

**International Company
for Water and Power Projects
(ACWA Power)**

2021 Third Quarter Interim Report
For the three-month and
nine-month periods ended
September 30, 2021



CEO's Statement

It is a privilege to address you following a truly landmark IPO process and successful listing on 11 October 2021 on Tadawul, the Saudi stock exchange, valuing ACWA Power at SAR 40.9 (USD 10.9) billion at the time of the IPO. We offered 81.2 million shares to the public representing 11.1% of the company, which was oversubscribed by an overall factor of 250 times (including 20 times by the Saudi retail investors), and subsequently raised SAR 4.5 (USD 1.2) billion in capital. As of the date of this report, the total number of outstanding shares of the Company stood at 731,099,729 with 15 percent in free float.

This level of success is humbling but not surprising for us. We have been constantly demonstrating our capacity and capability to deliver breakthrough results across geographies and technologies both in power generation and water desalination since ACWA Power was founded 17 years ago. For the best part of the last decade, we stayed at the forefront of the energy transition by repetitively delivering competitive renewable energy tariffs in multiple countries. We are now a proud Saudi flagbearer; both in the country's ambitious journey towards a cleaner future by not only being entrusted to lead the development of 70 percent of the kingdom's renewables target but also being a partner in the world's largest green hydrogen production facility and a giga-city that is entirely carbon-free in NEOM, and in other countries' efforts in improving their energy mix in favor of cleaner renewable energy-sourced power and water plants.

The trust of all our shareholders, old and new, in our ability to be a force for greater good for people and the planet is our greatest motivation and inspiration. We all understand the responsibility to live up to this trust and what all this now means for us; that is, to not only continue to fulfil our mission to deliver electricity and desalinated water reliably, responsibly and profitably at low cost to several hundreds of millions of people we are serving, but also to nurture the monetary investment that over 1.3 million people have entrusted in us. This in turn, will require us, even more than before, to demonstrate scrupulous integrity, maintain high levels of transparency, and embrace accountability to consistently deliver excellence. Rest assured, though, that none of these callings need to interfere or compromise our DNA revolving around ingenuity, entrepreneurship, passion, and commitment to make a world of difference, as indeed all these attributes are elements of our core values of safety, people, and performance.

Paddy Padmanathan

President and CEO

Business and operational highlights

As of 30 September 2021, the Group's portfolio comprised 65 power and/or desalinated water projects in 13 countries with a total estimated project cost of SAR 251.8 (\$67.1) billion. Of these projects:

- 39 were in operation representing a total estimated project cost of SAR 100.3 (\$26.7) billion;
- 13 were under construction representing a total estimated incurred and future project cost of SAR 59.1 (\$15.7) billion; and
- 13 were in a state of advanced development (either where the Group has been awarded a preferred bidder status, has signed the long-term Offtake Agreement, or for some negotiated deals has committed significant financial resources, and is working on achieving financial close) representing a total estimated incurred and future project cost of SAR 92.4 (\$24.6) billion.

As of the same date, the Group's portfolio of projects in operation, under construction or in advanced development represented approximately 42.7 GW of gross electricity generation and 6.4 million m³ per day of desalinated water production capacity.

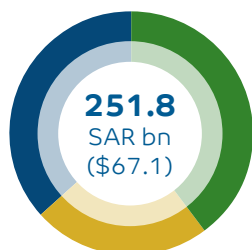
Key developments in the Group's portfolio within the third quarter ended 30 September 2021 were:

- 1,500 MW Sudair PV IPP in KSA achieved financial close on 29 July 2021 and moved to projects under construction from in advanced development. The Sudair project, located at Sudair Industrial City in Saudi Arabia, is the Group's first project under PIF's renewable energy programme and will contribute to its commitment to deploy 70 percent of the renewable energy capacity as part of Saudi Arabia's Vision 2030 plan. The SAR 3.56 billion (USD 905m) project is one of the largest single-contracted PV plants globally and the largest in Saudi Arabia. It will use bi-facial modules with tracking technology and is expected to generate enough power to supply 185,000 homes.
- DEWA V—the fifth phase of the 5,000 MW Mohammed bin Rashid Al Maktoum solar project in Dubai, United Arab Emirates—Phase A achieved ICOD in record time of less than twelve months (300 MW capacity online out of 900 MW total capacity) as of 24 July 2021.

- On 27 September 2021; Jazan Integrated Gasification and Power Company (JIGPC), a joint venture consisting of Saudi Aramco Power Company (SAPCO), Air Products, ACWA Power and Air Products Qudra, signed the asset acquisition and project financing agreements of the USD 12 billion Jazan Integrated Gasification Combined-Cycle (IGCC) power plant, an Air Separation Unit and certain ancillary assets from Aramco, located in Jazan Economic City. Jazan IGCC will supply power, steam, hydrogen, and other utilities for Aramco's Jazan refinery, under a 25-year contract with Aramco. With ACWA Power holding a 25%¹ equity stake in the project, Jazan IGCC is the largest agreement of its kind in ACWA Power's history and is expected to be a significant contributor in the Group's financial results as soon as 2022 conditional upon completion of asset transfers as per schedule.
- ACWA Power entered into an agreement for the sale of its 32 percent effective shareholding in Shuqaiq Water and Electricity Company ("Shuqaiq IWPP"), an oil-fired asset located in the Kingdom of Saudi Arabia, with 850 MW power and 212,000 m3/day water desalination capacity. The buyer is based in Saudi Arabia and the agreement includes the sale of 32 percent interest in the O&M contract of NOMAC, First National Operations and Maintenance Company, which is ACWA Power's wholly owned subsidiary. The sale is part of ACWA Power's capital recycling strategy as well as its target of gradually reducing its greenhouse gas (GHG) emission intensity and ultimately achieving net zero-emissions by 2050G.
- Egypt 1,100 MW Wind IPP was added on projects in advanced development, following the Council of Ministers of the Government of Egypt's approval for signing a PPA.

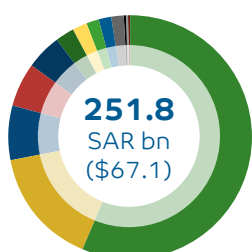
¹ ACWA Power has an effective interest of 21.25% in the returns of JIGPC.

Portfolio Highlights as of September 30, 2021



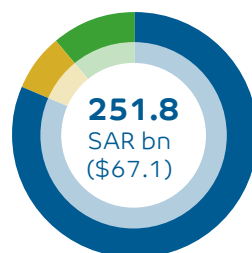
Operating mix by project cost

Operating	39.9%
Under construction	23.4%
Advanced development	36.7%



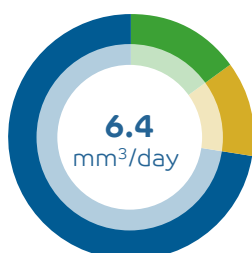
Project split by geography by project cost

Saudi Arabia	58.3%	Egypt	2.2%	Turkey	1.4%
UAE	15.1%	South Africa	2.0%	Azerbaijan	0.4%
Uzbekistan	6.8%	Bahrain	1.6%	Ethiopia	0.3%
Oman	5.5%	Jordan	1.6%	Vietnam	0.1%
Morocco	4.7%				



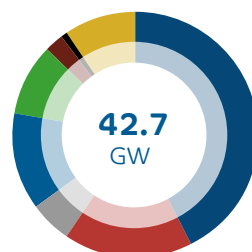
Average age of portfolio (based on year of PCOD)

0-5 years	81.5%
6-10 years	7.5%
> 10 years	11.0%



Water split by technology (based on year of PCOD)

MSF	15.2%
MED	12.5%
SWRO	72.3%



Power split by technology (gross capacity) - Detailed

Natural gas	42.7%	CSP parabolic	2.4%
Oil	17.0%	CSP tower	0.8%
Coal	5.6%	Green Hydrogen	9.4%
PV	12.8%	(includes solar and wind)	
Wind	9.3%		

Summary financial performance

	Third quarter					Nine months				
	SAR		USD ¹			SAR		USD ¹		
Consolidated, in SAR millions	2021	2020	2021	2020	change	2021	2020	2021	2020	change
Operating income before impairment and other expenses	573	790	153	211	-27.5%	1,660	1,659	443	442	0.1%
Net profit/(loss) attributable to equity holders of the parent	(27)	524	(7)	140	-105.1%	420	850	112	227	-50.6%
Comparable adjusted net profit attributable to equity holders of the parent ²	340	548	91	146	-38.0%	974	929	260	248	4.8%

Key factors affecting the financial results of the third quarter of 2021 in comparison to the same period in 2020

- In line with related disclosures on the IPO prospectus, an incentive plan comprising shares and cash benefits for eligible employees payable upon a successful IPO was granted and vested on 28 September 2021. Accordingly, the Company recognized a total expense of SAR 280.0 million (SAR 231.7 corresponding to 4,137,552 shares at IPO price of SAR 56 per share and SAR 48.3 million on account of equity-settled and cash-settled share-based payments, respectively).
- Effective from 1 January 2021, ACWA Power decided to restrict the useful lives of two oil-fired assets in its portfolio to the terms of their remaining PPAs and started to use accelerated depreciation. The impact of this in the third quarter was SAR 49.6 million.
- In relation to the sale of its shareholding in the Shuqaiq IWPP ("SQWEC") as mentioned above and pursuant to the consideration agreed in the corresponding sale and purchase agreement, ACWA Power management estimated that the carrying value of the assets exceed the recoverable amount by SAR 28.5 million and booked an impairment loss of the same amount through share in net results of equity accounted investees.

