financing transaction between the Group and the Grantor.

- ii. The amount of consideration to which the Group is entitled to by providing services to the public is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement with the Government related entity, the Grantor is not obliged to make any payment to the Group and the Group earns revenue by providing services to the public and charging them for the same. Accordingly, the revenue earned from construction services is recognized as an intangible asset under IFRIC 12, Service Concession Arrangements.

- iii. The amount of consideration to which the Group expects to be entitled from the Grantor for the services provided is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement with the Government related entity, the Group is obliged to Rehabilitate-Operate-Transfer a Water Treatment Station for 10 years.

The total expected consideration over 10 years is allocated to the performance obligations based on the relative stand-alone selling prices of the rehabilitation services and operation & maintenance services, taking into account the significant financing component, as follows:

- For construction services under one ROT arrangement, the Group estimates the relative stand-alone selling price by reference to the forecast cost plus 5%.
- For operation & maintenance services under one ROT arrangement, the Group estimates the relative stand-alone selling price by reference to the forecast cost plus 5%.
- The implied interest rate of 5.7% is assumed to be the rate that would be reflected in a financing transaction between the Group and the Grantor.

- iv. The amount of consideration to which the Group expects to be entitled from the Grantor for the services provided is recognised when (or as) the performance obligations are satisfied. Under the terms of the arrangement with the Grantor, the Group is obliged to Build-Own-Operate-Transfer a wastewater treatment plant project for 25 years.

The total expected consideration over 25 years is allocated to the performance obligations based on the relative stand-alone selling prices of the construction services and operation & maintenance services, taking into account the significant financing component, as follows:

- For construction services under one BOOT arrangement, the Group estimates the relative stand-alone selling price by reference to the forecast cost plus 5%.
- For operation & maintenance services under one BOOT arrangement, the Group estimates the relative stand-alone selling price by reference to the forecast cost plus 8%.
- The implied interest rate of 6.25% is assumed to be the rate that would be reflected in a financing transaction between the Group and the Grantor.

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(Amount in Saudi Riyals)


17. COST OF REVENUE

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Salaries and employee related costs	15,798,313	13,797,238	43,930,745	42,347,334
Amortization of intangible assets arising from service concession arrangements	11,179,290	9,459,443	32,863,339	28,402,346
Royalty	7,598,269	7,343,168	20,496,044	20,422,919
Electricity	5,002,853	5,195,336	14,397,859	13,710,488
Subcontract costs	894,357	78,943	2,550,628	4,361,371
Maintenance service, spare parts and consumables	1,815,346	(580,196)	4,820,768	2,108,684
Chemicals	1,617,721	2,004,722	5,094,386	5,958,207
Sludge transportation and violated treatment	1,075,981	578,150	3,236,196	1,912,148
Insurance expense	390,877	98,752	1,149,957	851,294
Depreciation on property and equipment	270,527	263,085	798,298	799,103
Amortization of intangible assets	393	393	1,181	1,181
Depreciation of right-of-use assets	233,951	307,199	777,083	614,854
Professional fees	235,395	1,467,889	578,184	1,948,426
Others	1,358,644	2,259,311	5,442,908	3,641,396
Operation cost	47,471,917	42,273,433	136,137,576	127,079,751
Construction cost	16,440,159	4,771,997	31,807,073	18,933,468
Total cost of revenue	63,912,076	47,045,430	167,944,649	146,013,219

18. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Business development expense	3,973,791	3,887,978	15,670,697	15,004,864
Salaries and employee related costs	2,314,000	2,584,473	7,497,939	7,155,745
IT cost and other utilities	177,883	64,409	448,416	215,296
Professional fees	2,317,110	465,682	5,384,444	2,196,491
Depreciation on property and equipment	424,823	386,668	1,255,965	1,149,903
Depreciation of right-of-use assets	426,129	396,618	1,230,749	949,849
Amortization of intangible assets	8,329	42,590	8,617	209,220
Advertising and training	47,691	127,854	914,062	185,020
Travel expenses	65,015	62,156	140,072	210,482
Others	1,075,713	(120,392)	1,942,841	184,458
	10,830,484	7,898,036	34,493,802	27,461,328

19. OTHER INCOME

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Liabilities written back	5,768,870	-	7,210,489	-
Others	262,146	209,498	420,934	401,624
	6,031,016	209,498	7,631,423	401,624

20. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors and key management personnel of the Group, and entities jointly controlled or significantly influenced by such parties. In the ordinary course of its activities, the Group transacts with related parties at terms mutually agreed between the parties. Balances and transactions between the Group entities are eliminated on consolidation. Details of major transactions and balances between the Group and other related parties are as follows:

Name of related party	Nature of relationship
Abunayyan Trading Company	Shareholder having significant influence over the parent company (VIIC)
Abdulkadir Al-Muhaidib and Sons Company	Shareholder having significant influence over the parent company (VIIC)
Vision International Investment Company (VIIC)	Parent company, Ultimate parent company and Ultimate controlling party
International Water Partners Company	Associate
International Water Partner Company the Second	Associate

