

**Shamal Az-Zour Al-Oula Power and Water Company
K.S.C. (Public)**

**Independent auditor's review report and condensed interim
financial information for the three-month period ended
31 March 2026 (Unaudited)**

Shamal Az-Zour Al-Oula Power and Water Company K.S.C. (Public)
State of Kuwait

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KPMG Al-Qenae & Partners
Al Hamra Tower, 25th Floor
Abdulaziz Al Saqr Street
P.O Box 24, Safat 13001
State of Kuwait
+965 2228 7000

Independent auditor's report on review of condensed interim financial information

The Board of Directors
Shamal Az-Zour Al-Oula Power and Water Company K.S.C. (Public)
State of Kuwait

Introduction

We have reviewed the accompanying 31 March 2026 condensed interim financial information of Shamal Az-Zour Al-Oula Power and Water Company K.S.C. (Public) (the "Company"), which comprises the condensed statement of financial position as at 31 March 2026, the condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the condensed interim financial information. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim financial information 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*. A review of interim financial information 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 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 31 March 2026 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.



Report on review of other legal and regulatory requirements

Furthermore, based on our review, the condensed interim financial information is in agreement with the books of account of the Company. We further report that, nothing has come to our attention that causes us to believe that there were any violations of the provisions of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, or of the Company's Memorandum of Incorporation and Articles of Association, as amended, during the three-month period ended 31 March 2026 that might have had a material effect on the business of the Company or on its financial position.

We further report that, based on our review, nothing has come to our attention that causes us to believe that there were any violations of the provisions of the Law No. 7 of 2010, as amended, concerning the Capital Markets Authority, and its related regulations, during the three-month period ended 31 March 2026 that might have had material effect on the business of the Company or on its financial position.

Dr. Rasheed M. Al-Qenae
License No. 130
of KPMG Al-Qenae & Partners
Member firm of KPMG International

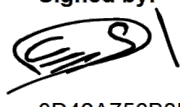
Kuwait: 29 April 2026


Shamal Az-Zour Al-Oula Power and Water Company K.S.C. (Public)
State of Kuwait

Condensed statement of financial position (Unaudited)

as at 31 March 2026

	Notes	31 March 2026 KD (Unaudited)	31 December 2025 KD (Audited)	31 March 2025 KD (Unaudited)
Assets				
Non-current assets				
Finance lease receivable	5	384,657,653	386,387,058	403,040,908
Property, plant and equipment		819,612	827,660	846,066
		<u>385,477,265</u>	<u>387,214,718</u>	<u>403,886,974</u>
Current assets				
Finance lease receivable	5	16,488,281	16,260,962	15,768,627
Trade and other receivables		13,048,639	19,231,562	11,342,473
Due from related parties	7	-	2,605	1,008
Cash and bank balances	8	15,313,473	7,245,734	14,038,767
		<u>44,850,393</u>	<u>42,740,863</u>	<u>41,150,875</u>
Total assets		<u>430,327,658</u>	<u>429,955,581</u>	<u>445,037,849</u>
Equity and liabilities				
Equity				
Share capital	9	110,000,000	110,000,000	110,000,000
Statutory reserve		12,804,694	12,804,694	11,227,347
Foreign currency translation reserve		4,547,497	3,798,757	5,158,529
Hedge reserve	6	(7,299,473)	(9,270,234)	(8,666,240)
Retained earnings		21,679,604	18,335,404	14,840,416
Total equity		<u>141,732,322</u>	<u>135,668,621</u>	<u>132,560,052</u>
Non-current liabilities				
Term loans	10	250,288,912	253,621,884	272,086,961
Derivative financial liabilities	6	6,746,386	8,588,742	8,028,512
Employees' end of service benefits		91,493	83,642	70,242
Trade and other payables		87,481	87,039	547,117
		<u>257,214,272</u>	<u>262,381,307</u>	<u>280,732,832</u>
Current liabilities				
Term loans	10	20,518,779	20,123,699	19,333,270
Dividends payable	9	3,222,608	3,299,902	3,701,082
Trade and other payables		4,073,048	3,971,012	4,683,146
Due to related parties	7	3,013,542	3,829,548	3,389,739
Derivative financial liabilities	6	553,087	681,492	637,728
		<u>31,381,064</u>	<u>31,905,653</u>	<u>31,744,965</u>
Total liabilities		<u>288,595,336</u>	<u>294,286,960</u>	<u>312,477,797</u>
Total equity and liabilities		<u>430,327,658</u>	<u>429,955,581</u>	<u>445,037,849</u>