¹Supplementary information converted at a fixed rate of U.S. Dollar 1.00=SAR 3.75.

²Non-IFRS KPI: refer to MD&A below.

Management discussion and analysis of the key financial indicators

ACWA Power's management uses several key performance metrics internally to review the Group's financial performance (KfPIs). The KfPIs that pertain to the financial results are analyzed below.

Operating income before impairment loss and other expenses ("Operating Income")

Operating income for nine months ended 30 September 2021 ("current period") was SAR 1,660 million and flat versus the same period in 2020 ("previous period") as a result of higher operating income from O&M business on account of full year of operation of some projects (such as Al Dur) and start of operation for new projects (such as Hassyan) and development and construction management fees following the financial close of projects (such as Sudair, Sirdarya and Redstone), which was offset by recognition of employee long-term incentive plan (LTIP) expense and lower share in net results of equity accounted investees, net of tax mainly because of accelerated depreciation on two oil fired assets (RABEC and SQWEC) together with an impairment charge on SQWEC which was negated by reversal of impairment at SWEC.

Adjusted net profit attributable to equity holders of the parent ("Adjusted Net Profit")

ACWA Power considers certain transactions as non-recurring transactions, which are defined as those that are unusual and/or are not expected to repeat in the future in the ordinary course of business and adjusts the value of these transactions in the respective year of their realizations to arrive at the KfPI of adjusted net profit or loss.

Below table lists the reconciling adjustments from the consolidated net profit for the current period and the previous period.

Reconciliation to Adjusted net profit	Nine months				
	SAR		USD ¹		
SAR in millions	2021	2020	2021	2020	Change
Net profit attributable to equity holders of the parent	420	850	112	227	-50.6%
Impairments in relation to subsidiaries and equity accounted investees	58	-			
Provision for zakat and tax or prior year assessments	11	52			
Corporate social responsibility contribution	-	39			
Provision for long term incentive plan	29	(22)			
IPO incentive plan grants expense	280	-			
Other adjustments	5	10			
Total adjustments	383	79			
Adjusted net profit attributable to equity holders of the parent	803	929			
Recurring transactions that did not occur before 2021 - for comparison purpose to 2020					
Accelerated depreciation	149	-			
Discounting impact on loan from shareholder subsidiary	22	-			
Comparable adjusted net profit attributable to equity holders of the parent	974	929	260	248	4.8%

Adjusted Net Profit for the current period was SAR 803 million. Key adjustments to the consolidated net profit attributable to equity holders of the company (SAR 420 million, 51% lower than previous period, as a result of flat Operating Income that was further decreased by higher finance cost and higher tax expense mainly because of the recognition of deferred tax asset in the previous period for Moroccan assets on unused tax losses) were the IPO incentive plan expense (SAR 280 million); and impairments in relation to subsidiaries (Barka, SAR 60 million, contract expiry in 2021) and equity accounted investees (Shuqaiq, SAR 29 million, impairment loss on lower recoverable value and Shuaibah, SAR -30 million, reversal of previous period impairment charge).

¹Supplementary information converted at a fixed rate of U.S. Dollar 1.00=SAR 3.75.

Two transactions affecting the current period but not the previous period, namely the accelerated depreciation and the discounting impact on loan from shareholder subsidiary, are not considered as adjustments in arriving at the adjusted net profit for the period as they are recurring in nature. For comparability purposes, Comparable Adjusted Net Profit takes into account the impact of these two transactions on the current period. Accordingly, Comparable Adjusted Net Profit was SAR 974 million for the current period and 4.8% ahead of previous period's SAR 929 million.

Management's guideline estimate for full fiscal year 2021

The management re-affirms its earlier guideline estimate for full year 2021 Adjusted Net Profit to be in line with the Adjusted Net Profit of 2020.

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF INTERNATIONAL COMPANY FOR WATER AND POWER PROJECTS (A SAUDI JOINT STOCK COMPANY)

Introduction:

We have reviewed the accompanying interim consolidated statement of financial position of International Company for Water and Power Projects (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 September 2021, the related interim consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the interim consolidated statements of cashflows and changes in equity for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review:

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

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young



Ahmed I. Reda
Certified Public Accountant
License No. (356)

Riyadh: 4 Rabi al Thani 1443H
(9 November 2021)



**International Company for Water and Power
Projects and its Subsidiaries
(A Saudi Joint Stock Company)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2021

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in Saudi Riyals thousands unless otherwise stated)

	<i>Notes</i>	As at 30 Sep 2021	As at 31 Dec 2020
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	3	14,002,165	12,732,340
Intangible assets		1,999,680	2,058,678
Equity accounted investees	4	6,578,247	5,062,848
Non-current portion of net investment in finance lease		10,116,548	10,605,337
Due from related parties	7	70,490	86,658
Deferred tax asset		171,960	135,498
Strategic fuel inventories		70,743	70,760
Other assets		179,049	197,510
TOTAL NON-CURRENT ASSETS		<u>33,188,882</u>	<u>30,949,629</u>
CURRENT ASSETS			
Inventories		448,622	450,835
Current portion of net investment in finance lease		320,890	323,571
Due from related parties	7	695,693	745,661
Accounts receivable, prepayments and other receivables		3,530,934	3,020,235
Cash and cash equivalents	5	3,064,035	832,668
TOTAL CURRENT ASSETS		<u>8,060,174</u>	<u>5,372,970</u>
TOTAL ASSETS		<u>41,249,056</u>	<u>36,322,599</u>

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	As at 30 Sep 2021	As at 31 Dec 2020
<u>EQUITY AND LIABILITIES</u>			
EQUITY			
Shareholders' equity			
Share capital		6,429,344	6,429,344
Share premium		1,410,398	1,410,398
Statutory reserve		642,883	642,883
Retained earnings		1,604,852	1,184,908
Equity attributable to owners of the Company before other reserves		10,087,477	9,667,533
Other reserves	8	(1,662,315)	(2,798,419)
Equity attributable to owners of the Company		8,425,162	6,869,114
Non-controlling interest		561,513	531,041
TOTAL EQUITY		8,986,675	7,400,155
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing and funding facilities	6	21,362,320	17,286,744
Due to related parties	7	1,587,613	1,577,839
Equity accounted investees	4	555,605	1,244,571
Fair value of derivatives		372,455	650,789
Deferred tax liability		148,091	125,711
Deferred revenue		64,359	63,304
Other financial liabilities	9	1,133,742	290,990
Employee end of service benefits' liabilities		181,199	178,964
Other liabilities		346,584	309,422
TOTAL NON-CURRENT LIABILITIES		25,751,968	21,728,334
CURRENT LIABILITIES			
Accounts payable, accruals and other financial liabilities		3,697,590	4,116,726
Short-term financing facilities		280,562	364,847
Current portion of long-term financing and funding facilities	6	1,051,948	1,178,360
Due to related parties	7	63,545	43,280
Fair value of derivatives		71,357	59,584
Zakat and taxation		201,208	276,517
		5,366,210	6,039,314
Financing and funding facilities classified as current	6.4	1,144,203	1,154,796
TOTAL CURRENT LIABILITIES		6,510,413	7,194,110
TOTAL LIABILITIES		32,262,381	28,922,444
TOTAL EQUITY AND LIABILITIES		41,249,056	36,322,599

