

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, “SAUDI INDUSTRIAL SERVICES COMPANY”)
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month period ended 31 March 2024
with
INDEPENDENT AUDITORS’ REVIEW REPORT

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, “SAUDI INDUSTRIAL SERVICES COMPANY”)
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2024

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KPMG Professional Services

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Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص.ب 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792
المركز الرئيسي في الرياض

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

To the Shareholders of Sustained Infrastructure Holding Company (formerly, "Saudi Industrial Services Company")

Introduction

We have reviewed the accompanying 31 March 2024 condensed consolidated interim financial statements of Sustained Infrastructure Holding Company (formerly, "Saudi Industrial Services Company") ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2024;
- the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2024;
- the condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2024;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2024;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 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 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 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.



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

To the Shareholders of Sustained Infrastructure Holding Company (formerly, "Saudi Industrial Services Company")

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2024 condensed consolidated interim financial statements of Sustained Infrastructure Holding Company (formerly, "Saudi Industrial Services 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



Ebrahim Oboud Baeshen
License No: 382

Jeddah, 22 May 2024
Corresponding to 14 Dhul-Qidah 1445

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, "SAUDI INDUSTRIAL SERVICES COMPANY")
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
For the three-month period ended 31 March 2024

		<i>31 March</i> <i>2024</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December</i> <i>2023</i> <i>(Audited)</i> <i>SR</i>
ASSETS	<i>Note</i>		
Non-current assets			
Property, plant and equipment	7	251,657,319	256,879,290
Work in progress assets	8	236,160,924	203,734,674
Intangible assets	9	3,455,981,480	3,486,787,609
Goodwill		8,776,760	8,776,760
Equity-accounted investees	10	253,231,809	263,225,190
Financial assets at fair value through other comprehensive income (FVOCI)	11	11,586,472	11,586,472
Right-of-use assets	12	46,801,982	48,637,659
Investment properties	13	288,468,219	288,619,190
Deferred tax assets		6,057,112	6,057,112
Total non-current assets		<u>4,558,722,077</u>	<u>4,574,303,956</u>
Current assets			
Inventories		24,278,730	22,048,792
Trade receivables, prepayments and other receivables		245,411,072	214,272,502
Cash and cash equivalents	14	1,126,071,755	1,166,405,656
Due from related parties	18	16,827,151	12,950,389
Total current assets		<u>1,412,588,708</u>	<u>1,415,677,339</u>
Total assets		<u>5,971,310,785</u>	<u>5,989,981,295</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	816,000,000	816,000,000
Share premium		36,409,063	36,409,063
Statutory reserve		106,905,167	106,905,167
Treasury shares		(6,622,592)	(6,622,592)
Other components of equity		394,363,914	387,088,914
Retained earnings		147,904,430	169,079,592
Equity attributable to the shareholders of the Parent company		<u>1,494,959,982</u>	<u>1,508,860,144</u>
Non-controlling interests (NCI)		995,437,406	805,862,437
Total equity		<u>2,490,397,388</u>	<u>2,314,722,581</u>
Non-current liabilities			
Obligation under service concession arrangement		1,409,265,678	1,406,042,609
Long-term loans	16	1,152,835,353	1,198,444,510
Employees' end of service benefits		51,396,274	49,428,264
Long-term provisions		2,048,195	2,048,195
Lease liabilities – non-current portion	12	96,218,994	95,451,499
Total non-current liabilities		<u>2,711,764,494</u>	<u>2,751,415,077</u>
Current liabilities			
Current portion of obligation under service concession arrangement		169,815,036	168,953,693
Current portion of long-term loans	16	155,062,681	145,169,030
Trade payables, accrued and other current liabilities		403,677,446	425,648,844
Zakat and Income tax payable		28,719,311	22,356,447
Current portion of lease liabilities	12	10,202,326	12,872,045
Short term loans due to related parties	18	–	148,843,578
Due to a related party	18	1,672,103	–
Total current liabilities		<u>769,148,903</u>	<u>923,843,637</u>
Total liabilities		<u>3,480,913,397</u>	<u>3,675,258,714</u>
Total equity and liabilities		<u>5,971,310,785</u>	<u>5,989,981,295</u>

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, "SAUDI INDUSTRIAL SERVICES COMPANY")
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
For the three-month period ended 31 March 2024

		<i>For the three- month period ended 31 March 2024 (Unaudited) SR</i>	<i>For the three- month period ended 31 March 2023 (Unaudited) SR</i>
	<i>Note</i>		
Revenue from contracts with customers			
Revenue from sale of goods and services	5	257,638,802	238,851,406
Construction revenue		9,273,279	196,051,173
Total revenues		<u>266,912,081</u>	<u>434,902,579</u>
Direct costs		(124,765,165)	(109,748,629)
Cost of construction		(9,273,279)	(196,051,173)
Cost of revenue		<u>(134,038,444)</u>	<u>(305,799,802)</u>
Gross profit		132,873,637	129,102,777
Operating expenses			
General and administration expenses		(50,423,469)	(42,633,711)
Selling and distribution expenses		(2,854,771)	(2,592,543)
Total operating expenses		<u>(53,278,240)</u>	<u>(45,226,254)</u>
Profit from operations		79,595,397	83,876,523
Finance income		4,482,577	4,658,784
Finance cost		(72,090,900)	(58,051,524)
Other income		6,062,685	6,157,459
Share of (loss) / profit of equity accounted investees	10	(25,349,056)	8,025,075
(Loss) / profit before zakat and income tax		(7,299,297)	44,666,317
Zakat and income tax	17	(6,621,223)	(7,859,138)
(Loss) / profit for the period		(13,920,520)	36,807,179
(Loss) / profit attributable to:			
Shareholders of the Parent Company		(21,175,162)	19,470,930
Non-controlling interests		7,254,642	17,336,249
		<u>(13,920,520)</u>	<u>36,807,179</u>
Earnings per share:			
Basic and diluted earnings per share from (Loss) / profit for the period attributable to the shareholders of the Parent Company	6	<u>(0.26)</u>	<u>0.24</u>

The attached notes 1 to 22 form an integral part of these condensed consolidated interim financial statements.