Signed by:

 0D42A756B3B4471...
 Eng. Ahmad Othman AlMujalham
 Chairman

Signed by:

 868A4F0A4AB2463...
 Paul Leslie Floyd
 Chief Executive Officer

The accompanying notes form an integral part of this condensed interim financial information.

Shamal Az-Zour Al-Oula Power and Water Company K.S.C. (Public)
State of Kuwait

Condensed statement of profit or loss (Unaudited)
for the three-month period ended 31 March 2026

	<i>Notes</i>	Three-month period ended	
		31 March	
		2026	2025
		KD	KD
		(Unaudited)	(Unaudited)
Revenue	<i>11</i>	12,987,521	12,102,348
Operating costs	<i>7</i>	<u>(4,715,318)</u>	<u>(4,570,735)</u>
Gross profit		8,272,203	7,531,613
Other income		280,929	248,002
Finance costs		(4,112,735)	(4,457,587)
Staff costs and related expenses		(158,241)	(159,281)
General and administrative expenses		<u>(783,768)</u>	<u>(803,719)</u>
Profit for the period before contribution to Kuwait			
Foundation for the Advancement of Sciences (“KFAS”),			
National Labour Support Tax (“NLST”) and Zakat		3,498,388	2,359,028
Contribution to KFAS		(31,485)	(20,849)
NLST		(87,645)	(59,089)
Zakat		<u>(35,058)</u>	<u>(23,635)</u>
Profit for the period		<u>3,344,200</u>	<u>2,255,455</u>
Earnings per share (basic and diluted)	<i>12</i>	<u>3 fils</u>	<u>2 fils</u>

The accompanying notes form an integral part of this condensed interim financial information.

Shamal Az-Zour Al-Oula Power and Water Company K.S.C. (Public)
State of Kuwait

Condensed statement of comprehensive income (Unaudited)
for the three-month period ended 31 March 2026

	Notes	Three-month period ended	
		31 March	
		2026	2025
		KD	KD
		(Unaudited)	(Unaudited)
Profit for the period		3,344,200	2,255,455
Other comprehensive income / (loss):			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences		748,740	134,864
Change in fair value of cash flow hedge	6	1,970,761	(4,776,515)
<i>Other comprehensive income / (loss)</i>		2,719,501	(4,641,651)
Total comprehensive income / (loss) for the period		6,063,701	(2,386,196)

The accompanying notes form an integral part of this condensed interim financial information.

Shamal Az-Zour Al-Oula Power and Water Company K.S.C. (Public)
State of Kuwait

Condensed statement of changes in equity (Unaudited)
for the three-month period ended 31 March 2026

	Share capital KD	Statutory reserve KD	Foreign currency translation reserve KD	Hedge reserve KD	Retained earnings KD	Total KD
Balance as at 1 January 2025 (Audited)	110,000,000	11,227,347	5,023,665	(3,889,725)	12,584,961	134,946,248
Profit for the period	-	-	-	-	2,255,455	2,255,455
Other comprehensive income / (loss) for the period	-	-	134,864	(4,776,515)	-	(4,641,651)
Total comprehensive loss for the period	-	-	134,864	(4,776,515)	2,255,455	(2,386,196)
Balance as at 31 March 2025 (Unaudited)	<u>110,000,000</u>	<u>11,227,347</u>	<u>5,158,529</u>	<u>(8,666,240)</u>	<u>14,840,416</u>	<u>132,560,052</u>
Balance as at 1 January 2026 (Audited)	110,000,000	12,804,694	3,798,757	(9,270,234)	18,335,404	135,668,621
Profit for the period	-	-	-	-	3,344,200	3,344,200
Other comprehensive income for the period	-	-	748,740	1,970,761	-	2,719,501
Total comprehensive income for the period	-	-	748,740	1,970,761	3,344,200	6,063,701
Balance as at 31 March 2026 (Unaudited)	<u>110,000,000</u>	<u>12,804,694</u>	<u>4,547,497</u>	<u>(7,299,473)</u>	<u>21,679,604</u>	<u>141,732,322</u>

The accompanying notes form an integral part of this condensed interim financial information.