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
		2021	2020	2021	2020
<u>CONTINUING OPERATIONS</u>					
Revenue	11	1,294,011	1,367,149	3,854,083	3,638,010
Operating costs		(579,031)	(612,863)	(1,754,039)	(1,704,288)
GROSS PROFIT		714,980	754,286	2,100,044	1,933,722
Development cost, provision and write offs, net of reversals		(46,160)	1,429	(95,216)	(88,208)
General and administration expenses		(195,486)	(152,538)	(653,993)	(591,100)
Share in net results of equity accounted investees, net of tax	4	56,064	156,265	206,310	311,170
Other operating income	11.6	43,674	30,813	103,186	93,404
OPERATING INCOME BEFORE IMPAIRMENT LOSS AND OTHER EXPENSES		573,072	790,255	1,660,331	1,658,988
Impairment loss and other expenses	12	(296,458)	(6,455)	(356,482)	(39,216)
OPERATING INCOME AFTER IMPAIRMENT LOSS AND OTHER EXPENSES		276,614	783,800	1,303,849	1,619,772
Other income		30,355	14,676	45,867	75,240
Exchange gain / (loss), net		5,201	(6,867)	11,892	(24,167)
Financial charges, net	13	(293,024)	(256,690)	(847,000)	(804,995)
PROFIT BEFORE ZAKAT AND INCOME TAX		19,146	534,919	514,608	865,850
Zakat and tax	10.1	(41,008)	20,821	(80,600)	49,991
(LOSS) / PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		(21,862)	555,740	434,008	915,841
<u>DISCONTINUED OPERATIONS</u>					
(Loss) / profit from discontinued operations including loss recognised on assets held for sale		-	(14,216)	-	7,022
(LOSS) / PROFIT FOR THE PERIOD		(21,862)	541,524	434,008	922,863
(Loss) / profit attributable to:					
Equity holders of the parent		(26,941)	524,246	419,944	849,895
Non-controlling interests		5,079	17,278	14,064	72,968
		(21,862)	541,524	434,008	922,863
Basic and diluted (loss) / earnings per share to equity holders of the parent (in SR)	14.2	(0.04)	0.81	0.65	1.32
Basic and diluted (loss) / earnings per share from continuing operations to equity holders of the parent (in SR)	14.2	(0.04)	0.85	0.65	1.30

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
		2021	2020	2021	2020
(LOSS) / PROFIT FOR THE PERIOD		(21,862)	541,524	434,008	922,863
<u>OTHER COMPREHENSIVE INCOME / (LOSS)</u>					
Items that are or may be reclassified subsequently to profit or loss					
Foreign operations – foreign currency translation differences		1,092	5,987	747	20,106
Equity accounted investees – share of OCI	8	38,071	78,132	736,944	(1,579,864)
Change in fair value of cash flow hedge reserve		24,580	65,744	289,916	(513,834)
Settlement of cash flow hedges transferred to profit or loss		(2,235)	(13,908)	(31,258)	(33,978)
Items that will not be reclassified to profit or loss					
Re-measurement of defined benefit liability		(2,789)	2,907	(8,947)	12,495
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS)		58,719	138,862	987,402	(2,095,075)
TOTAL COMPREHENSIVE INCOME / (LOSS)		36,857	680,386	1,421,410	(1,172,212)
Total comprehensive income / (loss) attributable to:					
Equity holders of the parent		19,927	648,663	1,324,345	(1,083,651)
Non-controlling interests		16,930	31,723	97,065	(88,561)
		36,857	680,386	1,421,410	(1,172,212)

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in Saudi Riyals thousands unless otherwise stated)

		For the nine months period ended 30 Sep	
	<i>Notes</i>	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and tax from continuing operations		514,608	865,850
Profit before zakat and tax from discontinued operations		-	2,839
<i>Adjustments for:</i>			
Depreciation and amortisation		460,853	431,373
Financial charges including discount on financial liabilities	13	847,000	814,534
Unrealised exchange (gain) / loss		(22,546)	29,342
Share in net results of equity accounted investees, net of zakat and tax	4	(206,310)	(311,170)
Charge for employees' end of service benefits		26,745	30,720
Loss on disposal of assets held for sale		-	21,939
Provisions and write-offs		33,642	91,248
Development cost, provision and write-offs, net of reversals		95,216	88,208
Loss on disposal / write-off of property, plant and equipment		7,648	10,411
Impairment loss on goodwill	12.1	60,024	-
<i>Changes in operating assets and liabilities:</i>			
Accounts receivable, prepayments and other receivables		(392,235)	(487,877)
Inventories		(15,286)	(32,278)
Payables and accruals		164,512	(14,405)
Due from related parties		60,586	(6,985)
Net investment on finance lease		491,470	(155,587)
Strategic fuel inventories		17	8
Other assets		12,266	(6,196)
Other liabilities		37,162	45,876
Deferred revenue		1,055	(29,808)
Net cash flows from operations		2,176,427	1,388,042
Employees' terminal benefits paid		(33,457)	(3,815)
Zakat and tax paid		(176,260)	(97,706)
Dividends received from equity accounted investees		76,365	63,795
<i>Net cash from operating activities</i>		2,043,075	1,350,316
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets		(1,604,201)	(1,133,901)
Investments in equity accounted investees		(453,474)	(107,880)
Proceeds on disposal of property, plant and equipment		21,924	-
Changes in non-controlling interest		4,806	-
Assets held for sale		-	71,390
<i>Net cash used in investing activities</i>		(2,030,945)	(1,170,391)

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

		For the nine months period ended 30 Sep	
	<i>Notes</i>	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from financing and funding facilities, net of transaction cost		5,898,161	1,331,873
Repayment of financing and funding facilities		(2,021,329)	(1,173,168)
Due to related parties		8,111	4,627
Other financial liabilities		-	(92,157)
Financial charges paid		(794,307)	(730,500)
Dividends paid		(871,399)	(63,172)
<i>Net cash from / (used in) financing activities</i>		<u>2,219,237</u>	<u>(722,497)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		2,231,367	(542,572)
Cash and cash equivalents at beginning of the period		832,668	2,798,315
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	<u>3,064,035</u>	<u>2,255,743</u>

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

International Company for Water and Power Projects and its Subsidiaries
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in Saudi Riyals thousands unless otherwise stated)

	<i>Share capital</i>	<i>Share premium</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Other Reserves (note 8)</i>	<i>Equity attributable to owners of the Company</i>	<i>Non- controlling interest</i>	<i>Total equity</i>
Balance at 1 January 2020	6,429,344	1,177,031	554,626	3,102,108	(1,361,236)	9,901,873	703,504	10,605,377
Profit for the period	-	-	-	849,895	-	849,895	72,968	922,863
Other comprehensive loss	-	-	-	-	(1,933,546)	(1,933,546)	(161,529)	(2,095,075)
Total comprehensive income / (loss)	-	-	-	849,895	(1,933,546)	(1,083,651)	(88,561)	(1,172,212)
Changes to non-controlling interest	-	-	-	(10,530)	-	(10,530)	10,530	-
Dividends	-	-	-	-	-	-	(63,172)	(63,172)
Balance at 30 September 2020	6,429,344	1,177,031	554,626	3,941,473	(3,294,782)	8,807,692	562,301	9,369,993
Balance at 1 January 2021	6,429,344	1,410,398	642,883	1,184,908	(2,798,419)	6,869,114	531,041	7,400,155
Profit for the period	-	-	-	419,944	-	419,944	14,064	434,008
Other comprehensive income	-	-	-	-	904,401	904,401	83,001	987,402
Total comprehensive income	-	-	-	419,944	904,401	1,324,345	97,065	1,421,410
Changes to non-controlling interest	-	-	-	-	-	-	4,806	4,806
Share based payments (note 12.3)	-	-	-	-	231,703	231,703	-	231,703
Dividends	-	-	-	-	-	-	(71,399)	(71,399)
Balance at 30 September 2021	6,429,344	1,410,398	642,883	1,604,852	(1,662,315)	8,425,162	561,513	8,986,675

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 ACTIVITIES

International Company for Water and Power Projects (the “Company” or “ACWA Power”) is a Saudi joint stock company established pursuant to a ministerial resolution numbered 215 dated 2 Rajab 1429H (corresponding to 5 July 2008) and registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010253392 dated 10 Rajab 1429H (corresponding to 13 July 2008).

The Company and its subsidiaries (collectively the “Group”) are engaged in the business of development, construction, acquisition, generation and sale of electricity and desalinated water, leasing, operation and maintenance of power generation, water desalination and steam plants, and other related or auxiliary business activities complimentary to it.

2 BASIS OF PREPARATION AND CHANGES TO GROUP ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

The interim condensed consolidated financial statements for the three and nine months periods ended 30 September 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred as “IAS 34 as endorsed in KSA”). The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2020. These interim condensed consolidated financial statements for the three and nine months periods ended 30 September 2021 are not affected significantly by seasonality of results. The results shown in these interim condensed consolidated financial statements may not be indicative of the annual results of the Group’s operations.

