Earnings Press Release

FY 2024

مرافق
MARAFIQ

CONTENTS

CEO MESSAGE 3

FINANCIAL PERFORMANCE 4

MAJOR HIGHLIGHTS 5

ESG HIGHLIGHTS 6

CEO MESSAGE

FY 2024

Engr. Mohammed Berki Al-Zuabi

The year 2024 experienced exceptional circumstances replete with challenges that tested us and having the opportunities that inspired us. Despite the rapid changes in the business environment, Marafiq once again proved its ability to adapt and persisted by adopting a strategic approach centered on innovation, enhancing operational efficiency, and investing in a sustainable future.

The most significant challenge the company faced this year was the increase in the prices of energy products used in production, which significantly impacted the profitability of the energy sector. The effect of increasing fuel prices could have been much greater without the company's efforts to mitigate this impact by leveraging all opportunities to enhance productivity, improve the reliability of plants, and continue providing the best services, aligning with the aspirations of all esteemed customers.

Regarding the intensive tariff on electricity, the company's management exerted all efforts through discussions with the Regulators to clarify the financial impact on Marafiq if the intensive electricity consumption tariff were applied to qualifying operational facilities and the delay in the mechanism to compensate for the expected reduction in electricity revenues was addressed in full compliance with the issued decision. This was done to ensure the company's financial position remains unaffected by revenue shortfalls and to safeguard cash flows.

Since regulatory bodies have not announced a mechanism to compensate on the shortfall in the energy sector revenues, the company's management considered it necessary to comply with applicable accounting standards by recognizing an impairment provision for trade receivables and disclosing this in its financial statements for the years 2023 and 2024. The company's management affirms that these developments are beyond its control.

As for the financial aspects, the company achieved a 7.83% growth in its revenues compared to the fiscal year 2023, which positively contributed to mitigating the effects of rising fuel prices and additional provisions related to revenue discrepancies due to the electricity consumption tariff for high-demand users. As a result, the company recorded a positive net income of SAR 17.15 million. However, due to the financial challenges, no cash dividends have been approved for the second half of 2024. The company reaffirms its commitment to preserving and maximizing shareholder rights by working with regulatory authorities to resolve all associated challenges, while the company’s management remains committed to continuously improving production efficiency, increasing the reliability of the stations, and continuing to provide the best services.

On the operational front, Marafiq acquired Veolia Middle East's 51% stake in Jeddah Althaniya Operations and Maintenance Company (JAOMC), making it a fully owned subsidiary of Marafiq. Furthermore, Marafiq successfully completed the financial closure of the Al-Haer Independent Sewage Treatment Plant (ISTP) project, where Marafiq directly owns 35% of the project company and 45% of the operating and maintenance company's shares through its 100% owned subsidiary MASA.

In conclusion, we assure you that Marafiq will strive and continue to make every effort and diligent work to sustain the company's continuous growth, protect shareholders' rights, and contribute to providing the best innovations. The company's development is aimed toward future filled with practical, operational, and financial achievements alike.

FINANCIAL PERFORMANCE FY 2024

- Total revenue amounted to SAR 6,883 million, reflecting an increase of 7.83% compared to previous year. This growth is attributed to higher quantities sold across all sectors, driven by improved demand.
- The cost of revenue reached SAR 5,361 million, representing a 14.76% increase compared to last year. The increase is primarily driven by an increase in the cost of fuel used in production amounting to SAR 580 million or 44%.
- The company achieved a positive net income of SAR 17.15 million, reflecting a 97% decrease compared to the previous year, primarily due to the recognition of a provision for expected credit losses on trade receivables amounting to SAR 511 million
- Free cash flow amounted to SAR 2,366 million, an increase of 12.83% compared to previous year, mainly due to the increase in cash flows from operating activities.
- Due to the financial challenges, no cash dividends have been approved for the second half of 2024. The company reaffirms its commitment to safeguarding shareholder rights and working to maximize it by collaborating with regulatory authorities to address all related challenges, while ensuring periodic reviews to assess the possibility of distributing future dividends
- The Group has reviewed its position regarding the control of Jubail Water and Electricity Company ("JWAP") and the related accounting treatment, as well as the remeasurement of lease agreements concluded with the Royal Commission for Jubail and Yanbu this has resulted in the restatement for the year 2023 figures.