Shamal Az-Zour Al-Oula Power and Water Company K.S.C. (Public)
State of Kuwait

Condensed statement of cash flows (Unaudited)
for the three-month period ended 31 March 2026

	<i>Note</i>	Three-month period ended	
		31 March	
		2026	2025
		KD	KD
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Profit before contribution to KFAS, NLST and Zakat		3,498,388	2,359,028
<i>Adjustments for:</i>			
Depreciation		12,201	13,554
Finance costs		4,112,735	4,457,587
Provision for employees' end of service benefits		7,397	4,578
		<u>7,630,721</u>	<u>6,834,747</u>
<i>Changes in:</i>			
Trade and other receivables		6,182,923	2,629,541
Due from related parties		2,605	(1,008)
Finance lease receivable		1,502,086	2,887,962
Trade and other payables		139,292	(391,307)
Due to related parties		(816,006)	(1,878,844)
Net cash flows from operating activities		<u>14,641,621</u>	<u>10,081,091</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		-	(707)
Net cash flows used in investing activities		<u>-</u>	<u>(707)</u>
Cash flows from financing activities			
Repayment of term loans		(2,937,892)	(3,723,916)
Payment of finance costs		(4,226,443)	(4,240,438)
Payment of dividends		(77,294)	(185,815)
Net cash flows used in financing activities		<u>(7,241,629)</u>	<u>(8,150,169)</u>
Net change in cash and cash equivalents		7,399,992	1,930,215
Cash and cash equivalent as at 1 January		3,945,832	8,273,444
Net effect of foreign currency translation adjustments		745,041	134,026
Cash and cash equivalent as at 31 March	8	<u>12,090,865</u>	<u>10,337,685</u>

The accompanying notes form an integral part of this condensed interim financial information.

Shamal Az-Zour Al-Oula Power and Water Company K.S.C. (Public)
State of Kuwait

Notes to the condensed interim financial information (Unaudited)

for the three-month period ended 31 March 2026

1. Reporting entity

Shamal Az-Zour Al-Oula Power and Water Company K.S.C. (Public) (the “Company”) is a Kuwaiti shareholding company incorporated on 19 August 2013, under trade license No. 349479, registered at the Ministry of Commerce and Industry on 23 October 2013 and whose shares are listed on Boursa Kuwait.

The registered office of the Company is at 6th Floor, Mazaya Tower 2, Khalid Ibn Al Waleed Street, Block 3, Kuwait City, State of Kuwait.

The Company is deemed to be a partially owned subsidiary of Azour North One Holding K.S.C.C. (the “Parent Company”) as the Parent Company has the ability to direct the relevant activities of the Company, is exposed to variable returns from its involvement with the Company and has the ability to use its power over the Company to affect the amount of its returns.

In December 2013, the Company signed a Build, Operate and Transfer (“BOT”) contract with Kuwait’s Ministry of Electricity and Water and Renewable Energy (“MEWRE”) for the development, financing, procurement, construction, testing and commissioning of a green field power generation and water desalination plant of 1,500 MW of power generation capacity and 102 to 107 Million Imperial Gallons Per Day (“MIGD”) of water desalination capacity (the “Plant”), together with associated infrastructure and facilities for 40 years at Az-Zour North, State of Kuwait. MEWRE will purchase the entire output of the Plant under a 40-year long-term Energy Conversion and Water Purchase Agreement (“ECWPA”). The Plant was commissioned on 26 November 2016.

In accordance with the ECWPA signed between the Company and MEWRE on 12 December 2013, the Company is obliged to produce electricity and desalinated water using the Plant and MEWRE has the ability to restrict the access of others to the economic benefits of the Plant. Furthermore, the ECWPA provides for capacity payments in addition to output payments. The Company determined that the ECWPA conveys a right to use the Plant by MEWRE and, has accordingly, classified the ECWPA as a finance lease in accordance with the guidelines of IFRS 16, *Leases*.