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, "SAUDI INDUSTRIAL SERVICES COMPANY")
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

For the three-month period ended 31 March 2024

	<i>For the three- month period ended 31 March 2024 SR</i>	<i>For the three- month period ended 31 March 2023 SR</i>
(Loss) / profit for the period	<u>(13,920,520)</u>	<u>36,807,179</u>
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Cash flow hedges – effective portion of changes in fair value	<u>7,275,000</u>	<u>(6,852,859)</u>
Other comprehensive income / (loss) for the period	<u>7,275,000</u>	<u>(6,852,859)</u>
Total comprehensive (loss) / income for the period	(6,645,520)	29,954,320
Total comprehensive (loss) / income attributable to:		
Shareholders of the Parent Company	(13,900,162)	12,442,992
Non-controlling interests	<u>7,254,642</u>	<u>17,511,328</u>
	<u>(6,645,520)</u>	<u>29,954,320</u>

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The attached notes 1 to 22 form an integral part of these condensed consolidated interim financial statements.

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the three-month period ended 31 March 2024

	Equity attributable to the shareholders of the Parent Company											
	Equity attributable to the shareholders of the Parent Company				Other components of equity							
	Share capital SR	Share premium SR	Statutory reserve SR	Treasury Shares SR	Effect of changes in shareholding percentage in subsidiaries SR	Actuarial valuation reserves SR	Cash flow hedging reserve SR	Unrealized gain on FVOCI investments SR	Retained earnings SR	Total SR	Non-controlling interests SR	Total equity SR
Balance at 1 January 2024 (audited)	816,000,000	36,409,063	106,905,167	(6,622,592)	343,683,752	(4,699,435)	46,088,275	2,016,322	169,079,592	1,508,860,144	805,862,437	2,314,722,581
Loss for the period	--	--	--	--	--	--	--	--	(21,175,162)	(21,175,162)	7,254,642	(13,920,520)
Other comprehensive income	--	--	--	--	--	--	7,275,000	--	--	7,275,000	--	7,275,000
Total comprehensive loss	--	--	--	--	--	--	7,275,000	--	(21,175,162)	(13,900,162)	7,254,642	(6,645,520)
Issue of share capital to non-controlling interest (note 18 (d) (i))	--	--	--	--	--	--	--	--	--	--	182,320,327	182,320,327
Balance at 31 March 2024 (unaudited)	816,000,000	36,409,063	106,905,167	(6,622,592)	343,683,752	(4,699,435)	53,363,275	2,016,322	147,904,430	1,494,959,982	995,437,406	2,490,397,388

The attached notes 1 to 22 form an integral part of these condensed consolidated interim financial statements.

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (continued)
For the three-month period ended 31 March 2024

	Equity attributable to the shareholders of the Parent Company										Total equity SR
	Share capital SR	Share premium SR	Statutory reserve SR	Effect of changes in shareholding percentage in subsidiaries SR	Actuarial valuation reserves SR	Cash flow hedging reserve SR	Unrealized gain on FVOCI investments SR	Retained earnings SR	Total SR	Non-controlling interests SR	
Balance at 1 January 2023 (audited)	816,000,000	36,409,063	99,784,859	343,683,752	(1,247,977)	46,367,041	4,648,178	170,276,817	1,515,921,733	800,268,156	2,316,189,889
Profit for the period	--	--	--	--	--	--	--	19,470,930	19,470,930	17,336,249	36,807,179
Other comprehensive income	--	--	--	--	--	(7,027,938)	--	--	(7,027,938)	175,079	(6,852,859)
Total comprehensive income	--	--	--	--	--	(7,027,938)	--	19,470,930	12,442,992	17,511,328	29,954,320
Net movement in non-controlling interest	--	--	--	--	--	--	--	--	--	(197,649)	(197,649)
Balance at 31 March 2023 (unaudited)	816,000,000	36,409,063	99,784,859	343,683,752	(1,247,977)	39,339,103	4,648,178	189,747,747	1,528,364,725	817,581,835	2,345,946,560

The attached notes 1 to 22 form an integral part of these condensed consolidated interim financial statements.

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three-month period ended 31 March 2024

	Note	<i>For the three month period ended 31 March 2024 (Unaudited) SR</i>	<i>For the three month period ended 31 March 2023 (Unaudited) SR</i>
Cash flows from operating activities			
(Loss) / profit before Zakat and Income Tax		(7,299,297)	44,666,317
<i>Adjustments for:</i>			
Depreciation and amortization		56,661,015	44,924,576
Provision for employees' end of service benefits		2,500,056	2,367,948
Amortization of advance rental		2,130,621	1,144,501
Share of loss / (profits) of equity accounted investees, net	10	25,349,056	(8,025,075)
Allowance of expected credit losses		689,605	90,504
Provision for slow moving and obsolete inventories		587,570	612,454
Gain on disposal of property, plant and equipment		(160,613)	(1,817)
Amortization of deferred revenue		--	54,884
Finance cost		72,090,900	58,051,524
		<u>152,548,913</u>	<u>143,885,816</u>
Changes in operating assets and liabilities:			
Trade receivables, prepayments and other receivables		(31,828,175)	(44,455,638)
Due from related parties		(3,876,762)	843,200
Inventories		(2,817,508)	988,967
Trade payable, accrued and other liabilities		(59,702,614)	28,068,137
Due to related parties		1,672,103	1,396,900
		<u>55,995,957</u>	<u>130,727,382</u>
Cash generated from operating activities			
Employees' end of service benefits paid		(532,046)	(1,114,289)
Financial charges paid		(24,925,698)	(15,229,743)
Zakat and Income tax paid		--	(569,018)
		<u>30,538,213</u>	<u>113,814,332</u>
Net cash from operating activities			
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		176,062	203,500
Investment in associate during the period		(8,080,676)	--
Additions to property, plant and equipment, capital work in progress, intangible assets and right of use assets		(55,456,448)	(247,898,058)
		<u>(63,361,062)</u>	<u>(247,694,558)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Repayment of loans		(37,846,119)	(19,844,069)
Lease liabilities paid		(3,141,683)	(4,671,683)
Receipt of long-term loans		--	117,355,811
Issue of share capital to non-controlling interest		33,476,750	--
		<u>(7,511,052)</u>	<u>92,840,059</u>
Net cash (used in) / from financing activities			
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		1,166,405,656	507,885,834
Cash and cash equivalents at the end of the period	14	<u>1,126,071,755</u>	<u>466,845,667</u>
Supplementary non-cash information			
Cash flow hedges – effective portion of change in fair value		7,275,000	(6,852,859)
Short term loan due to related parties (note 18 (d) (i))		148,843,578	--

