

# **ACWA POWER COMPANY**

**and its subsidiaries**

(Saudi Listed Joint Stock Company)

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

**FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2023**



## KPMG Professional Services

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Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

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

To the Shareholders of ACWA Power Company (A Saudi Joint Stock Company)

## Introduction

We have reviewed the accompanying 30 June 2023 interim condensed consolidated financial statements of ACWA Power Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the interim condensed consolidated statement of financial position as at 30 June 2023;
- the interim condensed consolidated statement of profit or loss for the three-month and six-month periods ended 30 June 2023;
- the interim condensed consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2023;
- the interim condensed consolidated statement of cash flows for the six-month period ended 30 June 2023;
- the interim condensed consolidated statement of changes in equity for the six-month period ended 30 June 2023; and
- the notes to the interim condensed consolidated financial statements.

Management is responsible for the preparation and presentation of these interim condensed consolidated 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 interim condensed consolidated 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 condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2023 interim condensed consolidated financial statements of ACWA Power 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, a professional closed joint stock company registered in the Kingdom of Saudi Arabia, With the paid-up capital of (40,000,000) SAR, (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأسمالها (٤٠٠٠٠٠٠٠٠) ريال سعودي متفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة له كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.



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

To the Shareholders of ACWA Power Company (A Saudi Joint Stock Company) (continued)

## Other matter

The interim condensed consolidated financial statements of the Group for the three-month and six-month periods ended 30 June 2022, and three-month period ended 31 March 2023 were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed consolidated financial statements on 12 Muharram 1444H corresponding to 10 August 2022 and 20 Shawwal 1444H corresponding to 10 May 2023 respectively. In addition, the consolidated financial statements of the Group as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 9 Sha'ban 1444H corresponding to 1 March 2023.

## KPMG Professional Services

**Dr. Abdullah Hamad Al Fozan**  
License Number 348

Riyadh on 9 August 2023  
Corresponding to: 22 Muharram 1445H



ACWA POWER Company and its Subsidiaries  
(Saudi Listed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in Saudi Riyals thousands unless otherwise stated)

	<i>Notes</i>	<b>As of 30 Jun 2023</b>	<b>As of 31 Dec 2022</b>
<b><u>ASSETS</u></b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	<b>9,612,756</b>	10,105,713
Intangible assets		<b>2,034,410</b>	2,028,830
Equity accounted investees	4	<b>16,250,805</b>	12,624,518
Net investment in finance lease		<b>11,444,767</b>	11,501,842
Deferred tax asset		<b>187,909</b>	119,955
Fair value of derivatives	19	<b>1,142,767</b>	924,537
Other assets		<b>399,085</b>	397,775
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>41,072,499</u></b>	<u>37,703,170</u>
<b>CURRENT ASSETS</b>			
Inventories		<b>447,506</b>	406,820
Net investment in finance lease		<b>397,523</b>	378,486
Fair value of derivatives	19	<b>140,374</b>	106,131
Due from related parties	7	<b>1,240,090</b>	985,120
Accounts receivable, prepayments and other receivables	22.2	<b>3,044,435</b>	2,920,293
Cash and balances with banks	5	<b>5,129,301</b>	6,354,522
		<b><u>10,399,229</u></b>	<u>11,151,372</u>
Assets held for sale	16.3, 16.5	<b>1,725,379</b>	139,963
<b>TOTAL CURRENT ASSETS</b>		<b><u>12,124,608</u></b>	<u>11,291,335</u>
<b>TOTAL ASSETS</b>		<b><u><u>53,197,107</u></u></b>	<u><u>48,994,505</u></u>

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

ACWA POWER Company and its Subsidiaries  
(Saudi Listed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

	<i>Notes</i>	<b>As of 30 Jun 2023</b>	<b>As of 31 Dec 2022</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>EQUITY</b>			
<b>Shareholders' equity</b>			
Share capital		<b>7,134,143</b>	7,134,143
Share premium		<b>5,335,893</b>	5,335,893
Statutory reserve		<b>872,766</b>	872,766
Retained earnings		<b>2,764,990</b>	2,080,853
Proposed dividends	20	-	606,813
<b>Equity attributable to owners of the Company before other reserves</b>		<b>16,107,792</b>	16,030,468
Other reserves	8	<b>2,919,064</b>	2,629,419
<b>Equity attributable to owners of the Company</b>		<b>19,026,856</b>	18,659,887
Non-controlling interest		<b>1,408,526</b>	1,368,507
<b>TOTAL EQUITY</b>		<b>20,435,382</b>	20,028,394
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing and funding facilities	6	<b>23,776,411</b>	22,332,678
Due to related parties	7	<b>881,054</b>	862,887
Obligation for equity accounted investees	4	<b>61,893</b>	68,370
Fair value of derivatives	19	<b>1,669</b>	1,669
Deferred tax liability		<b>185,040</b>	214,277
Deferred revenue		<b>111,113</b>	90,651
Employee end of service benefits' liabilities		<b>195,655</b>	190,788
Other liabilities	9	<b>770,985</b>	820,070
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>25,983,820</b>	24,581,390
<b>CURRENT LIABILITIES</b>			
Accounts payable, accruals and other financial liabilities	22.2	<b>3,576,027</b>	2,744,376
Short-term financing facilities		<b>333,188</b>	275,052
Current portion of long-term financing and funding facilities	6	<b>1,139,915</b>	1,039,904
Due to related parties	7	<b>46,600</b>	88,603
Zakat and taxation		<b>124,197</b>	236,786
		<b>5,219,927</b>	4,384,721
Liabilities associated with assets held for sale	16.5	<b>1,557,978</b>	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,777,905</b>	4,384,721
<b>TOTAL LIABILITIES</b>		<b>32,761,725</b>	28,966,111
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>53,197,107</b>	48,994,505

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

ACWA POWER Company and its Subsidiaries  
(Saudi Listed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(All amounts in Saudi Riyals thousands unless otherwise stated)

		For the three months period ended 30 Jun		For the six months period ended 30 Jun	
	Notes	2023	2022	2023	2022
<b><u>CONTINUING OPERATIONS</u></b>					
Revenue	11	<b>1,411,920</b>	1,293,723	<b>2,743,364</b>	2,444,995
Operating costs		<b>(617,749)</b>	(622,656)	<b>(1,247,748)</b>	(1,168,862)
<b>GROSS PROFIT</b>		<b>794,171</b>	671,067	<b>1,495,616</b>	1,276,133
Development cost, provision and write offs, net of reversals		<b>(10,968)</b>	(11,018)	<b>(25,916)</b>	(34,734)
General and administration expenses	22.1	<b>(273,145)</b>	(215,118)	<b>(531,788)</b>	(434,102)
Share in net results of equity accounted investees, net of zakat and tax	4, 22.1	<b>92,925</b>	165,720	<b>131,096</b>	210,579
Other operating income	12, 22.1	<b>126,825</b>	64,613	<b>219,714</b>	200,922
<b>OPERATING INCOME BEFORE IMPAIRMENT LOSS AND OTHER EXPENSES</b>		<b>729,808</b>	675,264	<b>1,288,722</b>	1,218,798
Impairment loss and other expenses, net		<b>(2,687)</b>	(35,819)	<b>(4,632)</b>	(57,382)
<b>OPERATING INCOME AFTER IMPAIRMENT LOSS AND OTHER EXPENSES</b>		<b>727,121</b>	639,445	<b>1,284,090</b>	1,161,416
Other income, net	13, 22.1	<b>77,976</b>	59,292	<b>138,621</b>	98,464
Exchange (loss) / gain, net	22.1	<b>(1,444)</b>	15,604	<b>(3,575)</b>	(1,609)
Financial charges	14	<b>(350,371)</b>	(255,813)	<b>(690,419)</b>	(537,280)
<b>PROFIT BEFORE ZAKAT AND INCOME TAX</b>		<b>453,282</b>	458,528	<b>728,717</b>	720,991
Zakat and tax credit / (charge)	10.1	<b>9,887</b>	(83,789)	<b>36,128</b>	(182,997)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>463,169</b>	374,739	<b>764,845</b>	537,994
<b><u>DISCONTINUED OPERATIONS</u></b>					
(Loss) / gain from discontinued operations including loss recognised on assets held for sale	16.8, 22.1	<b>(6,174)</b>	3,089	<b>(9,256)</b>	(16,775)
<b>PROFIT FOR THE PERIOD</b>		<b>456,995</b>	377,828	<b>755,589</b>	521,219
<b>Profit / (loss) attributable to:</b>					
Equity holders of the parent		<b>414,402</b>	389,869	<b>684,137</b>	541,720
Non-controlling interests		<b>42,593</b>	(12,041)	<b>71,452</b>	(20,501)
		<b>456,995</b>	377,828	<b>755,589</b>	521,219
<b>Basic and diluted earnings per share to equity holders of the parent (in SR)</b>					
	15.2	<b>0.57</b>	0.53	<b>0.94</b>	0.74
<b>Basic and diluted earnings per share from continuing operations to equity holders of the parent (in SR)</b>					
	15.2	<b>0.58</b>	0.53	<b>0.95</b>	0.76

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

ACWA POWER Company and its Subsidiaries  
(Saudi Listed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Saudi Riyals thousands unless otherwise stated)