The objectives of the Company are the following:

- a) To develop, finance, design, engineer and provide services and build, implement, operate and manage an electricity power generation plant and a water desalination plant and related facilities including performing all work directly or indirectly related to or associated with its activities.
- b) To carry out all work relating to the building works necessary for the Company to carry on its activity, including construction, purchase and lease of buildings, land, equipment and warehouses necessary for the realisation of the objectives of the Company and all the facilities relating thereto.
- c) To carry out all work of generation, production, transmission, making, development and sale of electricity and water or any product relating to any such work in and outside the State of Kuwait.
- d) To carry out chemical cleaning, hot oil cleaning works and disinfection for all heat exchangers and to carry out electrical and civil works necessary for electricity and water sector works (power plants, pipeline and electricity projects for desalination units and petrochemicals), to carry out all maintenance works including those relating to power generation, water, pipeline installations and installation of relay stations and installation of all insulation items.
- e) To import and install equipment at electricity and water locations for monitoring and measurement of air pollutants and to use skilled labor specialised in fighting pollution of the environment surrounding water and electricity plants.

Notes to the condensed interim financial information (Unaudited)

for the three-month period ended 31 March 2026

1. Reporting entity (continued)

- f) To purchase materials and equipment and all movable properties and instruments necessary for the Company to realise its objectives and to maintain the same by all modern means possible, and to import primary materials, equipment and instruments necessary for the Company's objectives.
- g) To supply and install security and safety equipment relating to the objectives of the Company.
- h) To import all necessary equipment to implement its objects, including but not limited to, install, supply and maintain all types of power cables, electrical cables, water pumps, instruments and equipment relating to the activities of the Company.
- i) To register patents relating directly to the Company's experience.
- j) To carry out technical research relating to the Company's business with the aim to improve and develop the Company's services in cooperation with specialised parties in and outside the State of Kuwait.
- k) To directly participate in infrastructure zones and projects relevant to the objectives of the Company in BOT systems or in other similar systems including those referred to in Law No. 39 of 2010 (and its amendments) and to manage the facilities established thereby.
- l) To invest the Company's funds within the objects and percentages set out by the Board of Directors.

The Company may carry out the activities listed above in and outside the State of Kuwait, whether as a principal or agent.

The Company is permitted to participate in, study, finance or implement any project or projects that have been tendered pursuant to Law No. 39 of 2010 (and its amendments) on Establishing Kuwaiti Joint Stock Companies Undertaking Building and Implementation of Electrical Power and Desalination Plants in Kuwait.

On 18 March 2026, the Annual General Assembly meeting of the shareholders approved the audited financial statements of the Company as at and for the year ended 31 December 2025.

This condensed interim financial information was authorised for issue by the Company's Board of Directors on 29 April 2026.

2. Basis of accounting

This condensed interim financial information has been prepared in accordance with IAS 34, *Interim Financial Reporting* and should be read in conjunction with the Company's latest annual financial statements as at and for the year ended 31 December 2025 ("latest annual financial statements"). It does not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the latest annual financial statements.

This condensed interim financial information is presented in Kuwaiti Dinar ("KD"). The Company's functional currency is not the currency of the country in which it is domiciled as majority of the transactions of the Company are denominated in USD. This condensed interim financial information is presented in KD for the purpose of submission to the regulatory authorities in the State of Kuwait.

Operating results for the three-month period ended 31 March 2026 are not necessarily indicative of the results that may be expected for the year ending 31 December 2026.

Notes to the condensed interim financial information (Unaudited)
for the three-month period ended 31 March 2026

3. Judgements and estimates

In preparing this condensed interim financial information, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the latest annual financial statements. However, geopolitical developments in the region since late February 2026 have increased the level of estimation uncertainty. Management has considered the potential impact of these developments in making its judgements and estimates and will continue to monitor the situation closely.