The interim condensed consolidated financial statements are prepared under the historical cost convention except for derivative financial instruments (including written put options) which are measured at fair value. These interim condensed consolidated financial statements are presented in Saudi Riyals (“SR”) which is the functional and presentation currency of the Company. All values are rounded to the nearest thousand (SR’000), except when otherwise indicated.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when a RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods as they become applicable.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

2 BASIS OF PREPARATION AND CHANGES TO GROUP ACCOUNTING POLICIES (CONTINUED)

2.2 SIGNIFICANT ACCOUNTING POLICIES

Standards issued but not yet effective

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The Group early applied the requirements effective from 1 July 2021. As a result of early adoption, the Group has recognised SR 41.8 million in the interim condensed consolidated statement of profit or loss, which is reflected through share in net results of equity accounted investees. There is no impact on the comparative periods presented.

2.3 SIGNIFICANT ACCOUNTING ESTIMATES

Use of estimates and assumptions

The preparation of the interim condensed consolidated financial statements in conformity with IAS 34 as endorsed in KSA requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments used in the preparation of these interim condensed consolidated financial statements are consistent with those used in preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020 except as explained below.

Provisions

Management continually monitors and assesses provisions recognised to cover contractual obligations and claims raised against the Group. Estimates of provisions, which depend on future events that are uncertain by nature, are updated periodically and provided for by the management. The estimates are based on expectations including timing and scope of obligation, probabilities, future cost level and includes a legal assessment where relevant.

Useful economic lives of property, plant and equipment

During the period ended 30 September 2021, the Group re-assessed the useful life of certain plants, based on oil fired technology, in its portfolio and decided to align the plants existing useful life to its re-assessed economic life as per the term of Power and Water Purchase Agreements ("PWPA") with effect from 1 January 2021. This change in accounting estimate has resulted in SR 148.7 million being expensed, representing the Group's share in incremental depreciation, in the interim condensed consolidated statement of profit or loss, which is reflected through share in net results of equity accounted investees.

The change in estimate will have annual impact of SR 198.4 million on profit or loss in future periods till expiry of underlying PWPAs.

3 PROPERTY, PLANT AND EQUIPMENT

	30 Sep 2021	31 Dec 2020
At the beginning of the period / year	12,732,340	11,982,377
Additions for the period / year	1,748,935	1,440,199
Depreciation charge for the period / year	(449,371)	(547,488)
Impairment loss for the period / year	-	(129,985)
Disposals / write-offs	(29,572)	(12,408)
Foreign currency translation	(167)	(355)
At the end of the period / year	14,002,165	12,732,340

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 EQUITY-ACCOUNTED INVESTEEES

Set out below is the contribution of equity accounted investees in the interim condensed consolidated statement of financial position, the interim condensed statement of profit or loss and other comprehensive income, and the “Dividends received from companies accounted for using the equity method” line of the interim condensed consolidated statement of cash flows.

	30 Sep 2021	31 Dec 2020
At the beginning of the period / year	3,818,277	4,776,885
Share of results for the period / year (note 4.1)	206,310	231,107
Share of other comprehensive income / (loss) for the period / year	736,944	(1,191,366)
Additions during the period / year, net	1,319,858	167,892
Dividends for the period / year	(58,747)	(166,241)
At the end of the period / year	6,022,642	3,818,277
Equity accounted investees shown under non-current assets	6,578,247	5,062,848
Equity accounted investees shown under non-current liabilities	(555,605)	(1,244,571)
	6,022,642	3,818,277

- 4.1** Share of results for the period ended 30 September 2021 includes the Group’s share in additional depreciation of property, plant and equipment amounting to SR 148.7 million (refer note 2.3).
- 4.2** Share in net results for the period ended 30 September 2021 also includes impairment reversal of the Group’s share amounting to SR 30.0 million of property, plant and equipment of an equity accounted investee.
- 4.3** On 7 September 2021, the Group entered into a sale and purchase agreement (the “SPA”) with a third-party buyer with respect to sale of the following assets (the “Assets”):
- its share of an equity accounted investee, Shuqaiq International Water and Electricity Company Limited (“SIWEC” or “Shuqaiq”) and
 - 32% interest in the operations and maintenance (“O&M”) contract associated with Shuqaiq. Currently O&M services are provided by First National Operation and Maintenance Company (“NOMAC”), a wholly owned subsidiary of the Group.

The Group’s interest in SIWEC and O&M operations will be classified as held for sale upon successful completion of certain conditions precedent in the SPA which will make these assets as available for immediate sale in accordance with the requirements of IFRS 5 – “Non-current Assets Held for Sale and Discontinued Operations”.

Pursuant to the consideration agreed in the SPA, the management has estimated that the carrying value of the Assets exceed the recoverable amount by SR 28.5 million. Accordingly, an impairment loss of SR 28.5 million is recorded within share in net results from SIWEC.

5 CASH AND CASH EQUIVALENTS

	As at 30 Sep 2021	As at 31 Dec 2020
Cash at bank	1,487,091	798,263
Short-term deposits with original maturities of three months or less	1,576,944	34,405
	3,064,035	832,668

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 LONG-TERM FINANCING AND FUNDING FACILITIES

	Notes	As at 30 Sep 2021	As at 31 Dec 2020
<u>Recourse debt:</u>			
Financing facilities in relation to projects		2,150,786	753,314
Corporate facilities		1,130	113,630
Corporate bond	6.1	2,788,885	-
<u>Non-Recourse debt:</u>			
Financing facilities in relation to projects		14,990,390	15,746,631
ACWA Power Management and Investments One Ltd (“APMI One”)	6.2	3,005,996	3,006,325
ACWA Power Capital Management Ltd (“APCM”)	6.3	621,284	-
Total financing and funding facilities		23,558,471	19,619,900
Less: current portion shown under current liabilities		(1,051,948)	(1,178,360)
Less: Financing and funding facilities classified as current	6.4	(1,144,203)	(1,154,796)
Non-current portion shown under non-current liabilities		21,362,320	17,286,744

Financing and funding facilities as reported in the Group’s interim consolidated statement of financial position are classified as ‘non-recourse’ or ‘recourse’ debt. Non-recourse debt are generally secured by the borrower (i.e. a subsidiary) with its own assets, contractual rights and cash flows and there is no recourse to the Company under any guarantee. The recourse debt are direct borrowings or those guaranteed by the Company. The Group’s financial liabilities are either fixed special commission bearing or at a margin above the relevant reference rates. The Group seeks to hedge long term floating exposures using derivatives.

- 6.1** On 14 June 2021, the Group issued an Islamic bond (Sukuk) amounting to SR 2,800.0 million at par (sak) value of SR 1 million each, without discount or premium. The Sukuk issuance bears a return based on Saudi Arabia Interbank Offered Rate (SIBOR) plus a pre-determined margin payable semi-annually in arrears. The Sukuk will be redeemed at par on its date of maturity on 14 June 2028.
- 6.2** In May 2017, the Group (through one of its subsidiaries, APMI One) issued bonds with an aggregate principal of USD 814.0 million. The bonds carry a fixed rate of interest at 5.95% per annum due for settlement on a semi-annual basis. The bonds’ principal is due to be repaid in semi-annual instalments commencing from June 2021, with the final instalment due in December 2039. The bonds are collateralised by cash flows from certain equity accounted investees and subsidiaries of the Group.
- 6.3** During the period ended 30 September 2021, the Group (through a subsidiary, APCM) issued Notes with an aggregate principal of USD 166.2 million. The Notes carry an interest at 3.7% per annum and the principal repayments in semi-annual instalments from 31 May 2021, with final instalment due on 27 May 2044. The Notes were issued to refinance an existing long-term facility of one of the Group’s wholly owned subsidiaries, Shuaibah Two Water Development Project (“Shuaibah II”).
- 6.4** Due to Covid 19 related issues, a delay in contractual payments from the off-taker in one of the Group’s subsidiaries (“the Subsidiary”) resulted in a technical covenant breach as at 31 December 2020, under the power purchase agreement which led to a cross default under the financing documents. The cumulative amount withheld by the off-taker during 2020 was SR 42.4 million. While the project benefits from a Government Guarantee on the receivables from the off-taker, the project company did not call on the Government Guarantee to cover these partially withheld payments as the off-taker reached a settlement agreement and subsequently cleared all overdue balances.

On 9 February 2021, the Subsidiary received a covenant waiver from the lenders, with an effective date of 31 December 2020. Despite receipt of the waiver, the breach under the financing documents resulted in reclassification of the loan amounting to SR 1,154.8 million, from non-current liabilities to current liabilities as at 31 December 2020. Pursuant to the waiver received, this loan balance was reclassified to non-current liabilities as at 31 March 2021.