	<i>Notes</i>	For the three months period ended 30 Jun		For the six months period ended 30 Jun	
		2023	2022	2023	2022
<b>PROFIT FOR THE PERIOD</b>		<b>456,995</b>	377,828	<b>755,589</b>	521,219
<b><u>OTHER COMPREHENSIVE (LOSS) / INCOME</u></b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign operations – foreign currency translation differences		(7,559)	(981)	(16,128)	(301)
Change in fair value of cash flow hedge reserve		448,789	767,365	262,096	1,479,342
Settlement of cash flow hedges transferred to profit or loss		20,113	(4,987)	30,692	(25,998)
Equity accounted investees – share of OCI	4, 8	489,242	721,587	12,389	1,699,503
Cash flow hedge reserve recycled to profit or loss on sale of an equity accounted investee	8, 16.1	-	-	-	128,638
<b>Items that will not be reclassified to profit or loss</b>					
Re-measurement of defined benefit liability		(7,792)	6,776	(8,862)	4,950
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>942,793</b>	1,489,760	<b>280,187</b>	3,286,134
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,399,788</b>	1,867,588	<b>1,035,776</b>	3,807,353
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent		1,340,795	1,804,979	973,782	3,660,349
Non-controlling interests		58,993	62,609	61,994	147,004
		<b>1,399,788</b>	1,867,588	<b>1,035,776</b>	3,807,353

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

**ACWA POWER Company and its Subsidiaries**  
**(Saudi Listed Joint Stock Company)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

(All amounts in Saudi Riyals thousands unless otherwise stated)

		<b>For the six months period ended 30 Jun</b>	
	<i>Notes</i>	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before zakat and tax from continuing operations		<b>728,717</b>	720,991
Loss before zakat and tax from discontinued operations		<b>(9,235)</b>	(16,775)
<i>Adjustments for:</i>			
Depreciation and amortisation		<b>226,991</b>	230,294
Financial charges	14	<b>690,419</b>	537,280
Unrealised exchange gain		<b>(16,273)</b>	(5,762)
Share in net results of equity accounted investees, net of zakat and tax		<b>(127,310)</b>	(208,530)
Charge for employees' end of service benefits		<b>12,608</b>	13,739
Fair value of cash flow hedges recycled to profit or loss		<b>16,361</b>	2,487
Provisions		<b>18,212</b>	(595)
Provision for long term incentive plan	9.2	<b>17,000</b>	10,890
Gain on disposal of property, plant and equipment		<b>(2,308)</b>	(4,692)
Gain recognised on loss of control in a subsidiary	16	<b>(3,398)</b>	-
Development cost, provision and write offs, net of reversals		<b>25,916</b>	34,734
Loss on disposal of an equity accounted investee	16	<b>8,628</b>	17,179
Finance income from shareholder loans and deposits		<b>(206,881)</b>	(110,318)
Gain on remeasurement of derivatives and options	13	<b>(25,595)</b>	(27,900)
		<b>1,353,852</b>	1,193,022
<i>Changes in operating assets and liabilities:</i>			
Accounts receivable, prepayments and other receivables		<b>(310,612)</b>	147,456
Inventories		<b>(42,706)</b>	(16,896)
Accounts payable and accruals		<b>115,803</b>	(259,297)
Due from related parties		<b>(98,187)</b>	(68,909)
Net investment in finance lease		<b>69,188</b>	212,006
Other assets	22.3	<b>(8,698)</b>	5,802
Other liabilities		-	(5,185)
Deferred revenue		<b>20,462</b>	(1,016)
Net cash from operations		<b>1,099,102</b>	1,206,983
Payment of employees' end of service benefits and long-term incentive		<b>(38,947)</b>	(18,411)
Zakat and tax paid		<b>(175,433)</b>	(80,295)
Dividends received from equity accounted investees	4	<b>45,241</b>	97,629
<i>Net cash generated from operating activities</i>		<b>929,963</b>	1,205,906
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition to property, plant and equipment, and intangible assets		<b>(2,262,203)</b>	(693,683)
Proceeds on disposal of equity accounted investees, net of transaction cost		<b>74,019</b>	391,440
Proceeds on disposal of property, plant and equipment		<b>4,345</b>	5,514
Investments in equity accounted investees		<b>(3,138,098)</b>	(445,409)
Finance income from shareholder loans and deposits received		<b>107,349</b>	84,454
Short term deposits with original maturities of more than three months	5	<b>(1,767,079)</b>	-
Cash deconsolidated on loss of control		<b>(713,198)</b>	(469)
<i>Net cash used in investing activities</i>		<b>(7,694,865)</b>	(658,153)

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

ACWA POWER Company and its Subsidiaries  
(Saudi Listed Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	<i>Notes</i>	<b>For the six months period ended 30 Jun</b>	
		<b>2023</b>	2022
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from financing and funding facilities, net of transaction cost		<b>4,896,358</b>	4,329,258
Repayment of financing and funding facilities		<b>(215,447)</b>	(879,513)
Due to related parties		<b>(45,941)</b>	(28,642)
Financial charges paid		<b>(684,934)</b>	(497,464)
Dividends paid		<b>(72,712)</b>	(46,998)
Capital contributions from and other adjustments to non-controlling interest		<b>50,737</b>	250,342
<i>Net cash generated from financing activities</i>		<b><u>3,928,061</u></b>	<u>3,126,983</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>		<b>(2,836,841)</b>	3,674,736
Cash and cash equivalents at beginning of the period		<b>6,154,524</b>	5,172,921
Cash and cash equivalents in relation to assets classified as held for sale		<b>(146,951)</b>	-
Net foreign exchange difference		<b>(8,508)</b>	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	5	<b><u><u>3,162,224</u></u></b>	<u><u>8,847,657</u></u>

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

ACWA POWER Company and its Subsidiaries  
(Saudi Listed Joint Stock Company)

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>Proposed dividends (note 20)</i>	<i>Other reserves (note 8)</i>	<i>Equity attributable to owners of the parent</i>	<i>Non- controlling interests</i>	<i>Total equity</i>
<b>Balance at 1 January 2022</b>	7,134,143	5,335,893	718,763	1,307,826	560,000	(1,572,279)	13,484,346	835,799	14,320,145
Profit / (loss) for the period	-	-	-	541,720	-	-	541,720	(20,501)	521,219
Other comprehensive income	-	-	-	-	-	3,118,629	3,118,629	167,505	3,286,134
Total comprehensive income	-	-	-	541,720	-	3,118,629	3,660,349	147,004	3,807,353
Changes to non-controlling interests	-	-	-	-	-	-	-	250,342	250,342
Dividends (note 20)	-	-	-	(2,947)	(560,000)	-	(562,947)	(51,093)	(614,040)
<b>Balance at 30 June 2022</b>	<u>7,134,143</u>	<u>5,335,893</u>	<u>718,763</u>	<u>1,846,599</u>	<u>-</u>	<u>1,546,350</u>	<u>16,581,748</u>	<u>1,182,052</u>	<u>17,763,800</u>
<b>Balance at 1 January 2023</b>	<b>7,134,143</b>	<b>5,335,893</b>	<b>872,766</b>	<b>2,080,853</b>	<b>606,813</b>	<b>2,629,419</b>	<b>18,659,887</b>	<b>1,368,507</b>	<b>20,028,394</b>
Profit for the period	-	-	-	684,137	-	-	684,137	71,452	755,589
Other comprehensive income / (loss)	-	-	-	-	-	289,645	289,645	(9,458)	280,187
Total comprehensive income	-	-	-	684,137	-	289,645	973,782	61,994	1,035,776
Changes to non-controlling interests	-	-	-	-	-	-	-	50,737	50,737
Dividends (note 20)	-	-	-	-	(606,813)	-	(606,813)	(72,712)	(679,525)
<b>Balance at 30 June 2023</b>	<u>7,134,143</u>	<u>5,335,893</u>	<u>872,766</u>	<u>2,764,990</u>	<u>-</u>	<u>2,919,064</u>	<u>19,026,856</u>	<u>1,408,526</u>	<u>20,435,382</u>

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

# ACWA POWER Company and its Subsidiaries (Saudi Listed Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (All amounts in Saudi Riyals thousands unless otherwise stated)

### 1 ACTIVITIES

ACWA POWER Company (the “Company” or “ACWA POWER” or the “Group”) is a Saudi listed joint stock company established pursuant to a ministerial resolution numbered 215 dated 2 Rajab 1429H (corresponding to 5 July 2008) and is registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 1010253392 dated 10 Rajab 1429H (corresponding to 13 July 2008). The Company’s Head Office is located at Exit 8, Eastern Ring Road, Qurtubah District, P.O. Box 22616, Riyadh 11416, Kingdom of Saudi Arabia.

The Company’s main activities are the development, investment, operation and maintenance of power generation, water desalination and green hydrogen production plants and bulk sale of electricity, desalinated water, green hydrogen and/or green ammonia to address the needs of state utilities and industries on long term, off-taker contracts under utility services outsourcing models in the Kingdom of Saudi Arabia and internationally.

### 2 BASIS OF PREPARATION AND CHANGES TO GROUP ACCOUNTING POLICIES

#### 2.1 STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements for the six months period ended 30 June 2023 of the Group have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”); and IAS 34 issued by IASB as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as 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 interim condensed consolidated 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 of 31 December 2022. These interim condensed consolidated financial statements for the six months period ended 30 June 2023 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.

These interim condensed consolidated financial statements are prepared under the historical cost convention and accrual basis of accounting except for the followings:

- i) Derivative financial instruments including commodity derivatives, options and hedging instruments which are measured at fair value; and
- ii) Employee end of service benefits’ liability is recognised at the present value of future obligations using the Projected Unit Credit method.