The attached notes 1 to 22 form an integral part of these condensed consolidated interim financial statements.

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SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, “SAUDI INDUSTRIAL SERVICES COMPANY”)
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
(UNAUDITED)**

For the three-month period ended 31 March 2024

1. ORGANISATION AND ACTIVITIES

Sustained Infrastructure Holding Company (formerly, "Saudi Industrial Services Company") (“the Company” or “the Parent Company” or “SISCO”) is a joint stock company incorporated in accordance with Saudi Arabian Regulations for Companies under the Ministry of Commerce Resolution No. 223 of 7 Rabi Al Awal 1409 H (corresponding to 18 October 1988) and registered under Commercial Registration No. 4030062502 dated 10 Rabi Al Thani 1409H (corresponding to 20 November 1988). The Group via its subsidiaries is engaged in the business of development and management of port terminal operations, maritime services, warehouse services, supply chain solutions, logistics services, associated development, and water desalination and treatment plant and sale of water. The principal activity of the Parent Company is investment and management of subsidiaries:

The registered head office of the Parent Company is located at the following address:

Saudi Business Center
7859, Unit No. 501
Jeddah 22234,
Kingdom of Saudi Arabia.

These consolidated interim financial statements include assets, liabilities and the results of the operations of the Parent Company and its following subsidiaries collectively referred to as “the Group”:

<u>Company</u>	<u>Country of incorporation</u>	<u>Effective shareholding</u>		<u>Principal activities</u>
		<u>31 March 2024</u>	<u>31 March 2023</u>	
Saudi Trade and Export Development Company Limited (“Tusdeer”)	Saudi Arabia	76%	76%	Management and operation of storage and re-export project situated on the land leased from Jeddah Islamic Port. (Logistic parks and support services segment).
Support Services Operation Company Limited (“ISNAD”)	Saudi Arabia	99.28%	99.28%	Development and operation of industrial zones, construction and operation of restaurants, catering and entertainment centers, construction of gas stations, auto servicing and maintenance workshops, and purchase of land for the construction of building thereon and investing the same through sale or lease. (Logistic parks and support services segment).

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, “SAUDI INDUSTRIAL SERVICES COMPANY”)
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
(UNAUDITED)

For the three-month period ended 31 March 2024

1. ORGANISATION AND ACTIVITIES (continued)

<u>Company</u>	<u>Country of incorporation</u>	<u>Effective shareholding</u>		<u>Principal activities</u>
		<u>31 March 2024</u>	<u>31 March 2023</u>	
Kindasa Water Services Company – Closed Joint Stock Company (“Kindasa”)	Saudi Arabia	65%	65%	Water desalination and treatment plant and sale of water. (Water desalination and distribution segment).
Red Sea Port Development Company – Closed Joint Stock Company (“RSPD”)	Saudi Arabia	60.6%	60.6%	Development, construction, operation and maintenance of container terminals and excavation and back filling works. (Port development and operations segment).
Red Sea Gateway Terminal Company Limited (“RSGT”) *	Saudi Arabia	36.36%	36.36%	Development, construction, operation and maintenance of container terminals and excavation and back filling works. (Port development and operations segment).
Red Sea Ports Development International Limited – (“RSPDI”)	United Kingdom	60.6%	--	Development, construction, operation and maintenance of container terminals and excavation and back filling works. (Port development and operations segment).
Red Sea Gateway Terminal International Limited (“RSGTI”) **	United Kingdom	36.36%	--	Development, construction, operation and maintenance of container terminals and excavation and back filling works. (Port development and operations segment).

*SISCO owns 60.6% effective interest in RSPD which in turn owns 60% interest in RSGT.

**SISCO owns 60.6% effective interest in RSPDI which in turn owns 60% interest in RSGTI.

(i) During 2023, SISCO announced that its newly incorporated subsidiary RSGTI has signed 22 years concession agreement with the Chittagong Port Authority for Patenga Container Terminal (“PCT”) the Bangladesh's primary port. Under the concession agreement, RSGTI will develop and operate a 500,000 Twenty Foot Equivalent Unit (‘TEU’) container terminal facility at PCT in Chittagong commencing in year 2024.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
(UNAUDITED)**

For the three-month period ended 31 March 2024

2. BASIS OF PREPARATION

2.1 Basis of accounting

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – “Interim Financial Reporting”, as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and professional Accountants (“SOCPA”).

These condensed consolidated interim financial statements do not include all of the information required for a complete set of the annual financial statements prepared in accordance with IFRS accounting standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA), and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023 (last annual consolidated financial statements). However, selected explanatory notes are included to explain the events and transactions that are significant to an understanding of changes in the Group’s financial position and performance since the last annual consolidated financial statements.