4. Material accounting policies

The accounting policies used in the preparation of this condensed interim financial information are consistent with those used in the preparation of the latest annual financial statements, except for the new standards and interpretations which became effective as of 1 January 2026. Amendment applies for the first time in 2026, but does not have a material impact on the condensed interim financial information of the Company:

- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7;
- Contracts Referencing Nature - dependent Electricity - Amendments to IFRS 9 and IFRS 7; and
- Annual Improvements to IFRS Accounting Standards - Volume 11 (1 January 2026).

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

5. Finance lease receivable

Finance lease for which the Company acts as lessor

The lease falls within the scope of the IFRS 16 and applies to the ECWPA on the basis that it is an energy conversion and sale contract that conveys an exclusive right to use a production asset. The Company has recognised a finance lease receivable as follows:

	31 March 2026	
	Minimum lease receipts (undiscounted) KD (Unaudited)	Present value of minimum lease receipts KD (Unaudited)
Amounts receivable under finance lease		
Within one year	38,120,190	16,488,281
Year 2 to 5 inclusive	153,052,658	76,405,955
After year 5	<u>408,202,775</u>	<u>308,251,698</u>
Future minimum lease receipts	599,375,623	401,145,934
Unearned finance income	<u>(198,229,689)</u>	<u>-</u>
Net investment in finance lease	<u>401,145,934</u>	<u>401,145,934</u>

Notes to the condensed interim financial information (Unaudited)
for the three-month period ended 31 March 2026

5. Finance lease receivable (continued)

	31 December 2025	
	Minimum lease receipts (Undiscounted) KD (Audited)	Present value of minimum lease receipts KD (Audited)
Amounts receivable under finance lease		
Within one year	38,007,884	16,260,962
Year 2 to 5 inclusive	152,053,319	74,759,949
After year 5	<u>415,335,801</u>	<u>311,627,109</u>
Future minimum lease receipts	605,397,004	402,648,020
Unearned finance income	<u>(202,748,984)</u>	<u>-</u>
Net investment in finance lease	<u><u>402,648,020</u></u>	<u><u>402,648,020</u></u>

	31 March 2025	
	Minimum lease receipts (Undiscounted) KD (Unaudited)	Present value of minimum lease receipts KD (Unaudited)
Amounts receivable under finance lease		
Within one year	38,391,757	15,768,627
Year 2 to 5 included	153,459,607	72,366,486
After year 5	<u>448,747,408</u>	<u>330,674,422</u>
Future minimum lease receipts	640,598,772	418,809,535
Unearned finance income	<u>(221,789,237)</u>	<u>-</u>
Net investment in finance lease	<u><u>418,809,535</u></u>	<u><u>418,809,535</u></u>

Included in the condensed statement of financial position:

	31 March 2026 KD (Unaudited)	31 December 2025 KD (Audited)	31 March 2025 KD (Unaudited)
Current portion	16,488,281	16,260,962	15,768,627
Non-current portion	384,657,653	386,387,058	403,040,908
	<u><u>401,145,934</u></u>	<u><u>402,648,020</u></u>	<u><u>418,809,535</u></u>

The interest rate implicit in the finance lease is 5.5% (31 December 2025 and 31 March 2025: 5.5%) per annum.

Notes to the condensed interim financial information (Unaudited)
for the three-month period ended 31 March 2026

6. Hedge reserve account and derivative financial liabilities

In the ordinary course of business, the Company uses derivative financial instruments in the form of interest rate swaps to manage its exposure to fluctuations in interest rates. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in the price of one or more underlying financial instruments, reference rates or indices. Interest rate swaps are contractual agreements between two parties to exchange interest based on notional values in a single currency for a fixed period.

In accordance with the Common Terms Agreement signed with the lenders, the Company is required to swap the floating rate interest due on its borrowings to fixed rate interest through interest rate swaps. Accordingly, the Company entered into a number of forward starting interest rate swaps from January 2014 to August 2036 to hedge variable rate interest payments on its outstanding terms loans and future debt issuances. On 26 November 2020, the Company entered into two additional voluntary interest rate swaps to replace expiring swap coverage. All of these swaps have been classified as cash flow hedges. The change in the fair value of the outstanding interest rate swaps as of 31 March 2026 amounted to KD 1,970,761 (31 March 2025: KD 4,776,515) has been taken to other comprehensive income and classified as hedge reserve in equity.