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. The Group’s financial risk management objectives and policies and the methods to determine the fair values are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

#### 2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted 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 2022. There are no new standards issued, however, there are a number of amendments to standards which are effective from 1 January 2023 that have been explained in Group’s annual consolidated financial statements, but they do not have a material effect on the interim condensed consolidated financial statements of the Group.

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

**2.3 SIGNIFICANT ACCOUNTING ESTIMATES**

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 interim condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates. 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 2022.

**3 PROPERTY, PLANT AND EQUIPMENT ("PPE")**

	<i>Notes</i>	<b><u>30 Jun 2023</u></b>	<b><u>31 Dec 2022</u></b>
At the beginning of the period / year		<b>10,105,713</b>	11,815,728
Additions for the period / year, net	3.1	<b>2,462,999</b>	1,303,624
Depreciation charge for the period / year		<b>(215,419)</b>	(439,810)
Impairment loss		-	(121,595)
De-recognition on loss of control of a subsidiary	16.1, 16.2, 16.6	<b>(1,286,738)</b>	(2,447,791)
Reclassified as held for sale	16.5	<b>(1,451,422)</b>	-
Disposals / write-offs		<b>(2,037)</b>	(3,704)
Foreign currency translation		<b>(340)</b>	(739)
At the end of the period / year		<b><u>9,612,756</u></b>	<b><u>10,105,713</u></b>

- 3.1** Additions during the period primarily represents Capital Work In Progress ("CWIP") in relation to certain of the Group's under construction projects. The additions include borrowing cost capitalised amounting to SR 59.6 million (31 December 2022: SR 94.0 million).

**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 consolidated statement of profit or loss and other comprehensive income, and the "Dividends received from equity accounted investees" line of the interim condensed consolidated statement of cash flows.

	<i>Notes</i>	<b><u>30 Jun 2023</u></b>	<b><u>31 Dec 2022</u></b>
At the beginning of the period / year		<b>12,556,148</b>	8,990,032
Additions during the period / year, net	4.1	<b>3,532,579</b>	531,500
Share of results for the period / year		<b>131,096</b>	291,373
Share of other comprehensive income for the period / year	8	<b>14,330</b>	2,941,913
Dividends received during the period / year		<b>(45,241)</b>	(198,670)
At the end of the period / year		<b><u>16,188,912</u></b>	<b><u>12,556,148</u></b>
Equity accounted investees shown under non-current assets		<b>16,250,805</b>	12,624,518
Net obligations for equity accounted investees shown under non-current liabilities		<b>(61,893)</b>	(68,370)
		<b><u>16,188,912</u></b>	<b><u>12,556,148</u></b>

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**4 EQUITY ACCOUNTED INVESTEEES (continued)**

- 4.1** This includes additional investments and shareholders' loan given, net of repayments, to certain equity accounted investees. This primarily includes shareholder loan given to Jazan Integrated Gasification and Power Company (a Joint Venture of the Group "JIGPC") amounting to SR 1,519.0 million. On 22 January 2023, JIGPC completed acquisition of the second group of assets for the Jazan Integrated Gasification Combined Cycle project (the "Project"). The Project involves the acquisition of Integrated Gasification Combined Cycle "IGCC" assets amounting to USD 12.0 billion from Saudi Arabian Oil Company. The acquisition of the first group of IGCC assets was completed on 27 October 2021. With transfer of the second group of assets, the Project has now taken over more than 95% of the revenue generating assets.

Other major additions made during the period are in relation to the Group's investments namely Haya Power, Hassyan, and Al Shuaibah amounting to SR 532.1 million, SR 358.5 million and SR 393.7 million (note 16.6) respectively.

Further, net additions during the period ended 31 December 2022 includes divestment of Shuqaiq Water and Electricity Company ("Shuqaiq"), along with its related holding companies (note 16.1). The carrying amount of investment in Shuqaiq as of the date of divestment amounted to SR 378.9 million.

**5 CASH AND BALANCES WITH BANK**

	As of <u>30 Jun 2023</u>	As of <u>31 Dec 2022</u>
Cash at bank and cash in hand	2,319,249	4,432,679
Short-term deposits	2,810,052	1,921,843
Cash and balances with banks	5,129,301	6,354,522
Less: short-term deposits with original maturities of more than 90 days	(1,967,077)	(199,998)
Cash and cash equivalents	<u>3,162,224</u>	<u>6,154,524</u>

The short-term deposits carry variable rate of return between 4.00% to 6.30% (2022: 4.00% - 4.40%) per annum.

**6 LONG -TERM FINANCING AND FUNDING FACILITIES**

	Note	As of <u>30 Jun 2023</u>	As of <u>31 Dec 2022</u>
<b><u>Recourse debt:</u></b>			
Financing facilities in relation to projects		2,830,319	2,941,340
Corporate facilities		1,505	1,130
Corporate bond	6.1	4,584,999	2,790,991
<b><u>Non-Recourse debt:</u></b>			
Financing facilities in relation to projects		15,381,719	15,513,361
Corporate bond ("APMI One bond")		1,527,914	1,527,250
Loan notes ("APCM bond")		589,870	598,510
<b>Total financing and funding facilities</b>		<u>24,916,326</u>	<u>23,372,582</u>
Less: Current portion of long-term financing and funding facilities		(1,139,915)	(1,039,904)
Long-term financing and funding facilities presented as non-current liabilities		<u>23,776,411</u>	<u>22,332,678</u>

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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### 6 LONG -TERM FINANCING AND FUNDING FACILITIES (continued)

Financing and funding facilities as reported in the Group's interim condensed consolidated statement of financial position are classified as 'non-recourse debt' or 'recourse debt' facilities. Non-recourse debt facilities 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 facilities are direct borrowings or those guaranteed by the Company. The Group's financial liabilities are either fixed special profit bearing or at a margin above the relevant reference rates. The Group seeks to hedge long term floating exposures using derivatives.

**6.1** On 2 February 2023, the Group completed the issuance of SR 1,800 million Sukuk under its SR 5,000 million Sukuk issuance program. The Sukuk issuance bears a return based on Saudi Arabia Interbank Offered Rate ("SIBOR") plus a pre-determined margin payable quarterly in arrears. The Sukuk will be redeemed at par on its maturity i.e., 7 years from the date of the issuance with a call option effective on or after 5 years from the issuance date.

### 7 RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of its activities, the Group transacts business with its related parties. Related parties include the Group equity accounted investees (i.e., "Joint Ventures"), the Company's shareholders and directors, the key management personnel, and other entities which are under common ownership through the Company's shareholders ("Affiliates"). Key management personnel represent the Chief Executive Officer and his direct reports.

The Group transacts business with related parties which include transactions with Affiliates due to common shareholding by Public Investment Fund, being the investment arm of Government of Kingdom of Saudi Arabia. The Group has used the exemptions in respect of related party disclosures for government-related entities in IAS 24 "Related Party Disclosures".

The transactions with related parties are made on mutually agreed terms and approved by the Board of Directors as necessary. Significant transactions with related parties during the period and significant balances at the reporting date are as follows:

<u>Particulars</u>	<u>Notes</u>	<u>Relationships</u>	<u>For the three months period ended 30 Jun</u>		<u>For the six months period ended 30 Jun</u>	
			2023	2022	2023	2022
<b>Transactions:</b>						
		Joint ventures /				
Revenue		Affiliates	<b>551,789</b>	486,764	<b>1,116,821</b>	927,911
Other operating income	12	Joint ventures	<b>77,265</b>	28,416	<b>120,182</b>	64,444
Finance income	12	Joint ventures	<b>49,560</b>	36,197	<b>99,532</b>	70,594
Financial charges on loan from related parties	14	Joint venture / Affiliates	<b>7,613</b>	14,168	<b>22,105</b>	28,396
Key management personnel compensation including director's remuneration*		-	<b>4,735</b>	9,856	<b>22,666</b>	22,295

\*This includes provision for long term incentive plan for the key management personnel and directors.

	<i>Notes</i>	<i>Relationships</i>	<i>As of</i>	
			<b>30 Jun 2023</b>	31 Dec 2022
<b><i>Due from related parties</i></b>				
<b><i>Current:</i></b>				
Hajr for Electricity Production Company	(a)	Joint venture	<b>269,129</b>	208,190
Al Mourjan for Electricity Production Company	(a)	Joint venture	<b>206,672</b>	155,797
ACWA Power Sirdarya	(c), (d)	Joint venture	<b>48,427</b>	46,060
ACWA Power Uzbekistan Project Holding Company	(c)	Joint venture	<b>13,397</b>	-
Hassyan Energy Phase 1 P.S.C	(a)	Joint venture	<b>91,703</b>	46,980
Dhofar O&M Company	(a)	Joint venture	<b>66,839</b>	49,910