2.2 Significant judgments, estimates and assumptions

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

The Group based its assumptions and estimates on parameters available when the condensed consolidated interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Also see note 2.3 below.

The significant judgments exercised in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements for the year ended 31 December 2023.

2.3 Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost basis, except for financial assets at fair value through other comprehensive income (“FVOCI”), derivative financial instruments which are carried at their fair values and employee benefits, which are measured at the present value of defined benefit obligation using projected unit credit method. Further, the condensed consolidated interim financial statements are prepared using the accrual basis of accounting and the going concern assumption.

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
(UNAUDITED)

For the three-month period ended 31 March 2024

2. BASIS OF PREPARATION (continued)

2.4 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Arabian Riyals (“SR”), which is the Group’s functional and presentation currency.

3. ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group’s annual consolidated financial statements as at and for the year ended 31 December 2023.

Few amendments to standards became effective from 1 January 2024 which do not have a material effect on these condensed consolidated interim financial statements.

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

The standards, interpretations and amendments with effective date of 1 January 2024 not expected to have any material impact on the Group’s condensed consolidated interim financial statements, whereas for the other above-mentioned standards, interpretations and amendments, the Group is currently assessing the implications on the Group’s condensed consolidated interim financial statements on adoption.

5. REVENUE FROM SALE OF GOODS AND SERVICES

	<i>For the three- month period ended 31 March 2024 Unaudited SR</i>	<i>For the three- month period ended 31 March 2023 Unaudited SR</i>
Shipping and unloading services	208,354,895	194,251,704
Sale of potable water	23,093,821	22,808,386
Rentals and support services	26,190,086	21,791,316
	<u>257,638,802</u>	<u>238,851,406</u>

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, “SAUDI INDUSTRIAL SERVICES COMPANY”)
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
(UNAUDITED)

For the three-month period ended 31 March 2024

6. EARNINGS PER SHARE

Basic earnings per share (“EPS”) is calculated by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue outstanding during the period.

	<i>For the three- month period ended 31 March 2024</i>	<i>For the three- month period ended 31 March 2023</i>
	<i>Unaudited SR</i>	<i>Unaudited SR</i>
(Loss) / profit for the period attributable to ordinary equity holders of the Parent	<u>(21,175,162)</u>	<u>19,470,930</u>
Weighted average number of ordinary shares in issue	<u>81,558,552</u>	<u>81,600,000</u>
Basic and diluted (loss) / earnings per share	<u>(0.26)</u>	<u>0.24</u>

The diluted EPS is same as the basic EPS as the Group does not have any dilutive instruments.

7. PROPERTY, PLANT AND EQUIPMENT

	<i>31 March 2024</i>	<i>31 December 2023</i>
	<i>Unaudited SR</i>	<i>Audited SR</i>
Property, plant and equipment - Others	175,750,627	176,595,092
Property, plant and equipment - Bonded and re-export project	23,288,752	23,871,025
Property, plant and equipment - Port terminal operations	<u>52,617,940</u>	<u>56,413,173</u>
	<u>251,657,319</u>	<u>256,879,290</u>

- a) During the three-month period ended 31 March 2024, additions amounting to SR 1.25 million (year ended 31 December 2023: SR 5.1 million), SR 6.73 million (year ended 31 December 2023: SR 0.24 million), SR Nil (year ended 31 December 2023: SR 1.24 million) were made to the property, plant and equipment - Others, Bonded and re-export project and Port terminal operations respectively.
- b) The Group’s property, plant and equipment – port terminal operations have been pledged against the Ijara Facility.

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8. WORK IN PROGRESS ASSETS

The carrying amount of work in progress assets represents amount paid to contractors and suppliers for the civil works, equipment and contract assets related to concession agreement. Once complete, these assets and their carrying amount will be transferred to respective asset category. Work in progress assets mainly comprise of Jeddah Logistic Hub and Jeddah Logistic Park Projects of Tusdeer and work in progress in respect of port terminal operations of RSGT. During the three-month period an amount of SR 44.1 million (year ended 31 December 2023: 616.8 million) were made in work in progress assets of the Group.

9. INTANGIBLE ASSETS

	<i>31 March 2024 Unaudited SR</i>	<i>31 December 2023 Audited SR</i>
Port concession rights and assets (note 9.1)	2,041,599,846	2,073,666,184
Intangible asset related to fixed and guaranteed variable fee (note 9.2)	1,402,783,311	1,411,674,556
Other intangible assets	11,598,323	1,446,869
	<u>3,455,981,480</u>	<u>3,486,787,609</u>

9.1 Port concession rights and assets

	<i>31 March 2024 Unaudited SR</i>	<i>31 December 2023 Audited SR</i>
Cost		
Balance at the beginning of the period / year	3,225,407,075	2,605,576,600
Additions during the period / year	2,807,458	43,154,326
Transfer from work in progress assets	--	576,923,449
Disposals during the period / year	(1,272,650)	(217,300)
Balance at the end of the period / year	<u>3,226,941,883</u>	<u>3,225,437,075</u>
Amortisation		
Balance at the beginning of the period / year	1,151,770,891	1,043,316,703
Charge for the period / year	34,843,795	108,524,570
Disposals during the period / year	(1,272,649)	(70,382)
Balance at the end of the period / year	<u>1,185,342,037</u>	<u>1,151,770,891</u>
Net book value	<u>2,041,599,846</u>	<u>2,073,666,184</u>

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9. INTANGIBLE ASSETS (continued)