Fair value of derivatives

Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash 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 Company and of the counterparty. Information about fair value hierarchy of derivative financial instrument is disclosed in note 14.

The table below shows the fair values of derivative financial instruments, together with the notional amounts analysed by the term to maturity. Notional amounts represent amounts to which a rate or price is applied to determine the amounts of cash flows to be exchanged and do not represent the potential gain or loss associated with the market or credit risk of such instruments.

Derivatives held for hedging:

	31 March 2026 KD (Unaudited)	31 December 2025 KD (Audited)	31 March 2025 KD (Unaudited)
<i>Cash flow hedges – Interest rate swaps</i>			
Notional amount	<u>257,267,741</u>	<u>260,058,725</u>	<u>276,849,600</u>
Negative fair value			
Short term	(553,087)	(681,492)	(637,728)
Long term	<u>(6,746,386)</u>	<u>(8,588,742)</u>	<u>(8,028,512)</u>
	<u>(7,299,473)</u>	<u>(9,270,234)</u>	<u>(8,666,240)</u>

Notes to the condensed interim financial information (Unaudited)
for the three-month period ended 31 March 2026

7. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Company has control or joint control, exercises significant influence, major shareholders, directors and key management personnel of the Company. The Company has a related party relationship with entities over which certain shareholders and directors are able to exercise significant influence. These transactions are on agreed terms basis.

Amounts due from / to related parties are interest free and have no agreed repayment schedule. Accordingly, these balances are considered receivable / payable on demand.

The related party transactions and balances included in this condensed interim financial information are as follows:

	31 March 2026 KD (Unaudited)	31 December 2025 KD (Audited)	31 March 2025 KD (Unaudited)
Condensed statement of financial position			
<i>Due from related parties</i>			
Entities under common control	-	2,605	1,008
<i>Due to related parties</i>			
Parent Company	-	-	372,517
Entities under common control	3,013,542	3,829,548	3,017,222
	<u>3,013,542</u>	<u>3,829,548</u>	<u>3,389,739</u>
		Three-month period ended	
		31 March	
		2026	2025
		KD	KD
		(Unaudited)	(Unaudited)
Condensed statement of profit or loss			
Operating costs		4,715,318	4,570,735
Finance costs		11,537	11,685
General and administrative expenses		8,844	8,676

Key management compensation

Key management personnel comprise the Board of Directors and members of management having authority and responsibility for planning, directing and controlling the activities of the Company. Compensation related to key management personnel was as follows:

Notes to the condensed interim financial information (Unaudited)
for the three-month period ended 31 March 2026

7. Related party transactions (continued)

Key management compensation (continued)

	Three-month period ended	
	31 March	
	2026	2025
	KD	KD
	(Unaudited)	(Unaudited)
Salaries and other employee benefits	53,168	52,545
Employees' end of service benefits	3,804	1,566
	<u>56,972</u>	<u>54,111</u>

8. Cash and cash equivalents

	31 March	31 December	31 March
	2026	2025	2025
	KD	KD	KD
	(Unaudited)	(Audited)	(Unaudited)
Cash in hand	966	472	1,500
Balances with banks	5,305,937	3,519,382	4,358,567
Short-term deposits with original maturity of less than 3 months	<u>10,006,570</u>	<u>3,725,880</u>	<u>9,678,700</u>
Total cash and bank balances	15,313,473	7,245,734	14,038,767
<i>Less:</i> restricted balance for dividends payable (note 9)	<u>(3,222,608)</u>	<u>(3,299,902)</u>	<u>(3,701,082)</u>
Total cash and cash equivalents for the purpose of condensed statement of cash flows	<u>12,090,865</u>	<u>3,945,832</u>	<u>10,337,685</u>

Short-term deposits are denominated in USD and are placed with a foreign bank and carry an effective interest rate ranging from 3.63% to 3.69% per annum (31 December 2025: 3.69% to 3.92% per annum and 31 March 2025: from 3.5% to 4.41% per annum).