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6 LONG-TERM FINANCING AND FUNDING FACILITIES (CONTINUED)

Further, on 29 April 2021, the same Subsidiary, with endorsement of the lenders, issued a notice of dispute to the off-taker in relation to its payment obligations. The dispute constitutes a covenant breach under the financing documents. The notice of dispute was issued to claim withheld liquidated damages amounting to SR 78.5 million and non-payment of deemed capacity charges (capacity charges for the period following deemed commissioning on 16 December 2017, until the commercial operation date for phase 1 on 1 July 2018) amounting to SR 84.7 million. The breach resulted in reclassification of the loan amounting to SR 1,144.2 million, from non-current liabilities to current liabilities as of 30 September 2021. The Subsidiary is in process of securing a waiver from the lenders.

7 RELATED PARTY TRANSACTIONS AND BALANCES

The transactions with related parties are made on mutually agreed terms and approved by the board as necessary. Significant transactions with related parties during the period and significant period-end balances are as follows:

			For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
	Notes	Relationships	2021	2020	2021	2020
Transactions:						
Revenue		Joint ventures / (Affiliates)	559,228	609,681	1,693,991	1,459,841
Other operating income		Joint ventures	43,674	30,813	103,186	93,404
Finance income		Joint ventures	10,175	12,136	24,116	31,231
Financial charges on loan from related parties	13	Joint venture / (Affiliates)	7,135	6,452	34,931	31,144
Key management personnel compensation including director's remuneration*			136,560	3,174	152,409	15,836

*This includes share based payments and provision for long term incentive plan for the key management personnel and directors for the period ended 30 September 2021.

	Notes	Relationships	As at	
			30 Sep 2021	31 Dec 2020
Due from related parties				
Current:				
Al Mourjan for Electricity Production Company	(a)	Joint venture	122,011	144,910
Rabigh Electricity Company	(a)	Joint venture	34,106	41,557
Shuqaiq Water and Electricity Company	(a)	Joint venture	30,179	47,181
Shuaibah Water & Electricity Company	(a)	Joint venture	53,344	43,462
Shuaibah Expansion Project Company	(a)	Joint venture	11,868	12,482
Hajr for Electricity Production Company	(a)	Joint venture	115,415	113,883
Dhofar O&M Company	(a)	Joint venture	34,305	27,607
Hassyan Energy Phase 1 P.S.C	(a)	Joint venture	51,728	149,158
ACWA Power Oasis Three	(d)	Joint venture	7,887	7,810
Noor Energy 1 P.S.C	(a)	Joint venture	70,205	13,653
Naqa Desalination Plant LLC	(e)	Joint venture	20,609	9,761
Ad-Dhahirah Generating Company SAOC	(a), (d)	Joint venture	6,230	21,780
Shinas Generating Company SAOC	(a), (d)	Joint venture	4,948	16,872
Saudi Malaysia Water and Electricity Company	(d)	Joint venture	5,112	1,197
UPC Renewables S.A	(a)	Joint venture	26,767	37,061
Risha for Solar Energy Projects	(a)	Joint venture	229	889
ACWA Power Solafrica Bokpoort CSP Power Plant Ltd	(a)	Joint venture	12,537	15,344
Haya Power & Desalination Company	(a), (e)	Joint venture	10,076	2,450
Shams Ad-Dhahira Generating Company SAOC	(d)	Joint venture	4,130	315
ACWA Power Solarreserve Redstone Solar TPP	(e)	Joint venture	30,731	-
Other related parties		Affiliates	43,276	38,289
			695,693	745,661

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(CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	Notes	Relationships	As at	
			30 Sep 2021	31 Dec 2020
Due from related parties				
Non-current:				
Hassyan Energy Phase 1 P.S.C	(f)	Joint venture	61,612	61,612
ACWA Guc Isletme Ve Yonetim Sanayi Ve Ticaret	(g)	Joint venture	8,878	25,046
			<u>70,490</u>	<u>86,658</u>
Due to related parties				
Non-current:				
ACWA Power Renewable Energy Holding Company	(b)	Joint venture	760,873	773,060
Water and Electricity Holding Company CJSC	(i)	Shareholder's subsidiary	699,894	677,966
Loans from minority shareholders of subsidiaries	(c)	-	126,846	126,813
			<u>1,587,613</u>	<u>1,577,839</u>
Current:				
ACWA Power Africa Holdings (Pty) Ltd	(h)	Joint venture	17,552	21,306
ACWA Guc Isletme Ve Yonetim Sanayi Ve Ticaret	(j)	Joint venture	24,156	-
Others		Affiliates	21,837	21,974
			<u>63,545</u>	<u>43,280</u>

(a) These balances mainly include amounts due from related parties to First National Holding Company ("NOMAC") (and its subsidiaries) for O&M services provided to the related parties under O&M contracts. In certain cases, the balance also includes advances provided to related parties that have no specific repayment date.

(b) During 2018, ACWA Renewable Energy Holdings Limited ("APREH") entered into a convertible loan agreement whereby amounts drawn down under such agreement was advanced to the ACWA Power Global Services ("APGS"), a fully owned subsidiary of the Company, through an intra-group shareholder advance agreement ("the agreement"). An amount of SR 1,361.2 million was advanced to APGS and bore a commission rate of 4.3% per annum for first 18 months and 3.4% per annum thereafter on the principal outstanding. On 31 December 2019, pursuant to the option available under the Agreement, a portion of loan amounting to SR 580.6 million was converted as sales consideration against the sale of 49% of the Group's shareholding in APREH. In addition, during 2020, the Group have agreed an additional consideration of SR 7.9 million as part of adjustments with respect to the sale of 49% of Group's shareholding in APREH.

The outstanding loan balance is repayable within 60 months from first utilization in the event of non-conversion. The debt is guaranteed by ACWA Power (i.e. recourse to ACWA Power).

(c) This includes:

- Loan payable to non-controlling shareholders of ACF Renewable Energy Limited amounting to SR 41.6 million (2020: SR 41.6 million). The loans are due for repayment in 2024 and carry profit rate at 5.75% per annum; and
- Loan payable to non-controlling shareholders of Qara Solar Energy Company amounting to SR 85.2 million (2020: SR 85.2 million). The loans are due for repayment in 2024 and carry profit rate at Libor + 1.3% per annum.

(d) The balance represents advance provided to related parties that has no specific repayment and bears no profit rate.

(e) This represents receivable on account of development fee and reimbursement of cost incurred on behalf of the equity accounted investee.

(f) The balance represents sub-ordinated advance provided to related parties that has no specific repayment and bears no profit rate. As per the terms of the agreement the advance repayment will not occur for at least a period of one year. Accordingly, the balance is shown as a non-current asset.

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(All amounts in Saudi Riyals thousands unless otherwise stated)

7 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

- (g) This represents amounts payable to NOMAC for O&M services provided to the project company under O&M contracts. During the period ended 30 September 2021, the Group has provided SR 4.8 million (31 Dec 2020: SR 28.5 million) provision against this balance.
- (h) This represents amounts payable to an equity accounted investee for transfer of project development cost.
- (i) During 2020, the Group declared a one-off dividend of SR 2,701.0 million. A portion of such declared dividend, payable to the Public Investment Fund of Saudi Arabia (the "Shareholder"), was converted into a long-term non-interest-bearing loan amounting to SR 901.0 million through a wholly owned subsidiary of the Shareholder. This loan may be adjusted, on behalf of the subsidiary of the Shareholder, against future investments in renewable projects made by the Company, based on certain conditions. The loan will be repaid or settled by 31 December 2030 unless the repayment or settlement period is mutually extended by both parties. The Group recorded this loan at the present value of expected cash repayments discounted using an appropriate rate applicable for long-term loans of a similar nature. The difference between the nominal value of the loan and its discounted value was recognised as other contribution from shareholder within share premium.

During the period ended 30 September 2021, SR 21.9 million (31 Dec 2020: SR 9.7 million) finance charge was amortised on the outstanding loan balance.

- (j) This represents advance received from equity accounted investee on account of O&M services to be rendered. This will be paid to an external supplier within next 12 months.