20.1 Related party transactions

<u>Nature of transaction</u>	<u>Nature of relationship</u>	<u>For the nine-month period ended 30 September</u>	
		2024 (Unaudited)	2023 (Unaudited)
Expenses paid by the Group on behalf of Parent company	Parent company	20,453,938	1,951,149
Lease payment	Parent company	958,942	1,917,884
Expenses paid by the Group on behalf of Associate	Associate	8,114	211,440
Services provided by the Group to Associate	Associate	150,705	641,722
Key management personnel compensation			
• Retention payment plan*		3,956,041	-
• Management remuneration		8,066,462	7,368,325
• Directors' remuneration		2,700,000	-

* This represents share-based payment expense for the period whereby SAR 1.2 million represents provision for share-based payment which has not yet been vested as of the reporting date (note 15) while the remaining balance of SAR 2.7 million relates to share-based payment vested during the period however not settled in cash by the Group and accordingly reflected under accrued expenses (note 14).

20.2 Related party balances

20.2.1 Due from related parties

	<u>Nature of relationship</u>	<u>30 September 2024</u> (Unaudited)	<u>31 December 2023</u> (Audited)
Vision International Investment Company	Parent company	6,000,000	-
Toledo Arabia Company	Subsidiary of Parent company	-	204,010
International Water Partners Company	Associate	332,094	331,041
International Water Partner Company the Second	Associate		
- Loan*		3,500,000	3,500,000
- Other receivables		636,296	479,604
		<u>10,468,390</u>	<u>4,514,655</u>

* Above loan balance is charged at a fixed rate and repayable on demand.

20.2.2 Due to a related party

	<u>30 September 2024</u> (Unaudited)	<u>31 December 2023</u> (Audited)
Abunayyan Trading Company	<u>52,185</u>	<u>52,185</u>

This balance is unsecured and repayable on demand.

MIAHONA COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**For the three-month and nine-month periods ended 30 September 2024***(Amount in Saudi Riyals)***21. CONTINGENCIES AND COMMITMENTS**

Contingencies and commitments outstanding as at reporting date is as follows:

	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Performance guarantees outstanding	168,204,441	86,685,070
Bid bond	-	50,059,243
Capital commitments	<u>500,689,905</u>	<u>562,071,704</u>

22. OPERATING SEGMENTS

The Group's activities and business lines used as a basis for the financial reporting are consistent with the internal reporting process and information reviewed by the Chief Operating Decision Maker (CODM). CODM considers the operations of the Group as a whole as one operating segment as all subsidiaries engage in provision of water utilities and wastewater treatment services.

The Group's revenue, gross profit, total assets and total liabilities pertaining to the Group's operations as a whole are presented in the condensed consolidated interim statement of financial position and in the condensed consolidated interim statement of profit or loss and other comprehensive income.

All of the Group's operations are conducted in KSA. Hence, separate geographical information is not disclosed.

Information about major customers:

During the period, 2 customers (30 September 2023: 2) accounted for 21% (30 September 2023: 23%) of the Group's revenue.

23. EARNINGS PER SHARE**Basic earnings per share**

Basic earnings per share is calculated by dividing the profit for the period after Zakat attributable to the equity holders of the Parent company by the weighted average number of ordinary shares issued and outstanding at the end of the period.

<u>Particulars</u>	<u>For the three-month period ended 30 September</u>		<u>For the nine-month period ended 30 September</u>	
	2024 (Unaudited)	2023* (Unaudited)	2024 (Unaudited)	2023* (Unaudited)
Profit attributable to ordinary shareholders	16,536,528	18,882,822	44,137,075	43,923,024
Weighted average number of ordinary shares (number of shares)	160,925,543	160,925,543	160,925,543	160,925,543
Basic earnings per share	0.10	0.12	0.27	0.27

Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit for the period after Zakat attributable to the equity holders of the Parent company by the weighted average number of ordinary shares issued and outstanding at the end of the period after adjustment for the effects of all potential ordinary shares in respect of additional capital contribution.

<u>Particulars</u>	<u>For the three-month period ended 30 September</u>		<u>For the nine-month period ended 30 September</u>	
	2024 (Unaudited)	2023* (Unaudited)	2024 (Unaudited)	2023* (Unaudited)
Profit attributable to ordinary shareholders	16,536,528	18,882,822	44,137,075	43,923,024
Weighted average number of ordinary shares (number of shares)	160,925,543	160,925,543	160,925,543	160,925,543
Diluted earnings per share	0.10	0.12	0.27	0.27

* Share conversion is considered and adjusted for 30 September 2023 as there is no change in resources on 30 September 2024 compared to 30 September 2023.

MIAHONA COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month and nine-month periods ended 30 September 2024

(Amount in Saudi Riyals)



24. SUBSEQUENT EVENTS

There are no material events subsequent to the reporting date that requires adjustment or disclosure in these condensed consolidated interim financial statements.

25. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved from Board of Directors on 5 November 2024 (corresponding to 3 Jumada al Ula 1446H).