9. Share capital

The Company's authorised and issued share capital comprises 1,100,000,000 shares of 100 Kuwaiti fils each (31 December 2025 and 31 March 2025: 1,100,000,000 shares of 100 Kuwaiti fils each), fully paid-up in cash.

Dividends

No dividends were proposed for the periods ended 31 March 2026 and 31 March 2025.

As at 31 March 2026, the Company has recorded dividends payable to its shareholders amounting to KD 3,222,608 (31 December 2025: KD 3,299,902 and 31 March 2025: KD 3,701,082) relating to dividend declared in prior periods.

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10. Term loans

	31 March 2026 KD (Unaudited)	31 December 2025 KD (Audited)	31 March 2025 KD (Unaudited)
Current portion	20,518,779	20,123,699	19,333,270
Non-current portion	250,288,912	253,621,884	272,086,961
	<u>270,807,691</u>	<u>273,745,583</u>	<u>291,420,231</u>
	31 March 2026 KD (Unaudited)	31 December 2025 KD (Audited)	31 March 2025 KD (Unaudited)
USD 645 million facility from Japan Bank for International Cooperation that bears a floating interest rate of SOFR plus a credit adjustment spread of 0.26% and a margin of 1.25% per annum (31 December 2025 and 31 March 2025: floating interest rate SOFR plus a credit adjustment spread of 0.26% and a margin of 1.25% per annum).	121,863,460	123,185,512	131,139,104
USD 283 million facility from various lenders under Nippon Export and Investment Insurance covered facilities agreement that bears a floating interest rate of SOFR plus a credit adjustment spread of 0.26% and a margin of 1.10% per annum (31 December 2025 and 31 March 2025: floating interest rate SOFR plus a credit adjustment spread of 0.26% and a margin of 1.10% per annum).	53,484,516	54,064,749	57,555,492
USD 505 million facility from various lenders under the Commercial facilities agreement that bears a floating interest rate of SOFR plus a credit adjustment spread of 0.26% and a margin of 2.10% per annum (31 December 2025 and 31 March 2025: floating interest rate SOFR plus a credit adjustment spread of 0.26% and a margin of 2.10% per annum).	95,459,715	96,495,322	102,725,635
	<u>270,807,691</u>	<u>273,745,583</u>	<u>291,420,231</u>

The loans are repayable in quarterly instalments with the final maturity in November 2036.

Notes to the condensed interim financial information (Unaudited)
for the three-month period ended 31 March 2026

10. Term loans (continued)

The loans are secured by assignment of receivables and residual rights under the ECWPA, as well as a pledge over the shares in the Company held by the Parent Company. Loan financial covenants include a debt service coverage ratio of 1.05:1. The Company is required to set up a debt service reserve account to maintain a certain level of cash to service its debt for a period of six months after taking into consideration any letter of credit issued. At the reporting date, the Company is in compliance with the covenant.

Certain related parties of the Company issued letters of credit in favor of the lenders of KD 19 million (USD 62 million) (31 December 2025 and 31 March 2025: KD 19 million (USD 62 million)) to contribute to the amount required resulting in no further cash deposit required to be maintained in the debt service reserve account as at 31 March 2026 (31 December 2025 and 31 March 2025: nil).

As at 31 March 2026, the Company has undrawn working capital facilities with a commercial bank in Kuwait amounting to KD 13.9 million (31 December 2025 and 31 March 2025: KD 13.9 million).

11. Revenue

	Three-month period ended	
	31 March	
	2026	2025
	KD	KD
	(Unaudited)	(Unaudited)
<i>Revenue from contract with customer</i>		
Fixed operation and maintenance income	3,737,578	3,359,130
Electrical and water output income	1,766,758	1,894,561
Supplemental receipts and service income	1,956,584	1,058,933
	<u>7,460,920</u>	<u>6,312,624</u>
<i>Finance lease income</i>		
Interest income	5,526,601	5,789,724
	<u>12,987,521</u>	<u>12,102,348</u>

12. Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no outstanding dilutive instruments, the basic and diluted earnings per share are identical.