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7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	<i>Notes</i>	<i>Relationships</i>	<i>As of</i>	
			<u>30 Jun 2023</u>	<u>31 Dec 2022</u>
<b><i>Due from related parties (continued)</i></b>				
<b><i>Current (continued):</i></b>				
ACWA Power Solarreserve Redstone Solar TPP	(d)	Joint venture	<b>40,278</b>	34,672
Shuaibah Holding Company	(c)	Joint venture	<b>54,349</b>	-
Shuaibah Water & Electricity Company	(a)	Joint venture	<b>31,885</b>	24,922
ACWA Guc Isletme Ve Yonetim Sanayi Ve Ticaret	(a), (f)	Joint venture	<b>9,731</b>	9,798
Naqa'a Desalination Plant LLC	(a)	Joint venture	<b>17,509</b>	15,970
Rabigh Electricity Company	(a)	Joint venture	<b>47,650</b>	35,642
Shuqaiq Services Company for Maintenance	(a)	Joint venture	<b>18,083</b>	25,088
UPC Renewables S.A	(a)	Joint venture	<b>8,149</b>	8,182
Jazan Integrated Gasification and Power Company	(e)	Joint venture	<b>33,113</b>	28,968
Noor Energy 1 P.S.C	(a)	Joint venture	<b>73,364</b>	150,106
Ad-Dhahirah Generating Company SAOC	(a)	Joint venture	<b>23,351</b>	17,112
Shuaibah Expansion Project Company	(a)	Joint venture	<b>12,950</b>	13,046
ACWA Power Solafira Bokpoort CSP Power Plant Ltd	(a)	Joint venture	<b>12,588</b>	21,975
ACWA Power Oasis Three	(a)	Joint venture	<b>8,457</b>	8,264
Shinas Generating Company SAOC	(a)	Joint venture	<b>19,843</b>	14,636
Haya Power & Desalination Company	(a)	Joint venture	<b>45,273</b>	24,166
Neom Green Hydrogen Company	(c)	Joint venture	<b>7,904</b>	6,227
Shams Ad-Dhahira Generating Company SAOC	(c), (d)	Joint venture	<b>1,898</b>	1,657
Saudi Malaysia Water and Electricity Company	(c)	Joint venture	<b>1,106</b>	836
Risha for Solar Energy Projects	(a)	Joint venture	<b>416</b>	245
Sudair One Renewable Energy Project Company	(c)	Joint venture	<b>11,985</b>	2,406
Taweelah RO Desalination Company LLC	(a)	Joint venture	<b>4,029</b>	-
Other related parties		Joint venture	<b>60,012</b>	34,265
			<b>1,240,090</b>	985,120
<b><i>Due to related parties</i></b>				
<b><i>Non-current:</i></b>				
Water and Electricity Holding Company CJSC	(h)	Affiliate	<b>755,205</b>	738,808
Loans from minority shareholders of subsidiaries	(b)	-	<b>125,849</b>	124,079
			<b>881,054</b>	862,887
<b><i>Current:</i></b>				
ACWA Power Africa Holdings (Pty) Ltd	(g)	Joint venture	<b>12,986</b>	16,199
ACWA Guc Isletme Ve Yonetim Sanayi Ve Ticaret	(i)	Joint venture	-	21,476
ACWA Power Renewable Energy Holdings Limited		Joint venture	<b>18,229</b>	18,289
Others		Joint ventures	<b>15,385</b>	32,639
			<b>46,600</b>	88,603

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

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**7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

- (b) This includes:
- Loan payable to non-controlling shareholders of ACF Renewable Energy Limited amounting to SR 42.5 million (2022: SR 40.7 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 83.3 million (2022: SR 83.3 million). The loans are due for repayment in 2024 and carry profit rate at Libor + 1.3% per annum.
- (c) The balance represents advance provided to related parties that has no specific repayment and bears no profit rate.
- (d) This represents receivable on account of development fee and reimbursement of cost incurred on behalf of the equity accounted investee.
- (e) The balance represents interest receivable from an equity accounted investee on account of shareholder loan. The shareholder loan is a long-term interests in the project, and classified within equity accounted investees.
- (f) This represents amounts payable to NOMAC for operation and maintenance services provided to the project company under operation and maintenance contracts. The balance as of 30 June 2023, represents the receivable related to O&M services provided during the period 2023.
- (g) This represents amounts payable to an equity accounted investee in respect of project development cost.
- (h) 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 June 2023, SR 16.4 million (30 June 2022: SR 15.7 million) finance charge was amortised on the outstanding loan balance.
- (i) This represents advance received from equity accounted investee on account of operation and maintenance services to be rendered. This will be paid to an external supplier within next 12 months.

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**8 OTHER RESERVES**

Movement in other reserve 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>Other</i>	<i>Total</i>
Balance as of 1 January 2022	(343,967)	(6,449)	(1,165,555)	(29,128)	(27,180)	(1,572,279)
Change in fair value of cash flow hedge reserve net of settlements	1,692,005	-	2,940,455	-	-	4,632,460
Cash flow hedge reserve recycled to profit or loss upon termination of hedge relationships	(56,546)	-	(555)	-	-	(57,101)
Cash flow hedge reserve recycled to profit or loss on loss of control of a subsidiary	(510,382)	-	-	-	-	(510,382)
Recycled to profit or loss on sale of an equity accounted investee (note 16)	-	-	128,638	-	-	128,638
Other changes	-	1,017	2,013	5,053	-	8,083
Balance as of 31 December 2022	781,110	(5,432)	1,904,996	(24,075)	(27,180)	2,629,419
Change in fair value of cash flow hedge reserve net of settlements	294,482	-	13,349	-	-	307,831
Other changes during the period	-	(8,682)	(960)	(8,544)	-	(18,186)
Balance as of 30 June 2023	1,075,592	(14,114)	1,917,385	(32,619)	(27,180)	2,919,064

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

**9 OTHER LIABILITIES**

	<i>Notes</i>	<i>As of 30 Jun 2023</i>	<i>As of 31 Dec 2022</i>
Financial liabilities assumed on loss of control	9.1	233,789	228,127
Asset retirement obligations		232,987	227,066
Liabilities in relation to long term spares agreement		98,929	127,143
Long term incentive plan	9.2	86,465	91,809
Coal derivative liabilities	9.3	57,941	80,012
Lease liabilities		58,114	63,153
Put options	9.4	2,760	2,760
		770,985	820,070

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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### 9 OTHER LIABILITIES (continued)

**9.1** This represents financial liabilities assumed on loss of control in a subsidiary during 2018, together with unwinding of interest.

**9.2** During the year 2021, the Board of Directors approved a cash based long term incentive plan (the “LTIP”) which was granted to certain members of management. The LTIP covers a nine-year period in total effective from 1 January 2020 and comprises three separate performance periods of three years each. A provision of SR 17.0 million (30 June 2022: SR 10.9 million) has been recognised within general and administration expenses.

During the period ended 30 June 2023, the Board of Directors approved to replace the existing LTIP with a share-based incentive plan (hereinafter referred as the “Employees Stock Incentive Program” or the “Program”). In this regard, on 22 June 2023, shareholders of the Company approved to buy back Company shares with a maximum of 2.0 million shares. As terms and conditions of the Program is yet to be communicated to eligible employees, the Grant Date criteria (as specified under IFRS 2 – Share-based payment) has not been satisfied as at 30 June 2023. Accordingly, the management has not yet taken the impact of the Program in these interim condensed consolidated financial statements.

**9.3** 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 June 2023, the Group carries a liability of SR 57.9 million (SR 57.9 million under non-current liabilities and nil under current liabilities) in the interim condensed consolidated statement of financial position (31 December 2022: SR 81.4 million classified as SR 80.0 million non-current liabilities and SR 1.4 million current liabilities). During the period ended 30 June 2023, the Group recognised a gain on change in fair value of the Derivative amounting to SR 25.6 million (30 June 2022: 27.9 million) within other income.

The impact on the fair value of the 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.

#### As of the period ended 30 June 2023

+/-10% change in coal consumption quantity	SR 1.6 million / (SR 1.6 million)
+/-10% change in coal price	SR 1.6 million / (SR 1.6 million)
+/- 50 bps change in discount rate	(SR 0.98 million) / SR 0.98 million

#### As of the year ended 31 December 2022

+/-10% change in coal consumption quantity	SR 11.2 million / (SR 11.2 million)
+/-10% change in coal price	SR 11.2 million / (SR 11.2 million)
+/- 50 bps change in discount rate	(SR 5.5 million) / SR 5.5 million

**9.4** This represents liability with respect to put options written by the Group in respect of shares held by non-controlling interests in a consolidated subsidiary. The contractual obligation to purchase equity instruments was initially recognised as a financial liability and a corresponding amount has been recorded in equity in the interim condensed consolidated statement of financial position at the present value of the redemption amount being SR 27.2 million (note 8).

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**10 ZAKAT AND TAXATION**

**10.1 Amounts recognised in profit or loss**

	<i>Notes</i>	<b>For the three months period ended 30 Jun</b>		<b>For the six months period ended 30 Jun</b>	
		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Zakat and tax	10.2	<b>(24,570)</b>	(59,483)	<b>(62,844)</b>	(104,937)
Deferred tax credit / (charge)*		<b>34,478</b>	(24,306)	<b>98,972</b>	(78,060)
Zakat and tax credit / (charge)		<b>9,908</b>	(83,789)	<b>36,128</b>	(182,997)
Less: Tax charge from discontinued operations	16	<b>(21)</b>	-	-	-
Zakat and tax credit / (charge) reflected in profit or loss		<b>9,887</b>	(83,789)	<b>36,128</b>	(182,997)

*\*Deferred tax credit for the six months and three months periods ended 30 June 2023 includes positive impact from foreign exchange rate movements amounting to SR 90.5 million and SR 29.9 million respectively (six months and three months periods ended 30 June 2022: negative impact amounting to SR 89.6 million and SR 30.7 million respectively) in relation to the Group's subsidiaries in Morocco.*

**10.2 Significant zakat and tax assessments**

The Company

The Company has filed zakat and tax returns for all the years up to 2022. The Company has closed its position with Zakat, Tax & Customs Authority (the "ZATCA") until year 2018. The ZATCA is yet to assess the years 2019 to 2022. In June 2023, the ZATCA requested for additional information in respect to the Company's zakat return for the years 2021 and 2022. The Company is working on the response to the ZATCA's requests.