9.2 Intangible assets related to fixed and guaranteed variable fee

	<i>31 March 2024 Unaudited SR</i>	<i>31 December 2023 Audited SR</i>
Cost:		
Intangible assets recorded in accordance with IFRIC 12	<u>1,534,457,606</u>	<u>1,534,457,606</u>
Accumulated amortisation:		
At the beginning of the period / year	<u>122,783,050</u>	88,342,832
Charge for the period / year	<u>8,891,245</u>	34,440,218
At the end of the period / year	<u>131,674,295</u>	122,783,050
Net book value	<u><u>1,402,783,311</u></u>	<u><u>1,411,674,556</u></u>

Tusdeer, a subsidiary of the Group, had entered into a Build-Operate-Transfer (the “BOT Agreement”) agreement with Saudi Ports Authority (“MAWANI” or the “grantor”) for the construction of a container terminal at the Re-export Zone of Jeddah Islamic Port. The BOT Agreement was, subsequently, novated by Tusdeer to RSGT another subsidiary of the Group, effective from 22 Shawal 1428H (corresponding to 3 November 2007). The period of the BOT Agreement originally was for 32 years. On 23 December 2019, RSGT, entered into a new concession agreement (the New Concession Agreement) with MAWANI whereby RSGT acquired rights to built, update and operate North Container Terminal in addition to the terminal operated under the BOT Agreement, effective from 1 April 2020 (the effective date) for a period of 30 years from this date and has an option to renew the term before the expiry based on mutual agreement.

As per the New Concession Agreement there is no explicit requirement to replace the concession assets, however there is a requirement of serviceability for 4 years at the end of the arrangement. Under the terms of the new Concession, MAWANI stipulates the Tariffs to be applied by the Operator when providing services and has the right to review the published tariff structure. The Group has right to charge users of the port for services provided in accordance with the New Concession Agreement. Intangible assets – port concession rights are secured against the Ijara facilities obtained from local banks.

The New Concession Agreement stipulates payment of the fixed and guaranteed variable fees on the specified rates over the life of the agreement. These fees have been recorded as intangible asset at the present value under the guidance of IFRIC 12 ‘Service Concession Arrangements’, with a corresponding liability recognized as obligation. All other variable fees under the New Concession Agreement are charged to consolidated statement of profit or loss as and when incurred.

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10. EQUITY-ACCOUNTED INVESTEES

	<i>31 March 2024 Unaudited SR</i>	<i>31 December 2023 Audited SR</i>	<i>31 March 2023 Unaudited SR</i>
Balance at the beginning of the period/year	263,225,190	251,827,074	251,827,074
Share in (loss) / profit of equity accounted investees, net	(25,349,056)	30,503,809	8,025,075
Investment made during the year	8,080,675	6,359,960	--
Share of actuarial losses of associates recognized in other comprehensive income	--	(503,360)	--
Share of effective portion of changes in fair value of cash flow hedges	7,275,000	57,136	(7,127,968)
Dividend received during the period / year	--	(25,019,429)	--
Balance at the end of the period/year	<u>253,231,809</u>	<u>263,225,190</u>	<u>252,724,181</u>

10.1 Equity-accounted investees

<i><u>Name</u></i>	<i><u>Principal activities</u></i>	<i><u>Country of incorporation</u></i>	<i><u>Effective shareholding percentage</u></i>		<i><u>Carrying amount</u></i>	
			<i>31 March 2024 Unaudited</i>	<i>31 December 2023 Audited</i>	<i>31 March 2024 Unaudited SR</i>	<i>31 December 2023 Audited SR</i>
International Water Distribution Company Limited (note a)	Water/waste works, water treatment and lease of water equipment	Kingdom of Saudi Arabia	50%	50%	119,516,229	141,840,731
Saudi Water and Environmental Services Company (note b)	Electrical, water and mechanical works and related operation and maintenance	Kingdom of Saudi Arabia	31.85%	31.85%	1,740,810	1,740,810
Saudi Al Jabr Talke Company Limited	Contracting, construction, operation and maintenance of factories and warehouses	Kingdom of Saudi Arabia	33.3%	33.3%	70,811,606	66,188,268

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10. EQUITY-ACCOUNTED INVESTEEES (continued)

<u>Name</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective shareholding percentage</u>		<u>Carrying amount</u>	
			<u>31 March 2024</u> <i>Unaudited</i>	<u>31 December 2023</u> <i>Audited</i>	<u>31 March 2024</u> <i>Unaudited</i> SR	<u>31 December 2023</u> <i>Audited</i> SR
Xenmet SA, Vaduz (note c)	Trading, storage and brokerage of commodities	Principality of Liechtenstein	19%	19%	2,815,774	2,653,107
Green Dome (note d)	Investment and management of companies providing logistic services	United Arab Emirates	31.67%	31.67%	58,347,390	50,802,274
					<u>253,231,809</u>	<u>263,225,190</u>

- a) The Parent Company does not control the management or operations of “International Water Distribution Company”, accordingly, it is classified as a joint venture and accounted for as such.
- b) Saudi Water and Environmental Services Company is 49% owned by Kindasa Water Services Company (a subsidiary), accordingly, it is classified as an associate.
- c) Xenmet SA, Vaduz is 25% owned by Saudi Trade and Export Development Company Limited (a subsidiary), accordingly, it is classified as an associate.
- d) The Parent Company does not control the management or operations of Green Dome Holdings Limited (“Green Dome”), accordingly, it is classified as associate and accounted for as equity-accounted investee. During the period, upon capital call additional SR 8.8 million (2023: SR 6.3 million) were invested.
- e) Saudi Al Jabr Talke Company Limited is 33.34% owned by Sustained Infrastructure Holding Company (the company), accordingly, it is classified as an associate and accounted for as such.

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11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVOCI comprise of equity investment in shares of Growth Gate Capital Corporation B.S.C. As of the statement of financial position date, management believes that the carrying amount of the investment approximates its fair value.