8 OTHER RESERVES

Movement in other reserves is given below:

	<i>Cash flow hedge reserve (note 8.1)</i>	<i>Currency translation reserve</i>	<i>Share in OCI of equity accounted investees (note 4)</i>	<i>Re- measurement of defined benefit liability</i>	<i>Others</i>	<i>Total</i>
Balance as at 1 January 2020	(313,175)	(29,721)	(971,975)	(19,185)	(27,180)	(1,361,236)
Changes during the year	(277,941)	23,550	(1,191,366)	8,574	-	(1,437,183)
Balance as at 31 December 2020	<u>(591,116)</u>	<u>(6,171)</u>	<u>(2,163,341)</u>	<u>(10,611)</u>	<u>(27,180)</u>	<u>(2,798,419)</u>
Balance as at 1 January 2021	(591,116)	(6,171)	(2,163,341)	(10,611)	(27,180)	(2,798,419)
Changes during the period	174,445	747	736,944	(7,735)	-	904,401
Share based payments (note 12.3)	-	-	-	-	231,703	231,703
Balance as at 30 September 2021	<u>(416,671)</u>	<u>(5,424)</u>	<u>(1,426,397)</u>	<u>(18,346)</u>	<u>204,523</u>	<u>(1,662,315)</u>

- 8.1** This mainly represents movements in mark to market valuation of hedging instruments net of deferred taxation in relation to the Group's subsidiaries.

9 OTHER FINANCIAL LIABILITIES

Other financial liabilities as reported in consolidated statement of financial position as of 30 September 2021 includes:

- (a) SR 298.8 million (31 Dec 2020: SR 291.0 million) on account of financial liabilities assumed on loss of control in a subsidiary.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

9 OTHER FINANCIAL LIABILITIES (CONTINUED)

- (b) The Group has entered into a coal supply agreement (the “Ancillary Agreement”) with a third party supplier, in relation to an independent power plant (IPP) owned by an equity accounted investee, where the Group has committed to cover the difference or take up the surplus between two agreed prices with the coal supplier during the IPP’s period of operations. Pursuant to the agreement, for any difference between two agreed price formulas (i.e. reference under the coal supply agreement as opposed to the coal supplier’s actual prices agreed on sourcing of such coal) the Group is obliged to pay or receive the difference when the coal is procured. The coal prices are determined with reference to coal price indices which act as a market reference for coal trading in Europe and Asia. Thus, the Ancillary Agreement has an embedded commodity swap (the “Derivative”) that needs to be separated and carried at fair value.

As of 30 September 2021, the Group has recorded a Derivative liability amounting to SR 960.1 million (SR 834.9 million non-current and SR 125.2 million current liabilities), computed using the discounted cash flow method, with the corresponding impact in carrying value of the investment of the equity accounted investee of the Group. The fair value of the Derivative liability is sensitive to various factors including coal prices, actual quantity of coal consumption, and discount rate.

The impact on the fair value of the Derivative liability due to independent changes in key assumptions are as follows. The actual impact on the financial statements would be the cumulative effect of different variables.

+/-10% change in coal consumption quantity	SR 95.6 million / (SR 95.6 million)
+/-10% change in coal price	SR 95.6 million / (SR 95.6 million)
+/- 50 bps change in discount rate	(SR 27.9 million) / SR 27.9 million

10 ZAKAT AND TAX

10.1 Amounts recognized in profit or loss

	For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
	2021	2020	2021	2020
Zakat and current tax *	35,651	46,036	100,951	135,627
Changes in deferred tax	5,357	(66,745)	(20,351)	(189,801)
Zakat and tax charge / (credit)	41,008	(20,709)	80,600	(54,174)
Less: Tax credit from discontinued operation	-	(112)	-	4,183
Zakat and tax charge / (credit) reflected in profit or loss	41,008	(20,821)	80,600	(49,991)

*Zakat and current tax charge for the nine months period ended 30 September 2021 includes SR 10.5 million (30 September 2020: SR 52.0 million) provision on prior year assessments.

The Company

Pursuant to the investment by International Finance Corporation (“IFC”) in the Company on 17 September 2014; the Company was assessed as a mixed entity in Saudi Arabia commencing from 2014. During 2020, IFC disposed of its shares to a Saudi shareholder which increased the shareholding of Saudi Shareholders in the Company to 100%. However, for the purpose of zakat and tax filing, the Company continued to comply with its obligation under Zakat law as a mixed entity for the year 2020. For the year 2021, as the Company is now held wholly by Saudi shareholders, it will only be subject to zakat.

The Company has filed zakat and tax returns for all the years up to 2020. During July 2020, the Company received an assessment from the Zakat, Tax & Customs Authority (the “ZATCA”) assessing additional zakat in relation to years 2009 to 2018 for which the Company has paid SR 116.0 million to the ZATCA and finalized its position for these years. The ZATCA is yet to assess the years 2019 and 2020.

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10 ZAKAT AND TAX (CONTINUED)

ACWA Power Projects ("APP")

APP has filed its zakat and tax returns for all the years up to 2020. APP had finalized its position with the ZATCA up to the year 2014.

During 2020, APP received an assessment from the ZATCA for the year 2018 with an additional zakat liability of SR 31 million. Further, during April 2021, APP received an assessment from the ZATCA for the years 2015 to 2017 with an additional zakat liability of SR 39.7 million. An appeal has been filed by APP against these assessments.

NOMAC Saudi Arabia ("NOMAC")

NOMAC has filed its zakat returns for all the years up to 2020. During the prior years, the Company received two zakat assessments from the ZATCA for the years 2008-2012 and 2013-2016, assessing an additional zakat liability of SR 12 million for these assessed years. NOMAC has filed appeals against these assessments.

Rabigh Arabian Water & Electricity Company ("RAWEC")

RAWEC has filed its zakat and tax returns for all the years up to 2020. The ZATCA has raised 2 assessments in relation to years 2007-2013 and 2017 claiming additional tax, zakat and withholding tax including penalties for delayed payments totalling SR 57.8 million. RAWEC has submitted objections against both assessments issued.

Others

With its multi-national operations, the Group is subject to taxation in multiple jurisdictions around the world with complex tax laws. The Group has ongoing matters in relation to tax assessments in the various jurisdictions in which it operates. Based on the best estimates of management, the Company has adequately provided for all tax assessments, where appropriate.

11 REVENUE

	Notes	For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
		2021	2020	2021	2020
Services rendered					
Operation and maintenance	11.1	421,681	393,220	1,254,602	1,076,579
Development and construction management services	11.2	130,692	214,642	426,772	363,059
Others		6,855	1,819	12,617	20,203
Sale of electricity	11.3				
Capacity		266,146	264,173	773,897	786,225
Energy		108,995	144,592	291,967	367,461
Finance lease income	11.5	78,835	75,001	271,873	228,341
Sale of water					
Capacity	11.3 & 11.4	249,427	261,629	731,579	730,470
Output	11.3 & 11.4	31,380	12,073	90,776	65,672
		1,294,011	1,367,149	3,854,083	3,638,010

Refer note 16 for the geographical distribution of revenue.

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11 REVENUE (CONTINUED)

11.1 Revenue earned by NOMAC and its group entities, from rendering technical, operation and maintenance services. This includes technical service agreements (“TSA”) fee of SR 148.6 million for the nine months and SR 57.9 million for the three months period ended 30 September 2021 (30 September 2020: nine months SR 114.5 million and three months SR 45.0 million).

11.2 Revenue earned by the Group for project development services provided in relation to the development of the projects which is recognised upon financial close of the project (being the point in time at which committed funding for the project has been achieved). Revenue from project management, consultancy services, and construction management services provided in relation to the construction of the projects are recognised as services are rendered.

Costs incurred on projects under development (the “Project Development Cost”), which are considered as feasible, are recognised as a current asset to the extent they are assessed to be recoverable. The Project Development Cost as of 30 September 2021 amounts to SR 327.8 million (31 December 2020: SR 313.2 million).

11.3 Revenue from supply of desalinated water and electricity is recognised upon satisfaction of performance obligations which in general happens for, capacity revenues upon making available the production capacity of power or desalinated water, and for output or energy revenues on delivery of desalinated water and power, respectively, to the customer in accordance with underlying Power and Water Purchase Agreements (“PWPA”) or Power Purchase Agreements (“PPA”) or Water Purchase Agreements (“WPA”).

11.4 Includes revenue from sale of steam amounting to SR 296.6 million for the nine months and SR 98.4 million for the three months periods ended 30 September 2021 (30 September 2020: nine months SR 285.4 million and three months SR 99.6 million).

11.5 Finance lease income is amortised over the term of the lease and is allocated to the accounting periods to reflect a constant periodic rate of return on the Group’s net investment outstanding with respect to the lease.

11.6 In addition to the amounts mentioned in the above table, income in relation to management support services, and ancillary support services provided to certain Group companies amounting to SR 103.1 million for the nine months and SR 43.7 million for the three months period ended 30 September 2021 (30 Sep 2020: nine months SR 93.4 million and three months SR 30.8 million) has been presented as other operating income.