ACWA Power Projects ("APP")

APP has filed its zakat and tax returns for all the years up to 2022. APP had finalised 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. APP settled the revised zakat liability at an amount of SR 1.3 million.

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. APP filed an objection with the General Secretariat of Tax Committees ("GSTC") and the Tax Violations and Dispute Resolution Committee ("TVDRC"). During 2022, TVDRC has issued its ruling partially in favour of APP reducing the liability to SR 11.3 million. Subsequently, the ZATCA appealed the TVDRC ruling to the Tax Violations and Dispute Appeal Committee ("TVDAC"). The case is yet to be reviewed by the TVDAC.

NOMAC Saudi Arabia ("NOMAC")

NOMAC has filed its zakat returns for all the years up to 2022. During the prior years, NOMAC received two zakat assessments from the ZATCA for the years 2008 to 2012 and 2013 to 2016. The assessment for the period 2008-2012 has been finalized with ZATCA. For the years 2013 to 2016, the TVDAC ruling was issued rejecting NOMAC's reconsideration request based on materiality resulting in a Zakat liability of SR 3.2 million.

For the year 2017, ZATCA has issued an assessment assessing additional zakat and tax liabilities amounting to SR 3.7 million and SR 2.2 million respectively excluding delay fines. NOMAC filed an appeal with ZATCA and is currently awaiting a response from ZATCA.

Rabigh Arabian Water & Electricity Company ("RAWEC")

RAWEC has filed its zakat and tax returns for all the years up to 2022. The ZATCA raised an assessment related to years 2007 to 2013 claiming additional tax, zakat, withholding tax ("WHT") amounting to SR 10.7 million including delay penalties. RAWEC filed an objection with the GSTC's TVDRC.

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### 10 ZAKAT AND TAXATION (continued)

#### 10.2 Significant zakat and tax assessments (continued)

##### Rabigh Arabian Water & Electricity Company ("RAWEC") (continued)

During 2021, the TVDRC has issued its ruling partially in favour of the RAWEC reducing the liability to SR 1.85 million. The ZATCA appealed the TVDRC Resolution on the tax and Zakat items, to the TVDAC"). RAWEC also escalated its objection to the TVDAC, against the TVDRC's Resolution on the withholding tax and delay penalty items. The case is under the TVDAC's review. On December 1, 2022, RAWEC settled the WHT liability at SR 0.68 million as a part of this assessment and took advantage of the delay fine amnesty benefit. Recently the TVDAC issued the final resolution whereby agreeing the TVDRC's resolution and rejecting the ZATCA's claim.

During 2018, the ZATCA issued a tax and zakat assessment for the year 2017, claiming additional tax and zakat liabilities amounting to SR 47 million including delay penalties. Subsequently the ZATCA raised a revised assessment reducing the liability to SR 2.5 million including delay penalties. The case is now under review by the TVDRC.

During 2021, the ZATCA issued an assessment for the year 2015, claiming additional tax, zakat and delay penalties amounting to SR 20 million. RAWEC filed an objection with the GSTC's TVDRC. During 2022, the TVDRC issued its ruling partially in favour of RAWEC reducing the liability to SR 0.56 million, including delay fines. Subsequently, RAWEC and ZATCA appealed the TVDRC ruling to the TVDAC. The case is yet to be reviewed by the TVDAC.

During 2022, the ZATCA issued an assessment for the year 2016, claiming additional tax, zakat liabilities amounting to SR 23.6 million including delay penalties. RAWEC filed an objection with the GSTC's TVDRC. The TVDRC issued its ruling against RAWEC. Subsequently, RAWEC appealed TVDRC's ruling to the TVDAC. The case is now under review by the TVDAC.

##### 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 Group has adequately provided for all tax assessments, where appropriate.

On 9 December 2022, the UAE issued Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("UAE CIT Law"), which became effective for accounting periods beginning on or after 1 June 2023. The entities in UAE follow the calendar year (January to December) as their financial reporting year. Accordingly, the first year of taxation for the Group will commence on 1 January 2024, and the Group will therefore start providing for current tax as may be due from financial year 2024.

Article 37 of the UAE CIT law provides that the entities in UAE cannot claim tax loss relief for losses incurred before its first tax period. Also, article 61 (Transitional Rules) of the UAE CIT Law provides that "A Taxable Person's opening balance sheet for Corporate Tax purposes shall be the closing balance sheet prepared for financial reporting purposes under accounting standards applied in the State on the last day of the Financial Year that ends immediately before their first Tax Period commences, subject to any conditions or adjustments that may be prescribed by the Minister." No condition or adjustment have been prescribed by the Minister to-date.

The Ministry of Finance has issued several Cabinet and Ministerial decisions subsequent to the issuance of the law. However, none of the decisions issued to date impact the computational mechanism in a manner that would create temporary differences prior to 1 January 2024 in the entities in UAE. Accordingly, the UAE CIT law is not expected to result in any temporary differences, as of the reporting date and during the financial year ending 31 December 2023, on which deferred tax would need to be provided for.

The Group will continue to monitor the UAE CIT law closely and will re-evaluate its position as further amendments or developments occur in the future.

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**11 REVENUE**

		<b>For the three months period ended 30 June</b>		<b>For the six months period ended 30 June</b>	
	<i>Notes</i>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Services rendered					
Operation and maintenance		<b>559,612</b>	464,816	<b>1,113,171</b>	866,449
Development and construction management services		<b>82,317</b>	147,714	<b>181,363</b>	295,427
Others	11.1	<b>3,420</b>	(18,362)	<b>16,090</b>	(10,480)
Sale of electricity					
Capacity charges		<b>195,133</b>	195,306	<b>388,796</b>	407,320
Energy output		<b>91,207</b>	91,902	<b>154,137</b>	148,380
Finance lease income	11.2	<b>133,652</b>	72,281	<b>208,890</b>	71,833
Sale of water					
Capacity charges	11.3	<b>241,166</b>	233,907	<b>478,588</b>	461,838
Water output	11.3	<b>79,953</b>	79,481	<b>151,533</b>	151,286
Finance lease income	11.2	<b>25,460</b>	26,678	<b>50,796</b>	52,942
		<b>1,411,920</b>	1,293,723	<b>2,743,364</b>	2,444,995

Refer note 18 for the geographical distribution of revenue.

**11.1** This includes net underwriting insurance income from ACWA Power Reinsurance business (Captive Insurer).

**11.2** The finance lease income is presented net of energy generation shortfalls amounting to SR 1.5 million for the six months and excess of SR 28.3 million for the three months periods ended 30 June 2023 (30 June 2022: shortfall of SR 144.2 million for six months and SR 34.7 million for three months). Energy generation shortfalls/excess represent difference between actual production as compared to original estimated production levels of certain plants accounted for as finance leases.

Finance lease principal amortisation for the three months and six months periods ended 30 June 2023 is SR 100.6 million and SR 192.8 million respectively (30 June 2022: SR 84.7 million for three months and SR 178.8 million for six months).

**11.3** Includes revenue from sale of steam of SR 198.4 million for the six months and SR 100.3 million for the three months periods ended 30 June 2023 (30 June 2022: six months SR 197.8 million and three months and SR 101.2 million).

**12 OTHER OPERATING INCOME**

		<b>For the three months period ended 30 June</b>		<b>For the six months period ended 30 June</b>	
	<i>Notes</i>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Group services	12.1	<b>77,265</b>	28,416	<b>120,182</b>	64,444
Finance income from shareholder loans		<b>49,560</b>	36,197	<b>99,532</b>	70,594
Performance liquidated damages and insurance recovery	12.2	-	-	-	65,884
		<b>126,825</b>	64,613	<b>219,714</b>	200,922

**12.1** Group services relates to management advisory, and ancillary support services provided to equity accounted investees.

**12.2** This includes performance liquidated damages recovered, during the period ended 30 June 2022, from EPC contractors and business interruption insurance recoveries in relation to certain of the Group's subsidiaries in Morocco.

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**13 OTHER INCOME, NET**

		For the three months period ended 30 June		For the six months period ended 30 June	
	<i>Note</i>	2023	2022	2023	2022
Income earned on deposits		58,271	29,161	107,349	39,724
Sale of inventory		-	-	-	27,719
Gain on change in fair value of the derivative	9.3	16,336	27,900	25,595	27,900
Others		3,369	2,231	5,677	3,121
		<u>77,976</u>	<u>59,292</u>	<u>138,621</u>	<u>98,464</u>

**14 FINANCIAL CHARGES**

		For the three months period ended 30 June		For the six months period ended 30 June	
	<i>Note</i>	2023	2022	2023	2022
Financial charges on borrowings		298,968	199,063	610,535	451,137
Financial charges on letters of guarantee		30,967	25,174	38,418	34,243
Financial charges on loans from related parties	14.1	7,613	14,168	22,105	28,396
Other financial charges		12,823	17,408	19,361	23,504
		<u>350,371</u>	<u>255,813</u>	<u>690,419</u>	<u>537,280</u>

**14.1** This includes discount unwinding, on long term related party balances amounting to SR 16.4 million (30 June 2022: SR 15.7 million) (note 7(h)).