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	<i>For the three month period ended 31 March 2024 Unaudited SR</i>	<i>For the year ended 31 December 2023 Audited SR</i>
Cost:		
At the beginning of the period / year	66,366,028	57,598,172
Additions during the period / year	--	8,767,856
Modification during the period / year	(309,729)	--
	66,056,299	66,366,028
Depreciation:		
At the beginning of the period / year	(17,728,369)	(12,101,616)
Depreciation for the period / year	(1,525,948)	(5,626,753)
	(19,254,317)	(17,728,369)
Net value at the end of period / year	46,801,982	48,637,659

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12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	<i>For the three month period ended 31 March 2024 Unaudited SR</i>	<i>For the year ended 31 December 2023 Audited SR</i>
At the beginning of the period / year	108,323,544	105,278,187
Addition during the period / year	--	8,767,856
Interest charge for the period / year	934,589	3,409,285
Modification during the period / year	(309,729)	--
Interest cost capitalised (capitalized in work in progress assets)	614,599	2,522,776
Payment of lease liabilities during the period / year	(3,141,683)	(11,654,560)
At the end of the period / year	<u>106,421,320</u>	<u>108,323,544</u>

The classification of lease liabilities is as follows:

	<i>31 March 2024 Unaudited SR</i>	<i>31 December 2023 Audited SR</i>
Current lease liabilities	10,202,326	12,872,045
Non-current lease liabilities	96,218,994	95,451,499
	<u>106,421,320</u>	<u>108,323,544</u>

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13. INVESTMENT PROPERTIES

	<i>31 March 2024 Unaudited SR</i>	<i>31 December 2023 Audited SR</i>
Cost		
At the beginning of the period / year	452,991,939	314,408,430
Transfers from work in progress assets	4,765,912	140,528,150
Disposals	--	(3,003,008)
Additions during the period / year	--	1,058,367
At the end of the year	457,757,851	452,991,939
Accumulated depreciation		
At the beginning of the year	164,372,749	150,576,705
Depreciation for the period / year (capitalized in Work in progress assets)	--	350,956
Charge for the period / year	4,916,883	16,448,095
On disposals	--	(3,003,007)
At the end of the year	169,289,632	164,372,749
Net book value	288,468,219	288,619,190

Investment properties represent warehouses rented to customers for storage and warehousing purposes.

The buildings and leasehold improvements are situated on a plot of land leased from Saudi Ports Authority for a nominal annual rental. The initial lease agreement was for 20 Hijra years starting from 15 Muharram 1419H (corresponding to 11 May 1998) with a grace period of two Hijra years, on 22 Ramadan 1424H (corresponding to 16 November 2003) the lease agreement was extended to 40 Hijra years.

14. CASH AND CASH EQUIVALENTS

	<i>31 March 2024 Unaudited SR</i>	<i>31 December 2023 Audited SR</i>
Cash on hand	343,272	299,366
Cash at banks	727,462,633	520,738,301
Murabaha deposits (note 14.1)	398,265,850	645,367,989
	1,126,071,755	1,166,405,656

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14. CASH AND CASH EQUIVALENTS (continued)

14.1 Murabaha deposits are placed with local commercial banks and yield financial income at prevailing market rates.

15. SHARE CAPITAL AND DIVIDENDS

	<i>31 March 2024 Unaudited SR</i>	<i>31 December 2023 Audited SR</i>
Ordinary share of Saudi Riyals 10 each *	816,000,000	816,000,000

As at 31 March 2024, the authorised and paid up capital of the Group is divided into 81.6 million shares (31 December 2023: 81.6 million shares) of SR 10 each.

(*) It includes treasury shares acquired during the year ended 31 December 2023.

16. LONG-TERM LOANS

	<i>31 March 2024 Unaudited SR</i>	<i>31 December 2023 Audited SR</i>
Long-term loans	1,307,898,034	1,343,613,540
Less: current portion	(155,062,681)	(145,169,030)
Non-current portion	1,152,835,353	1,198,444,510

RSGT

- a) On 3 December 2007, RSGT (a subsidiary of the Company) entered into an Ijara arrangement with two local commercial banks to obtain a loan of SR 1,271 million. The Ijara facility was secured against the property and equipment / port concession rights of RSGT. The loan was repayable in semi-annual instalments ending in December 2023. The loan carried special commission rate of SIBOR plus an agreed margin (see note(c) below).
- b) On 28 September 2016, RSGT entered into an Ijara arrangement with two local commercial banks to obtain a loan of SR 260 million for expansion of its existing berths. This facility was also secured against the port concession rights of RSGT (note 8.1). The loan was to be repaid in semi-annual instalments ending in December 2023. The loan carried special commission rate of SIBOR plus an agreed margin (see note (c) below).

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16. LONG-TERM LOANS (continued)

- c) During the year ended 31 December 2020, RSGT and the banks mutually agreed to amend the terms of the loan agreements above. These amendments, among others, included modification of the applicable rate from six months SIBOR to three months SIBOR, lowered the agreed margin, modified the repayment frequency from biannual to quarterly payment and extended the maturity period from year 2023 to 2030. The Ijara facilities are secured against property and equipment of RSGT. The modifications of the terms were assessed qualitatively and quantitatively in accordance with IFRS 9 “Financial Instruments” and, as a result, the management concluded that the changes in terms of agreement did not resulted in substantial modification under the requirements of IFRS 9 “Financial Instruments”.
- d) The unamortized portion of the advance rentals and other fees paid to the banks, are amortized over the remaining period of the Ijara facility, using effective interest rate approach.
- e) During the year ended 31 December 2020, RSGT obtained a facility with sanctioned limit of SR 750 million towards its consolidation and expansion works which was fully drawn during prior period. RSGT pays an agreed commitment fee on the undrawn balance and an agreed profit payable at SIBOR plus a margin on the drawn balance. The commitment fee paid has been deferred and amortised as part of effective interest rate. The loan will be repaid in quarterly instalments starting from 2023 and ending in 2033. The loan is secured against assets relating to the consolidation and expansion works.
- f) The current and non-current portion of the loans of RSGT as at the period end is as follows:

	<i>31 March</i> <i>2024</i> <i>Unaudited</i> <i>SR</i>	<i>31 December</i> <i>2023</i> <i>Audited</i> <i>SR</i>
Long-term loans	1,208,064,782	1,240,655,288
Less: current portion	<u>(141,601,396)</u>	<u>(140,437,002)</u>
Non-current portion	<u>1,066,463,386</u>	<u>1,100,218,286</u>

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16. LONG-TERM LOANS (continued)

TUSDEER

- g) During 2022, Tusdeer (a subsidiary of the Company) obtained a long-term loan facility with sanctioned limit of SR 290 million from a commercial bank towards the construction of new warehouse. The loan carries commission at commercial rates (SIBOR plus an agreed margin) and is repayable in quarterly instalments commencing 9 months after the first drawdown.

	<i>31 March</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>Unaudited</i>	<i>Audited</i>
	<i>SR</i>	<i>SR</i>
Long-term loan	99,833,252	102,958,252
Less: current portion	(13,461,285)	(13,461,285)
	86,371,967	89,496,967

- h) All the above loans carry certain financial covenants, which had been complied with as of the reporting date.
- i) All loans of the Group are denominated in Saudi Arabian Riyal.

17. ZAKAT AND INCOME TAX

Parent Company

The Parent Company has filed its Zakat returns up to year 2022 and assessments up to the year 2020 are finalized with the Zakat, Tax and Customs Authority (“ZATCA”) and the Parent Company has obtained the Zakat certificate valid until 30 April 2024.

Subsidiaries

Red Sea Gateway Terminal Company Limited and Red Sea Ports Development Company (“the Subsidiaries”)

RSGT has finalized its Zakat and income tax assessments with ZATCA up to 2013 and has filed its Zakat and income tax returns up to the year 2022. Tax / Zakat assessment for the year 2014 is considered as finalized under statute of limitation. During the year ended 31 December 2023, RSGT received assessments for the years 2015, 2016, 2017 and 2018 which was accepted and settled under protest. Up to the date of this financial statements, ZATCA is yet to raise the assessment for the years from 2019 through 2022.

RSPD has filed its Zakat and income tax returns with ZATCA up to the year 2022. RSPD has received an assessment for the year 2018 which was accepted under protest. Assessment for the years up to 2017 and prior years are considered as finalized under statute of limitation. Up to the date of this financial statements, ZATCA is yet to raise assessments for the years 2019 through 2022.

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17. ZAKAT AND INCOME TAX (continued)

Saudi Trade and Export Development Company Limited (“the Subsidiary”)

The Company has finalized its Zakat assessments with ZATCA up to 2016 and has filed its Zakat returns up to 2021. ZATCA is yet to raise the assessment for the years from 2017 to 2022.

Support Services Operation Company Limited (“the Subsidiary”)

The Company has finalized its Zakat assessment with ZATCA for the years from 2007 up to 2008 and 2016 up to 2018. During the 3rd quarter of 2022, ISNAD received the final assessment for year 2020 with additional Zakat liability of SR 2,243 which the Company accepted and settled under protest. ISNAD has filed its Zakat returns up to 2021. ZATCA has not raised the assessment for the years from 2009 up to 2015 and is yet to raise the assessments for years 2019 and 2022.

Kindasa Water Service Company (“the Subsidiary”)

The Subsidiary has finalized its Zakat assessments with ZATCA up to 2016 and has filed its Zakat returns up to 2021. Up to the date of these consolidated financial statements, ZATCA is yet to raise the assessment for the years from 2016 to 2022.

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18. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, directors and key management personnel of the Company, associates of the Group, and other entities (Affiliates) controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company’s management.

a) Significant related party transactions for the period ended 31 March are as follows:

Name	Relationship	Nature of transactions	Amount of transactions	
			Three-month period ended	
			31 March 2024 Unaudited SR	31 March 2023 Unaudited SR
International Water Distribution Company Limited	Associate	Sales of goods and services	18,021,753	17,285,091
		Expenses incurred on behalf of the associate	10,111	40,663
Al Jabr Talke Company Limited	Associate	Services rendered	140,711	34,500
		Expenses incurred on behalf of an Associate	83,160	97,440
Xenel Industries Limited	Shareholder	Payment made on behalf of the shareholder	262,133	71,563
		Expenses incurred on behalf of the Group	(92)	(92)
Al Karam Al Arabi Catering	Affiliate	Purchase of goods and services	<u>(5,013,775)</u>	<u>(4,483,838)</u>

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18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) *Due from related parties*

	<i>31 March 2024 Unaudited SR</i>	<i>31 December 2023 Audited SR</i>
International Water Distribution Company Limited	16,282,181	12,489,007
Xenel Industries Limited	461,382	461,382
Al Jabr Talke Company Limited	83,588	--
	<u>16,827,151</u>	<u>12,950,389</u>

c) *Due to a related party*

	<i>31 March 2024 Unaudited SR</i>	<i>31 December 2023 Audited SR</i>
Al Karam Al Arabi Catering	<u>1,672,103</u>	<u>--</u>

d) *Short term loan due to related parties*

	<i>31 March 2024 Unaudited</i>	<i>31 December 2023 Audited</i>
Short term loans due to NCI	<u>--</u>	<u>148,843,578</u>

(i) During the period RSGTI and RSPDI, the subsidiaries of the Group, has issued shares to NCI against short term loans.

e) Key management personnel remuneration and compensation comprised of the following:

	<i>Three month period ended 31 March 2024 Unaudited SR</i>	<i>Three month period ended 31 March 2023 Unaudited SR</i>
Short-term employee benefits	3,872,820	2,253,380
Post-employment benefits	<u>136,939</u>	<u>219,067</u>
	<u>4,009,759</u>	<u>2,472,447</u>

Short-term employee benefits of the Group’s key management personnel include salaries and bonuses.