12 IMPAIRMENT LOSS AND OTHER EXPENSES, NET

	Notes	For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
		2021	2020	2021	2020
Impairment loss on goodwill	12.1	-	-	60,024	-
Corporate social responsibility	12.2	16,458	6,455	16,458	39,216
Share based payments expenses	12.3	280,000	-	280,000	-
		296,458	6,455	356,482	39,216

12.1 Considering the uncertainty regarding the renewal of certain PWPAs, the Group performed impairment testing for certain of its cash generating units namely ACWA Power Barka Services 1 and ACWA Power Barka Services 2 (“the Entities”). The Entities are considered as a single cash generating unit for impairment testing purposes and to determine the value in use. The Group used discounted cash flows to calculate the recoverable amount to which goodwill is allocated and estimated that the recoverable amount was lower than the carrying amount and accordingly an impairment loss of SR 60.0 million (30 September 2020: nil) was recognised in these interim condensed consolidated financial statements.

12.2 During the period ended 30 September 2021, the Group contributed SR 16.5 million in various countries including Saudi Arabia primarily to support education and related infrastructure.

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12 IMPAIRMENT LOSS AND OTHER EXPENSES, NET (CONTINUED)

During 2020, the Group contributed SR 52.5 million to support national health efforts in Saudi Arabia to contain the impact of the Covid-19 pandemic. Funds were utilised to build an integrated mobile hospital with a 100-bed capacity in cooperation with a local construction company that is a wholly owned subsidiary of a shareholder. The new mobile hospital was fully resourced with the medical equipment and supplies required to treat Covid-19 cases. During the period ended 30 September 2020, the Group paid SR 39.2 million and the remaining amount was paid in the last quarter of 2020.

- 12.3** On 30 March 2021, the Board of Directors approved an incentive plan comprising shares and cash benefits (the "Plan") for eligible employees payable upon a successful listing of the Company subject to other performance conditions. On 13 June 2021, the shareholders of the Company approved the Plan. The Plan was granted and vested to eligible employees on 28 September 2021. Accordingly, the Group recognised a share based payment expense, amounting to SR 280.0 million (SR 231.7 million, equivalent to 4,137,552 shares at IPO price of SR 56 per share and SR 48.3 million on account of equity settled and cash settled share based payments respectively), equivalent to the fair value of the Plan at grant date.

13 FINANCIAL CHARGES, NET

	Notes	For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
		2021	2020	2021	2020
Financial charges on borrowings		247,749	228,868	708,918	723,582
Financial charges on letters of guarantee		32,878	14,010	79,287	22,643
Financial charges on loans from related parties	7	7,135	6,452	34,931	31,144
Other financial charges		5,262	7,360	23,864	27,626
		<u>293,024</u>	<u>256,690</u>	<u>847,000</u>	<u>804,995</u>

Financial charges related to discontinued operations for the nine months period ended 30 September 2020 is SR 9.5 million.

14 EARNINGS PER SHARE

- 14.1** The weighted average number of shares outstanding during the period (in thousands) are as follows:

	For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
	2021	2020	2021	2020
Issued ordinary shares	<u>645,763</u>	<u>645,763</u>	<u>645,763</u>	<u>645,763</u>
Weighted average number of ordinary shares outstanding during the period	<u>645,763</u>	<u>645,763</u>	<u>645,763</u>	<u>645,763</u>

- 14.2** The basic and diluted earnings per share are calculated as follows:

Net (loss) / profit for the period attributable to equity holders of the Parent	<u>(26,941)</u>	<u>524,246</u>	<u>419,944</u>	<u>849,895</u>
(Loss) / Profit for the period from continuing operations attributable to equity holders of the Parent	<u>(26,941)</u>	<u>546,707</u>	<u>419,944</u>	<u>838,800</u>
Basic and diluted (loss) / earnings per share to equity holders of the Parent (in SR)	<u>(0.04)</u>	<u>0.81</u>	<u>0.65</u>	<u>1.32</u>
Basic and diluted (loss) / earnings per share for continuing operations to equity holders of the Parent (in SR)	<u>(0.04)</u>	<u>0.85</u>	<u>0.65</u>	<u>1.30</u>

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15 CONTINGENCIES AND COMMITMENTS

At 30 September 2021, the Group had outstanding contingent liabilities in the form of letters of guarantee, corporate guarantees issued in relation to bank facilities for project companies and performance guarantees amounting to SR 12.74 billion (31 December 2020: SR 11.34 billion). The amount also includes the Group's share of equity accounted investees' commitments.

Below is the breakdown of contingencies as of the reporting date:

	As at 30 Sep 2021	As at 31 Dec 2020
Performance/development securities and completion support Letters of Credit ("LCs")	5,433,522	5,104,362
Guarantees in relation to bridge loans and equity LCs	4,346,549	3,803,049
Guarantees on behalf of joint ventures and subsidiaries	1,570,827	1,082,764
Debt service reserve account ("DSRA") standby LCs	1,295,467	1,146,903
Bid bonds for projects under development stage	98,899	154,022
Guarantees to funded facilities of joint ventures	-	53,760
	<u>12,745,264</u>	<u>11,344,860</u>

In addition to commitments disclosed above, the Group has also committed to contribute SR 131.0 million towards the equity of an equity accounted investee.

The Group also has a loan commitment amounting to SR 592.9 million in relation to mezzanine debt facilities ("the Facilities") taken by certain of the Group's equity accounted investees. This loan commitment arises due to symmetrical call and put options entered in by the Group with the lenders of the Facilities.

The Group also has a commitment to contribute SR 75.0 million towards corporate social responsibility initiatives in Uzbekistan during 2022.

In one of the Group's subsidiaries, "CEGCO", the fuel supplier ("Jordan Petrol Refinery PLC") has claimed an amount of SR 603.1 million (31 Dec 2020: SR 582.4 million) as interest on late payment of the monthly fuel invoices. The Fuel Supply Agreement ("FSA") with the Supplier stipulates that the Supplier shall be entitled to receive interest on late payment of the unpaid invoices after 45 days from invoice. However, the FSA in Article 13.3 further provides that CEGCO shall not be liable for non-performance under the FSA and shall not be in default to the extent such non-performance or default is caused by the off-taker ("NEPCO"). Given the delay in making the fuel payments to the Supplier are caused by the delay in receipt of the fuel revenues from NEPCO, contractually the Supplier has no basis to claim for any delay interest from CEGCO. Hence, the management and its independent legal counsel are of the view that as per the terms of the FSA signed between the Supplier and CEGCO, the Supplier has no contractual basis to claim these amounts. Accordingly, no provision has been made in these interim condensed consolidated financial statements.

In addition to above, the Group also has contingent assets and liabilities with respect to certain disputed matters, including claims by and against contractors and arbitrations involving a variety of issues. These contingencies arise in the ordinary course of business. It is not anticipated that any material adjustments to these interim condensed consolidated financial statements will result from these contingencies.

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16 OPERATING SEGMENTS

The Group has determined that the Management Committee, chaired by the Chief Executive Officer, is the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating Segments'.

During the year ended 31 December 2020, the Group amended its reportable operating segments. In line with its continued focus on environment and sustainability, the Group continues to see increasing growth in the renewables part of its business. This has resulted in a change in the information provided regularly to the chief operating decision maker, to include discrete information on results from renewable power activities, as well as thermal and water desalination activities combined. This information is used to make decisions about resources to be allocated to each segment and to assess segmental performance. The Group is in the process of further refining and revising the operating segment information including the allocation of intangible assets across the operating segments.