**15 EARNINGS PER SHARE**

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

	For the three months period ended 30 Jun		For the six months period ended 30 Jun	
	2023	2022	2023	2022
Issued ordinary shares as at	<u>731,100</u>	<u>731,100</u>	<u>731,100</u>	<u>731,100</u>
Weighted average number of ordinary shares outstanding during the period ended	<u>731,100</u>	<u>731,100</u>	<u>731,100</u>	<u>731,100</u>

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**15 EARNINGS PER SHARE (continued)**

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

	<b>For the three months period ended 30 June</b>		<b>For the three months period ended 30 June</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net profit for the period attributable to equity holders of the Parent	<b>414,402</b>	389,869	<b>684,137</b>	541,720
Profit for the period from continuing operations attributable to equity holders of the Parent	<b>420,576</b>	386,780	<b>693,393</b>	558,495
Basic and diluted earnings per share to equity holders of the Parent (in SR)	<b>0.57</b>	0.53	<b>0.94</b>	0.74
Basic and diluted earnings per share from continuing operations to equity holders of the Parent (in SR)	<b>0.58</b>	0.53	<b>0.95</b>	0.76

**16 DISCONTINUED OPERATIONS**

**16.1 *Shuqaiq Water and Electricity***

The Group sold its 32% effective shareholding (its entire shareholding) in Shuqaiq Water and Electricity Company ("Shuqaiq"), along with its related holding companies, and 32% interest (partial shareholding) in the related O&M contract (the "O&M entity" or "Shuqaiq Services Company for Maintenance"), which was previously with the Group's wholly owned subsidiary, First National Operations and Maintenance Company ("NOMAC"), effective from 17 March 2022 ("the Closing Date").

Consequently, the Group derecognised its entire investment in Shuqaiq and deconsolidated net assets related to the O&M entity. The Group's remaining 68% interest in the O&M entity is retained at fair value and accounted for using the equity method effective from the Closing Date. The Group recognised a net loss of SR 4.6 million on the transaction as follows:

	<b>Note</b>	<b>As of 17 March 2022</b>
Fair value of consideration received		<b>391,440</b>
Fair value of retained investment in the O&M entity		<b>159,859</b>
Derecognition of investment in Shuqaiq		<b>(378,925)</b>
Carrying amount of net assets derecognised related to the O&M entity		<b>(44,322)</b>
Accumulated other reserves recycled to profit or loss from OCI	8	<b>(128,638)</b>
Transaction cost		<b>(3,993)</b>
Net loss on disposal		<b>(4,579)</b>

Further Goodwill amounting to SR 12.6 million was allocated to Shuqaiq and charged to income statement upon divestment.

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**16 DISCONTINUED OPERATIONS (continued)**

**16.1 Shuqaiq Water and Electricity (continued)**

Statement of financial position of the O&M entity as of the Closing Date is as follows:

	<u>Note</u>	<b>As of 17 March 2022</b>
<b><u>Assets</u></b>		
Cash and cash equivalents		469
Inventories		39,305
Accounts receivable, prepayments and other receivables		37,968
Property, plant and equipment	3	968
		<b>78,710</b>
<b><u>Liabilities</u></b>		
Accounts payable and accruals		25,086
Deferred revenue		4,106
Employee end of service benefits' liabilities		5,196
		<b>34,388</b>
Net assets		<b>44,322</b>

Results of Shuqaiq and O&M entity are disclosed in note 16.8.

**16.2 Sirdarya**

On 14 September 2022, ACWA Power entered into a Sale Purchase Agreement ("SPA") for the sale of a 49% stake in its wholly owned subsidiary, ACWA Power Uzbekistan Project Holding Company ("the Investee Company" or "Sirdarya"). The Investee Company held 100% stake in ACWA Power Sirdarya ("the Project Company") before disposal. Legal formalities in relation to disposal were completed on 27 December 2022.

As a result of the transaction, ACWA Power now jointly control the decisions for the relevant activities that most significantly affect the returns of Investee together with the Project Company. Consequently, ACWA power lost control in the Sirdarya and recognised a gain of SR 235.7 million. At the date of the transaction completion, ACWA Power has started to account for Sirdarya using the equity method of accounting in accordance with the requirements of IFRS 11 – Joint Arrangements.

As of the date of loss of control net assets of the Sirdarya includes followings:

	<u>Note</u>	<b>31 Dec 2022</b>
<b><u>Assets</u></b>		
Capital work in progress	3	2,446,823
Intangible assets		107
Fair value of derivatives		510,382
Accounts receivable, prepayments and other receivables		57,042
Cash and cash equivalents		22,895
<b><u>Liabilities</u></b>		
Loans and borrowings		(2,691,844)
Accounts payable, accruals and other liabilities		(12,413)
Net assets		<b>332,992</b>

Consolidated results of the Investee Company are disclosed in note 16.8.

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### 16 DISCONTINUED OPERATIONS (continued)

#### 16.3 *Shuaa Energy 3*

In December 2022, ACWA Power Green Energy Holding Limited (a wholly owned subsidiary of ACWA Power or the “Seller”) entered into a Sale Purchase Agreement (“SPA”) with ACWA Power Renewable Energy Holding Limited (the “Buyer”) in relation to the transfer of its entire shareholding in Solar V Holding Company Limited (a Group subsidiary or Solar V) which effectively owns a 40% stake in Shuaa Energy 3 PSC (an equity accounted investee or “Shuaa 3”). Legal formalities with respect to disposal are not completed as of 30 June 2023. For the purpose of these interim condensed consolidated financial statements, net assets of Solar V together with carrying value of ACWA Power’s Investment in Shuaa 3 amounting to SAR 60.75 million were classified as assets held for sale. Other reserves associated with Shuaa 3 amounts to SR 1.94 million. The Group will continue to retain an effective 30.6% shareholding in Solar V through ACWA Power Renewable Energy Holding Limited.

#### 16.4 *Vinh Hao*

On 20 October 2022, ACWA Power entered into a Sale Purchase Agreement (“SPA”) for the sale of a 60% stake (complete stake) in its equity accounted investee, Vinh Hao 6 Power Joint Stock Company (“Vinh Hao”), subject to the satisfaction of conditions precedent in the SPA. Legal formalities in relation to disposal were completed on 27 April 2023.

Consequently, the Group derecognised its entire investment in Vinh Hao. The Group recognised a gain of SR 0.5 million on divestment as follows:

	<b><u>27 April 2023</u></b>
Fair value of consideration received including cash received against shareholder loan	<b>75,480</b>
Derecognition of investment in Vinh Hao	<b>(73,487)</b>
Transaction cost	<b>(1,461)</b>
Gain on disposal	<b><u>532</u></b>

Further Goodwill amounting to SR 9.2 million was allocated to Vinh Hao and charged to income statement upon divestment.

Results of Vinh Hao are disclosed in note 16.8.

#### 16.5 *Bash Wind and Dzhankeldy*

Subsequent to the period end, on 7 July 2023, ACWA Power (through its wholly owned subsidiary) entered into a Sale Purchase Agreement (“SPA”) for the sale of a 35% stake in its wholly owned subsidiaries, ACWA Power Bash Wind Project Holding Company and ACWA Power Uzbekistan Wind Project Holding Company Limited (“the Investee Companies”). The Investee Companies holds 100% stake in ACWA Power Bash Wind LLC and ACWA Power Dzhankeldy LLC (“the Project Companies”). The disposal is subject to the satisfaction of certain conditions precedent in the SPA.

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**16 DISCONTINUED OPERATIONS (continued)**

**16.5 *Bash Wind and Dzhangeldy (continued)***

For the purpose of these interim condensed consolidated financial statements, assets and liabilities of the Investee Companies together with the Project Companies are presented as held for sale, as summarized below:

	<i>Note</i>	<b><u>30 June 2023</u></b>
<b><u>Assets</u></b>		
Capital work in progress	3	1,451,422
Fair value of derivatives		25,224
Accounts receivable, prepayments and other receivables		41,030
Cash and cash equivalents		146,951
Assets held for sale		<u>1,664,627</u>
<b><u>Liabilities</u></b>		
Loans and borrowings		1,556,769
Payable, accruals and other liabilities		1,209
Liabilities associated with assets held for sale		<u>1,557,978</u>
Other reserves associated with assets held for sale		<u>25,224</u>

Consolidated results of the Investee Companies together with the Project Companies are disclosed in note 16.8.

**16.6 *Noor Al Shuaibah***

On 15 June 2023, ACWA Power entered into a share transfer arrangement whereby the Group transferred its 30.0% and 35.0% shares (partial shareholding) in Noor Al Shuaibah Holding Company (the “Investee”) to a third party and a related party buyer respectively. Legal formalities in relation to share transfer were completed during the period ended 30 June 2023.

As a result of the transfer, ACWA Power now holds 35.0% shareholding in the Investee. Further, ACWA Power now jointly control the decisions for the relevant activities that most significantly affect the returns of Investee. Consequently, ACWA power lost control in the Investee and recognised a gain of SR 1.8 million. At the date of the transaction completion, ACWA Power has started to account for the Investee using the equity method of accounting in accordance with the requirements of IFRS 11 – Joint Arrangements.