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18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

f) Board of Directors / Committee members remuneration and compensation comprised of the following:

	<i>Three-month period ended 31 March 2024 Unaudited SR</i>	<i>Three-month period ended 31 March 2023 Unaudited SR</i>
Meeting attendance fees	175,000	165,000
Other remuneration	187,500	187,500
	<u>362,500</u>	<u>352,500</u>

19. COMMITMENTS AND CONTINGENCIES

As at 31 March 2024, the Group’s bankers have issued letters of guarantee amounting to SR 128.9 million (31 December 2023: SR 128.9 million) against which cash margin of SR 13.3 million (31 December 2023: SR 13.3 million) was deposited.

As at 31 March 2024, the Group has commitments for capital work in progress amounting to SR 7.25 million (31 December 2023: SR 27.4 million) mainly relating to new logistic hub and park construction project, new desalination plant construction and consolidation and expansion work on the container terminal.

20. BUSINESS SEGMENTS

The Group has the following main business segments:

- Port development and operations
- Water desalination and distribution
- Logistic parks and support services
- Corporate office: Consists of investment activities and head office functions.

These business segments are located within the Kingdom of Saudi Arabia and are the Group’s strategic business units.

The Group’s top management reviews internal management reports of each strategic business unit at least quarterly. Segment results that are reported to the top management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues, as included in the internal management reports that are reviewed by the top management. The following table presents segment information (assets, liabilities, revenue and net income) foreach of the business segments as at and for the three-month period ended 31 March:

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For the three-month period ended 31 March 2024

20. BUSINESS SEGMENTS (continued)

	Reportable Segments			Total	Unallocated	Total
	<i>Port development and operations</i>	<i>Logistic parks and support services</i>	<i>Water desalination and distribution</i>			
	-----SR 000’(Unaudited)-----					
31 March 2024						
(Unaudited)						
External revenues						
Point in time	208,355	24,413	23,545	256,313	--	256,313
Over the period of time	9,273	6,430	--	15,703	--	15,703
Total external revenues	217,628	30,843	23,545	272,016	--	272,016
Inter-segment revenue	--	(4,653)	(451)	(5,104)	--	(5,104)
Segment revenue	217,628	26,190	23,094	266,912	--	266,912
Direct costs	108,746	17,820	11,912	138,478	--	138,478
Inter-segment direct costs	(309)	(4,131)	--	(4,440)	--	(4,440)
Segment cost	108,437	13,689	11,912	134,038	--	134,038
Segment gross profit	109,191	12,501	11,182	132,874	--	132,874
Profit attributable to shareholders of the Parent	3,270	2,663	4,150	10,083	(31,258)	(21,175)
Segment assets	4,536,254	555,178	185,673	5,277,105	694,206	5,971,311
Segment liabilities	3,201,142	227,280	40,275	3,468,697	12,217	3,480,914

SUSTAINED INFRASTRUCTURE HOLDING COMPANY
(formerly, “SAUDI INDUSTRIAL SERVICES COMPANY”)
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
(UNAUDITED)**

For the three-month period ended 31 March 2024

20. BUSINESS SEGMENTS (continued)

	Reportable Segments			Total	Unallocated	Total
	<i>Port development and operations</i>	<i>Logistic parks and support services</i>	<i>Water desalination and distribution</i>			
	-----SR 000'(Unaudited)-----					
31 March 2023 (Unaudited)						
External revenues						
Point in time	194,252	20,226	23,095	237,573	--	237,573
Over the period of time	196,051	12,358	-	208,409	--	208,409
Total external revenues	390,303	32,584	23,095	445,982	--	445,982
Inter-segment revenue	--	(10,793)	(287)	(11,080)	--	(11,080)
Segment revenue	390,303	21,791	22,808	434,903	--	434,903
Direct costs	282,450	21,518	11,248	315,216	--	315,216
Inter-segment direct costs	(287)	(9,129)	--	(9,416)	--	(9,416)
Segment cost	282,163	12,388	11,248	305,800	--	305,800
Segment gross profit	108,140	9,403	11,560	129,103	--	129,103
Profit attributable to shareholders of the Parent	8,468	2,636	4,226	15,330	4,141	19,471
Segment assets	3,716,963	585,081	171,566	4,473,610	789,995	5,263,605
Segment liabilities	2,671,231	192,403	35,438	2,899,073	18,586	2,917,659

21. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- In the accessible principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability
- Fair value information of the Group’s financial instruments is analysed below:

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
(UNAUDITED)**

For the three-month period ended 31 March 2024

21. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities:

Level 2: Input other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: input for the asset or liability that are not based on observable market data (unobservable inputs)

There were no transfers between level 1 and level 3 during the three-month period 31 March 2024 (31 December 2023: nil). There were no financial assets or financial liabilities classified under level 2.

There were no changes in valuation techniques during the period.

As at 31 March 2024, the financial assets of the Group comprised of trade receivables and other receivables, due from related parties, cash and cash equivalents which are recorded at amortised cost and investment in equity securities which is recorded at fair value and the Group’s financial liabilities include loans and bank facilities, obligation under service concession agreement, trade payables and other liabilities and derivative financial instruments.

The carrying amount of the financial instruments at amortized cost approximates their fair value. The Group’s management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

22. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised to issue by the Board of Directors on 16 May 2024, corresponding to 8 Dhul-Qidah 1445.