Item	31 December 2024	31 December 2023 (1)	Change Percentage %
Revenue	6,883	6,383	7.83%
Cost of Revenue	5,361	4,671	14.76%
Net profit (Loss)	17	587	-97%
Earnings per Share (SR/Share)	0.07	2.35	-97%
Free cash flow (2)	2,366	2,097	12.83%

(1) The 2023 numbers is restated

(2) Free cash flow is calculated by: Net cash from operating activities, less additions to property, plant and equipment, plus financing costs paid.

MAJOR HIGHLIGHTS FY 2024

1. Most operational performance and efficiency indicators have met or surpassed their targets, reinforcing the company's standing among the top in its class, as evidenced by benchmarking results.

2. Marafiq acquired Veolia Middle East 51% shareholding in Jeddah Althaniya Operations and Maintenance Company (JAOMC). With this acquisition JAOMC has become 100% MARAFIQ owned subsidiary.

3. Marafiq achieved financial close of Al-Haer ISTP project, where MARAFIQ owns directly 35% of the Project Company and owns 45% of the O&M Company shares through its 100% owned subsidiary (MaSa).

4. The Company has set a new record for power generation in Yanbu, reaching 1,351 MW, the highest since its inception.

5. The company demonstrates its commitment to sustainability and has received Saudi Aramco President's Excellence Award for being the most improved company in environment and climate category.

Marafiq's sustainability framework aligned with Saudi Vision 2030 and the UN SDGs, reflects the company's commitment to driving environmental stewardship, social responsibility, and governance excellence. This framework ensures that Marafiq's operations contribute to a sustainable and resilient future for the Kingdom by addressing key Environment, Social & Governance (ESG) priorities and integrating them into its strategic objectives.

The company's approach emphasizes climate and emissions management by implementing innovative initiatives to reduce energy consumption and greenhouse gas emissions. Through these efforts, Marafiq supports the Kingdom's transition toward a low-carbon economy. Water resource optimization is another critical focus area, with initiatives aimed at minimizing water loss, enhancing wastewater reuse to preserve natural resources and promote sustainable water management.

Marafiq has successfully reduced its total energy consumption over the past three years, showcasing a strong commitment to sustainability. In 2022, the company's energy usage was 122,269,670 GJ, which decreased to 109,733,566 GJ by 2024, representing a 10.3% reduction. Marafiq also managed to a 5% reduction in GHG emissions intensity for power generation. These decreases highlight the effectiveness of Marafiq's energy efficiency initiatives, including the adoption of advanced technologies and optimized operational practices. These efforts have significantly minimized energy waste, contributing to the company's broader environmental goals.

DISCLAIMER

All information herein is for the purposes of public disclosure and does not constitute any evidence against the Company in any way, nor does it require in the event of ambiguity or unclarity any subsequent explanatory announcement. It is discretionary to the Company to disclose such explanatory announcement.

This announcement shall not be used as legal proof before any competent judicial authority and the Company reserves the right to take any appropriate legal action against any party that contravenes this provision if necessary.

Neither the Company, nor its managers, directors, nor any of its employees, including its internal consultants, auditors, external and financial officers, shall have any liability whatsoever of any type for any information contained in this document. Public should not rely on this document to make any investment decision.

Investor
RELATIONS

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

Tel. No. : (+966) 13 342 9469

Email: InvestorRelations@marafiq.com.sa

Address:

P.O Box 11133

Jubail Industrial City, First Industrial Support Area, Street 3522, Road No. 100

Kingdom of Saudi Arabia

www.marafiq.com.sa

مـرافـق
MARAFIQ