Notes to the condensed interim financial information (Unaudited)
for the three-month period ended 31 March 2026

12. Basic and diluted earnings per share (continued)

	Three-month period ended 31 March	
	2026 (Unaudited)	2025 (Unaudited)
Profit for the period (KD)	3,344,200	2,255,455
Weighted average number of ordinary shares outstanding during the period	1,100,000,000	1,100,000,000
Earnings per share (fils)	3	2

13. Operating segment

The Company produces water and electricity in the State of Kuwait on behalf of MEWRE from which it earns revenue and incurs expenses, the results of which are regularly reviewed by the Board of Directors of the Company. Accordingly, the Company has only one reportable segment and information relating to the reporting segment is set out in the condensed statements of financial position and profit or loss and comprehensive income.

14. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The Company uses the level 2 hierarchy inputs to measure the fair value of derivative financial instruments. The carrying amounts of financial assets and financial liabilities that are liquid or have a short-term maturity are approximately equal to their fair value.

15. Financial risk management

All aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended 31 December 2025. However, as disclosed in Note 19, geopolitical developments in the region have increased economic and operational uncertainties, which may affect the Company's risk exposures.

Management has considered the potential impact of these developments on the Company's financial risk profile and continues to monitor the situation and assess any potential implications.

Notes to the condensed interim financial information (Unaudited)
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16. Commitments

Operation and maintenance commitments

The Company has an operation and maintenance agreement (“O&M”) with AZN O&M Company W.L.L, which operates and maintains the Plant, for which the Company has agreed to pay fixed and variable operating fees to be adjusted based on price indices.

Under the O&M, the minimum future payments due are as follows:

	31 March 2026 KD (Unaudited)	31 December 2025 KD (Audited)	31 March 2025 KD (Unaudited)
Within one year	17,841,571	17,803,428	17,522,828
Year 2 to 5 inclusive	74,398,083	74,283,957	73,867,982
After year 5	221,494,198	226,765,692	242,630,262
	<u>313,733,852</u>	<u>318,853,077</u>	<u>334,021,072</u>

17. Contingencies

Contingent assets are not recognised as an asset until realisation becomes virtually certain. Contingent liabilities are not recognised as a liability unless as a result of past events it is probable that an outflow of economic resources will be required to settle a present, legal or constructive obligation and the amount can be reliably estimated.

The Company had no contingencies as at 31 March 2026 (31 December 2025 and 31 March 2025: nil).

18. Capital management

The Company’s objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Company monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents as per the condensed statement of cash flows. Total capital is calculated as equity, excluding the hedge reserve (as shown in the condensed statement of financial position) plus net debt.

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18. Capital management (continued)

	31 March 2026 KD (Unaudited)	31 December 2025 KD (Audited)	31 March 2025 KD (Unaudited)
Total borrowings (note 10)	270,807,691	273,745,583	291,420,231
Less: cash and cash equivalents as per the statement of cash flows	<u>(12,090,865)</u>	<u>(3,945,832)</u>	<u>(10,337,685)</u>
Net debt	258,716,826	269,799,751	281,082,546
Total equity (excluding hedge reserve)	<u>149,031,795</u>	<u>144,938,855</u>	<u>141,226,292</u>
Total capital	<u>407,748,621</u>	<u>414,738,606</u>	<u>422,308,838</u>
Gearing ratio	<u>63%</u>	<u>65%</u>	<u>67%</u>

19. Impact of geopolitical situation in the region

Geopolitical developments in the Middle East have affected GCC countries, including the State of Kuwait, resulting in regional disruptions such as airspace restrictions, logistical challenges, supply chain delays and heightened uncertainty. These developments continue to evolve and have created increased business and economic uncertainties.

The Company has assessed the potential impact of these developments on its operations, financial position and performance. Given the nature of the Company's activities and its long-term contractual arrangements under the ECWPA with the MEWRE, the Company's revenue streams remain substantially secured.

As at the reporting date and up to the date of authorisation of this condensed interim financial information, there has been no material disruption to the Company's operations or its ability to meet its contractual obligations. However, given the evolving nature of the situation, the extent of any potential financial impact cannot be reliably estimated at this stage.

Board of Directors and management continue to monitor developments and will assess the impact on the Company's operations and financial position as further information becomes available.