As of the date of loss of control net assets of the Investee includes followings:

	<i>Note</i>	<b><u>30 June 2023</u></b>
<b><u>Assets</u></b>		
Capital work in progress	3	1,286,738
Accounts receivable, prepayments and other receivables		130,135
Cash and cash equivalents		712,735
<b><u>Liabilities</u></b>		
Loans and borrowings		(1,675,722)
Due to related parties		(449,810)
Payable, accruals and other liabilities		(5,790)
Net liabilities		<u>(1,714)</u>

Consolidated results of the investee Company are disclosed in note 16.8.

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**16 DISCONTINUED OPERATIONS (continued)**

*16.7 Others*

During the period ended 30 June 2023, the Group also divested its effective 33.28% and 39.90% shareholding in Oasis Holding Company (“OHC”) and Layla and Ar Rass Holding Company LLC (“LRHC”) (together termed as the Entities) respectively, then wholly owned subsidiaries of the Group. The Group lost control in the Entities because of the divestment. The Group’s remaining effective stake in the Entities (i.e., 66.72% and 60.1% in OHC and LRHC respectively) is retained at fair value and accounted for using the equity method effective from the divestment date.

Details of gain on the divestment is included below:

	<b><u>31 March 2023</u></b>
Fair value of consideration received	472
Fair value of retained investments	731
Inter-company receivables recognised upon deconsolidation	1,155
Carrying amount of net assets derecognised	(775)
Net gain on disposal	<u>1,583</u>

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16 DISCONTINUED OPERATIONS (continued)

16.8 *Results of discontinued operations*

For the six month period ended 30 June	2023						2022						
	Shuaa 3	Vinh Hao	Noor Al Shuaibah	Bash Wind and Dzhankeldy	Others	Total	Shuqaiq including O&M component	Sirdarya	Shuaa 3	Vinh Hao	Bash Wind and Dzhankeldy	Noor Al Shuaibah and others	Total
Revenue	-	-	-	-	-	-	22,360	-	-	-	-	-	22,360
Operating costs	-	-	-	-	-	-	(17,678)	-	-	-	-	-	(17,678)
General and administration expenses	-	-	-	(254)	(462)	(716)	(1,138)	(530)	-	-	(51)	(480)	(2,199)
Other operating income	-	-	-	703	-	703	-	-	-	-	-	-	-
Foreign exchange loss	-	-	-	(206)	-	(206)	-	(30)	-	-	-	-	(30)
Zakat and tax charge	-	-	-	-	(21)	(21)	-	-	-	-	-	-	-
Net income	-	-	-	243	(483)	(240)	3,544	(560)	-	-	(51)	(480)	2,453
Share in net results	81	(3,867)	-	-	-	(3,786)	(7,598)	-	2,070	3,479	-	-	(2,049)
	81	(3,867)	-	243	(483)	(4,026)	(4,054)	(560)	2,070	3,479	(51)	(480)	404
Gain / (loss) on divestment	-	532	1,815	-	1,583	3,930	(4,579)	-	-	-	-	-	(4,579)
Goodwill allocation	-	(9,160)	-	-	-	(9,160)	(12,600)	-	-	-	-	-	(12,600)
Profit / (loss) from discontinued operations	81	(12,495)	1,815	243	1,100	(9,256)	(21,233)	(560)	2,070	3,479	(51)	(480)	(16,775)

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**16 DISCONTINUED OPERATIONS (continued)**

*16.8 Results of discontinued operations (continued)*

For the three month period ended 30 June	2023						2022						
	Shuaa 3	Vinh Hao	Noor Al Shuaibah	Bash Wind and Dzhankeldy	Others	Total	Shuqaiq including O&M component	Sirdarya	Shuaa 3	Vinh Hao	Bash Wind and Dzhankeldy	Noor Al Shuaibah and others	Total
General and administration expenses	-	-	-	(254)	-	(254)	-	(365)	-	-	(31)	(480)	(876)
Other operating income	-	-	-	703	-	703	-	-	-	-	-	-	-
Foreign exchange loss	-	-	-	(205)	-	(205)	-	(6)	-	-	1	-	(5)
Net income	-	-	-	244	-	244	-	(371)	-	-	(30)	(480)	(881)
Share in net results	395	-	-	-	-	395	-	-	2,174	1,796	-	-	3,970
	395	-	-	244	-	639	-	(371)	2,174	1,796	(30)	(480)	3,089
Gain on divestment	-	532	1,815	-	-	2,347	-	-	-	-	-	-	-
Goodwill allocation	-	(9,160)	-	-	-	(9,160)	-	-	-	-	-	-	-
Profit / (loss) from discontinued operations	395	(8,628)	1,815	244	-	(6,174)	-	(371)	2,174	1,796	(30)	(480)	3,089

*16.9 Cash flows of discontinued operations*

For the six month period ended 30 June	2023						2022						
	Shuaa 3	Vinh Hao	Bash Wind and Dzhankeldy	Others	Total	Shuqaiq including O&M component	Sirdarya	Shuaa 3	Vinh Hao	Bash Wind and Dzhankeldy	Total		
Cash flows generated from / (used in)													
Operating activities	-	-	(31,938)	-	(31,938)	4,165	-	-	-	-	-	-	4,165
Investing activities	-	-	(977,410)	-	(977,410)	-	(643,462)	-	-	-	-	-	(643,462)
Financing activities	-	-	356,648	-	356,648	-	522,709	-	-	-	-	-	522,709

*16.8 Contingencies and commitments*

Contingencies and commitments in relation to discontinued operations are disclosed in note 17.

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

### 17 CONTINGENCIES AND COMMITMENTS

As of 30 June 2023, 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 14.22 billion (31 December 2022: SR 13.25 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 of 30 June 2023	As of 31 Dec 2022
Performance/development securities and completion support Letters of Credit ("LCs")	4,534,666	3,925,056
Guarantees in relation to bridge loans and equity LCs	6,091,717	5,963,604
Guarantees on behalf of joint ventures and subsidiaries	2,117,437	2,083,559
Debt service reserve account ("DSRA") standby LCs	1,278,969	1,080,505
Bid bonds for projects under development stage	198,292	193,097
	<b>14,221,081</b>	<b>13,245,821</b>

The Group also has a loan commitment amounting to SR 598.2 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.

In one of the Group's subsidiaries, "CEGCO", the fuel supplier ("Jordan Petrol Refinery PLC" or "the Supplier") has claimed an amount of SR 610.0 million (30 June 2022: SR 610.0 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. Further, during the period ended 30 June 2023, the Group has offset the contractual receivable and payable balances in relation to fuel supplies effective from 31 December 2022 pursuant to the settlement agreement between NEPCO and the Supplier. (refer note 22.2).

The Group has assessed the potential impact of the Russia-Ukraine war on its projects under construction. For one of the Group's equity accounted investee costs over runs have been estimated in relation to transportation and logistics which amounts to USD 25.0 million. The cost over runs are expected to be paid through project contingency budget (USD 10.0 million) and remaining from early generation revenues (USD 15.0 million).

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

The Group, in relation to one of its equity accounted investee, has commitment to compensate for the price fluctuation (current maximum exposure is SR 23.1 million) of certain materials to be used in the construction of the underlying plant.

In addition to the above, the Group also has contingent assets and liabilities with respect to certain disputed matters, including claims by and against counterparties and arbitrations involving certain issues, including a claim received in relation to one of its divested equity accounted investees. These contingencies arise in the ordinary course of business. Based on the best estimates of management, the Company has adequately provided for all such claims, where appropriate.

**ACWA POWER Company and its Subsidiaries**  
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**18 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'.

Revenue is attributed to each operating segment based on the type of plant or equipment from which the revenue is derived. Segment assets and liabilities are not reported to the chief operating decision maker on a segmental basis and are therefore not disclosed.

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 IWP (Independent Water Plants).
- (ii) Renewables This includes the Group's business line which comprises of PV (Photovoltaic), CSP (Concentrated Solar Power), Wind plants and Green Hydrogen production. 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 segment**

Revenue

	<b>For the three months period ended 30 Jun</b>		<b>For the six months period ended 30 Jun</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
(i) Thermal and Water Desalination	<b>1,066,111</b>	1,042,921	<b>2,146,949</b>	2,015,334
(ii) Renewables	<b>342,389</b>	269,368	<b>580,325</b>	440,141
(iii) Others	<b>3,420</b>	(18,566)	<b>16,090</b>	(10,480)
Total revenue	<b>1,411,920</b>	1,293,723	<b>2,743,364</b>	2,444,995

Operating income before impairment and other expenses

(i) Thermal and Water Desalination	<b>691,432</b>	700,168	<b>1,296,048</b>	1,255,549
(ii) Renewables	<b>183,091</b>	148,117	<b>285,280</b>	258,954
(iii) Others	<b>3,228</b>	(18,687)	<b>15,667</b>	(10,784)
Total*	<b>877,751</b>	829,598	<b>1,596,995</b>	1,503,719

**Unallocated corporate operating income / (expenses)**

General and administration expenses	<b>(195,363)</b>	(176,929)	<b>(380,982)</b>	(312,411)
Depreciation and amortization	<b>(7,771)</b>	(6,131)	<b>(15,556)</b>	(14,804)
Provision for long term incentive plan	<b>(10,187)</b>	(5,697)	<b>(17,000)</b>	(10,890)
Provision reversal on due from related party	<b>18</b>	14,591	<b>6,312</b>	11,501
Other operating income	<b>65,360</b>	19,832	<b>98,953</b>	41,683
Total operating income before impairment and other expenses	<b>729,808</b>	675,264	<b>1,288,722</b>	1,218,798

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(All amounts in Saudi Riyals thousands unless otherwise stated)