Revenue is attributed to each operating segment based on the type of plant or equipment from which the revenue is derived. The accounting policies of the operating segments are the same as the Group's accounting policies. All intercompany transactions within the reportable segments have been appropriately eliminated. There were no inter-segment sales in the period presented below. Details of the Group's operating and reportable segments are as follows:

- | | |
|------------------------------------|---|
| (i) Thermal and Water Desalination | The term Thermal refers to the power and water desalination plants which use fossil fuel (oil, coal, gas) as the main source of fuel for the generation of electricity and production of water whereas water desalination refers to the stand-alone reverse osmosis desalination plants. The segment includes all four parts of the business cycle of the business line (i.e. develop, invest, operate and optimize). These plants include IPPs (Independent Power Plants), IWPPs (Independent Water and Power Plants) and IWPs (Independent Water Plants). |
| (ii) Renewables | This includes the Group's business line which comprises of PV (Photovoltaic), CSP (Concentrated Solar Power) and Wind plants. The segment includes all four parts of the business cycle of the business line (i.e. develop, invest, operate and optimize). |
| (iii) Others | Comprises certain activities of corporate functions and other items that are not allocated to the reportable operating segments and the results of the ACWA Power reinsurance business. |

Key indicators by reportable segments

<u>Revenue</u>	<u>For the three months period ended 30 Sep</u>		<u>For the nine months period ended 30 Sep</u>	
	2021	2020	2021	2020
(i) Thermal and Water Desalination	1,038,919	1,102,485	3,089,538	2,965,317
(ii) Renewables	248,237	262,845	751,928	652,490
(iii) Others	6,855	1,819	12,617	20,203
Total revenue	<u>1,294,011</u>	<u>1,367,149</u>	<u>3,854,083</u>	<u>3,638,010</u>

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16 OPERATING SEGMENTS (CONTINUED)

<u>Operating income before impairment loss and other expenses</u>	<u>For the three months period ended 30 Sep</u>		<u>For the nine months period ended 30 Sep</u>	
	2021	2020	2021	2020
(i) Thermal and Water Desalination	577,315	686,923	1,688,309	1,679,892
(ii) Renewables	85,717	131,497	370,898	269,876
(iii) Others	6,714	1,662	12,543	19,858
Total*	669,746	820,082	2,071,750	1,969,626
<i>Unallocated corporate operating income / (expenses)</i>				
General and administration expenses	(118,216)	(42,592)	(405,313)	(314,627)
Depreciation and amortisation	(4,678)	(2,970)	(14,315)	(14,017)
Provision for long term incentive plan	(8,237)	-	(51,545)	-
Restructuring cost	-	-	-	(9,403)
Provision on due from related party	(1,222)	(2,300)	(4,822)	(24,900)
Other operating income	35,679	18,035	64,576	52,309
Total operating income before impairment loss and other expenses	573,072	790,255	1,660,331	1,658,988
<u>Segment profit</u>	<u>For the three months period ended 30 Sep</u>		<u>For the nine months period ended 30 Sep</u>	
	2021	2020	2021	2020
(i) Thermal and Water Desalination	430,541	559,648	1,160,435	1,251,490
(ii) Renewables	(9,182)	80,174	116,778	77,967
(iii) Others	6,536	1,644	12,343	19,840
Total*	427,895	641,466	1,289,556	1,349,297
<i>Reconciliation to profit for the year from continuing operations</i>				
General and administration expenses	(118,216)	(42,592)	(405,313)	(314,627)
Impairment of goodwill in subsidiaries	-	-	(60,024)	-
Impairment in relation to equity accounted investees	(28,451)	-	1,549	-
Provision for long term incentive plan	(8,237)	-	(51,545)	-
Provision for zakat and tax on prior year assessments	-	(22,000)	(10,500)	(52,000)
Provision on due from related party	(1,222)	(2,300)	(4,822)	(24,900)
Corporate social responsibility contribution	(16,458)	(6,455)	(16,458)	(39,216)
Restructuring cost	-	-	-	(9,403)
Gain on remeasurement of options	-	-	-	24,651
Discounting impact on loan from shareholder subsidiary	(7,478)	-	(21,928)	-
Share based payments	(280,000)	-	(280,000)	-
Depreciation and amortisation	(4,678)	(2,970)	(14,315)	(14,017)
Other operating income	35,679	18,035	64,576	52,309
Other income	10,383	3,663	39,295	21,064
Financial charges and exchange loss, net	(19,842)	(17,692)	(68,223)	(49,421)
Zakat and tax charge	(11,237)	(13,415)	(27,840)	(27,896)
(Loss) / profit for the year from continuing operations	(21,862)	555,740	434,008	915,841

*The segment total operating income does not necessarily tally with the statement of profit or loss, as these are based on information reported to the Management Committee.

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16 OPERATING SEGMENTS (CONTINUED)

Geographical concentration

The Company is headquartered in the Kingdom of Saudi Arabia. The geographical concentration of the Group's revenue and non-current assets is shown below.

	Revenue from continuing and discontinued operations		Non-current assets	
	30 Sep 2021	30 Sep 2020	30 Sep 2021	31 Dec 2020
Kingdom of Saudi Arabia	1,823,473	1,700,368	17,065,849	16,542,250
Middle East and Asia	1,574,980	1,560,156	6,451,585	4,574,435
Africa	455,630	377,486	9,671,448	9,832,944
	3,854,083	3,638,010	33,188,882	30,949,629

The 30 September 2020 numbers presented above include revenue from discontinued operations.

Information about major customers

During the period, three customers (2020: three) individually accounted for more than 10% of the Group's revenues. The related revenue figures for these major customers, the identity of which may vary by period, were as follows:

	For the nine months period ended 30 Sep	
	2021	2020
Customer A	871,366	850,236
Customer B	453,758	436,605
Customer C	396,257	402,849

The revenue from these customers is attributable to the Thermal and Water Desalination, and Renewables reportable operating segments.

17 FAIR VALUES 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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17 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised in to different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable input).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. It is management's assessment the fair value of assets and liabilities that are not measured at fair value would qualify for a Level 2 classification.

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>As at 30 Sep 2021</u>					
<u>Financial liabilities</u>					
Fair value of derivatives used for hedging	443,812	-	443,812	-	443,812
Long-term financing and funding facilities	23,558,471	3,624,844	20,552,475	-	24,177,319
Other financial liabilities	960,134	-	-	960,134	960,134
<u>As at 31 Dec 2020</u>					
<u>Financial liabilities</u>					
Fair value of derivatives used for hedging	710,373	-	710,373	-	710,373
Long-term financing and funding facilities	19,619,900	3,648,439	15,462,487	-	19,110,926

Fair value of other financial instruments has been assessed to approximate the carrying amounts due to frequent re-pricing or their short-term nature.

Management believes that the fair value of net investment in finance lease is approximately equal to its carrying value because the lease relates to a specialised nature of asset whereby the carrying value of net investment in finance lease is the best proxy of its fair value.

18 SIGNIFICANT MATTERS DURING THE PERIOD

- 18.1** In response to novel Coronavirus ("COVID-19"), which has caused global economic disruption, the Group has implemented active prevention programs at its sites and contingency plans in order to minimize the risks related to COVID-19, safeguard the continuity of business operations and to ensure the health and safety of its employees.

During the period, management assessed the overall impact of Covid-19 on the Group's operations and business aspects, and considered a range of factors including effects on supply chain, operating capacity/generation of its plants, additional costs in supply chain, and the health and safety of employees. Based on this assessment, no significant adjustments were required in the interim condensed consolidated financial statements for the period ended 30 September 2021. However, in view of the ongoing uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and/or liabilities in future periods. Management will continue to assess the impact based on prospective developments which could affect the Group's future financial results, cash flows and financial position.

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18 SIGNIFICANT MATTERS DURING THE PERIOD (CONTINUED)

- 18.2** During the period, the Board of Directors approved a cash based long term incentive plan (the “LTIP”) which was granted to certain members of key management personnel. The LTIP covers a nine-year period in total effective from 1 January 2020 and comprises three separate performance periods of three years each. Cash awards will vest pursuant to the LTIP at the end of each performance period subject to the achievement of performance conditions. Accordingly, a provision of SR 51.5 million has been recognised within general and administration expenses representing the performance periods for the 2020 year and the nine months period ended 30 September 2021.
- 18.3** Effective from 31 July 2021, ACWA Power Reinsurance Company (“ACWA Re”) (a 100% owned subsidiary of the Group) will retain risk on certain reinsurance programs, with a total combined maximum exposure of up to SR 37.5 million during the policy period until 30 July 2022, with a sublimit of SR 9.4 million per incident or claim.

19 SUBSEQUENT EVENTS

On 11 October 2021, the Company completed its Initial Public Offering (“IPO”) and its ordinary shares were listed on the Saudi Stock Exchange, Tadawul. The Company issued 85,336,851 new ordinary shares with a nominal value of SR 10 each, representing 11.67% of the Company’s share capital after capital increase.

Furthermore, subsequent to the period-end, the Group in accordance with the nature of its business, has entered into or is negotiating various agreements. Management does not expect these to have any material impact on the interim condensed consolidated financial position and results as of the reporting date.

20 COMPARATIVE FIGURES

Certain figures for the prior periods have been reclassified to conform to the presentation in the current period. Summary of reclassifications are as follows:

Particulars	As previously reported	Reclassifications	As reported in these financial statements
<u>Statement of profit or loss</u>			
Operating costs	(1,692,409)	(11,879)	(1,704,288)
Impairment loss and other expenses, net	(11,879)	(27,337)	(39,216)
General and administration expenses	(630,316)	39,216	(591,100)

21 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 4 Rabi Al-Akhar 1443H, corresponding to 9 November 2021G.