**18 OPERATING SEGMENTS (continued)**

**Key indicators by reportable segment (continued)**

Segment profit

	<i>Note</i>	<b>For the three months period ended 30 Jun</b>		<b>For the six months period ended 30 Jun</b>	
		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
(i) Thermal and Water Desalination		<b>595,419</b>	565,762	<b>971,808</b>	947,149
(ii) Renewables		<b>66,251</b>	37,896	<b>137,961</b>	(9,928)
(iii) Others		<b>3,236</b>	(18,677)	<b>15,687</b>	(10,795)
Total*		<b>664,906</b>	584,981	<b>1,125,456</b>	926,426
<b>Reconciliation to profit for the period from continuing operations</b>					
General and administration expenses		<b>(195,363)</b>	(176,929)	<b>(380,982)</b>	(312,411)
Arbitration Claim and supplier settlement		-	(33,545)	-	(55,108)
Provision for long term incentive plan		<b>(10,187)</b>	(5,697)	<b>(17,000)</b>	(10,890)
Corporate social responsibility contribution		<b>(2,687)</b>	(2,274)	<b>(4,632)</b>	(2,274)
Provision reversal on due from related party		<b>18</b>	14,591	<b>6,312</b>	11,501
Discounting impact on loan from shareholder subsidiary	7 (h)	<b>(8,171)</b>	(7,565)	<b>(16,397)</b>	(15,081)
Depreciation and amortization		<b>(7,771)</b>	(6,131)	<b>(15,556)</b>	(14,804)
Other operating income		<b>65,360</b>	19,832	<b>98,953</b>	41,683
Other income		<b>26,406</b>	35,256	<b>69,317</b>	51,572
Financial charges and exchange loss, net		<b>(58,185)</b>	(14,637)	<b>(70,084)</b>	(22,720)
Zakat and tax charge		<b>(11,157)</b>	(33,143)	<b>(30,542)</b>	(59,900)
Profit for the period from continuing operations		<b>463,169</b>	374,739	<b>764,845</b>	537,994

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

**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:

	<b>Revenue from continuing operations</b>		<b>Non-current assets</b>	
	<b>30 Jun 2023</b>	<b>30 Jun 2022</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>
Kingdom of Saudi Arabia	<b>1,245,410</b>	1,179,626	<b>23,959,936</b>	21,516,440
Middle East and Asia	<b>1,136,591</b>	1,107,291	<b>8,147,149</b>	7,631,337
Africa	<b>361,363</b>	158,078	<b>8,965,414</b>	8,555,393
	<b>2,743,364</b>	2,444,995	<b>41,072,499</b>	37,703,170

**Information about major customers**

During the period, two customers (2022: two) 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:

	<b>Revenue</b>	
	<b>30 Jun 2023</b>	<b>30 Jun 2022</b>
Customer A	<b>576,009</b>	579,402
Customer B	<b>221,691</b>	295,044

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

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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### 19 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.

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 into 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.

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>As of 30 Jun 2023</u>					
<i>Financial liabilities / (assets)</i>					
Fair value of derivatives used for hedging	(1,281,472)	-	(1,281,472)	-	(1,281,472)
Long-term financing and funding facilities	24,916,326	1,497,229	23,388,522	-	24,885,751
<u>As of 31 Dec 2022</u>					
<i>Financial liabilities / (assets)</i>					
Fair value of derivatives used for hedging	(1,028,999)	-	(1,028,999)	-	(1,028,999)
Long-term financing and funding facilities	23,372,582	1,421,291	21,845,332	-	23,266,623

The fair value of other financial instruments has been assessed as approximate to 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.

#### Valuation technique and significant unobservable inputs

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Derivatives used for hedging*	Discounted cash flows: the valuation model considers the present value of expected payments or receipts discounted using the risk adjusted discount rate or the market discount rate applicable for a recent comparable transaction.	Not applicable	Not applicable
Bank borrowings **			

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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### 19 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

*Valuation technique and significant unobservable inputs (continued)*

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Coal derivative*	Discounted cashflows: the valuation model considers the present value of expected payments or receipts using the risk adjusted discount rate.	Coal procurement quantity and coal prices	The fair value would increase or decrease if: <ul style="list-style-type: none"> <li>the actual coal procurement quantities would be different than what is considered in the valuation model; or</li> <li>the future coal prices would be different than what is considered in the valuation model</li> </ul>
Other derivatives*	Other derivatives represent options that are valued using the valuation models wherein fair values are determined through valuation techniques based on discounted cash flows and include a discount for lack of marketability and project specific factors representing the amounts that the Group has determined that market participants would take into account when pricing these instruments.	Contracted capacities and risk adjusted discount rate	The estimated fair value would increase or decrease if: <ul style="list-style-type: none"> <li>the actual availabilities are different to contracted capacities; or</li> <li>the risk adjusted discount rate was higher or lower.</li> </ul>

\* The instruments were measured at fair value in the interim condensed consolidated statement of financial position.

\*\* The fair value of these instruments was measured for disclosure purpose only.

### 20 DIVIDENDS

On 26 January 2023, the Board of Directors recommended a dividend payment of SR 606.8 million (SR 0.83 per share) for the year 2022. The proposed dividends were approved by shareholders at the ordinary general assembly meeting held on 22 June 2023. The dividend was paid during the month of July 2023.

For the year 2021, the Board of Directors approved a dividend payment of SR 562.9 million (SR 0.77 per share). The proposed dividends were approved by the shareholders at the ordinary general assembly meeting held on 30 June 2022. The dividend was paid on 21 July 2022.

Furthermore during 2023, certain subsidiaries of the Group distributed dividends of SR 72.7 million (30 Jun 2022: SR 51.1 million) to the non-controlling interest shareholders.

### 21 SUBSEQUENT EVENTS

Subsequent to the period ended 30 June 2023, 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 Group's interim condensed consolidated results and financial position as of the reporting date.

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**22 COMPARATIVE FIGURES**

Certain figures for the prior periods have been reclassified or adjusted to conform to the presentation in the current period. This includes reclassifications as required under IFRS 5 – Non-current assets held for sale and discontinued operations (refer to note 16). Summary of reclassifications/adjustments are as follows:

*22.1 Interim condensed consolidated statement of profit or loss and other comprehensive income:*

<b>Six months period ended 30 June 2022</b>	<b>As previously Reported</b>	<b>Reclassifications due to discontinued operations (refer to note 16.8)</b>	<b>Reclassification to conform to the presentation in the current period</b>	<b>As reported in these financial statements</b>
<i>Continuing operations:</i>				
Share in net results of equity accounted investees, net of tax	216,128	(5,549)	-	210,579
General and administration expenses	(435,163)	1,061	-	(434,102)
Other operating income	130,328	-	70,594	200,922
Other income	169,058	-	(70,594)	98,464
Exchange loss, net	(1,639)	30	-	(1,609)
<i>Discontinued operations:</i>				
Loss from discontinued operations	(21,233)	4,458	-	(16,775)
<b>Three months period ended 30 June 2022</b>				
<i>Continuing operations:</i>				
Share in net results of equity accounted investees, net of tax	169,690	(3,970)	-	165,720
General and administration expenses	(215,994)	876	-	(215,118)
Other operating income	28,416	-	36,197	64,613
Other income	95,489	-	(36,197)	59,292
Exchange loss, net	15,599	5	-	15,604
<i>Discontinued operations:</i>				
Loss from discontinued operations	-	3,089	-	3,089

*22.2 Interim condensed consolidated statement of financial position:*

<b>Particulars</b>	<b>As previously reported</b>	<b>Reclassification (refer to note 22.2.1)</b>	<b>As reported in these financial statements</b>
<i>Current assets:</i>			
Accounts receivable, prepayments and other receivables	3,227,164	(306,871)	2,920,293
<i>Current liabilities:</i>			
Accounts payable, accruals and other financial liabilities	3,051,247	(306,871)	2,744,376

22.2.1 As of 31 December 2022, consolidated accounts payables include SR 306.9 million in relation to fuel cost of Central Electricity Generating Company (“CEGCO”) (a Group’s subsidiary) on account of fuel supplied by Jordan Petrol Refinery PLC (“the Supplier”). The fuel cost was pass through to National Electric Power Company (“NEPCO” or “the Off-taker”). Accordingly, CEGCO had a corresponding receivable balance of SR 306.9 million from NEPCO, as of 31 December 2022.

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**22 COMPARATIVE FIGURES (continued)**

During the period, CEGCO received a confirmation from the Supplier that it has signed a settlement agreement ("Settlement Agreement") with NEPCO in relation to outstanding fuel supplies related balances of CEGCO, as of 31 December 2022, amounting to SR 306.9 million. Accordingly, CEGCO is no longer required to settle this balance to the Supplier. As the Settlement Agreement was signed during the year 2022, the Group has reflected this settlement and reduced the fuel payable to the Supplier and related receivables from NEPCO for the aforementioned amount effective from 31 December 2022 consistent with presentation followed by CEGCO.

*22.3 Interim condensed consolidated statement of cashflows:*

<b>Particulars</b>	<b>As previously reported</b>	<b>Reclassification to conform to the presentation in the current period</b>	<b>As reported in these financial statements</b>
<i>Changes in operating assets and liabilities:</i>			
Strategic fuel inventories	24,153	(24,153)	-
Other assets	(18,351)	24,153	5,802

**23 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 22 Muharram 1445H, corresponding to 9 August 2023G.