ACWA POWER Company (ACWA Power)

Investor Report
For the Three Months ended March 31st, 2022 ("First quarter 2022")

CEO's letter

Dear stakeholders,

I am glad to report that the quarter we left behind has been a successful one and we met our business, operational and financial targets. On the stock market side, we are glad to observe healthy levels of liquidity, which we reasonably believe is a reflection of the continued interest by the investors.

Before providing some insight on what has been keeping us busy in the first three months of the year, let me brief you on some organizational changes that took place during this time both at the board and the management levels.

On 5 January 2022, we held our Extraordinary General Assembly ("EGA") meeting, which was conducted at the company headquarters in Riyadh. With over 90 percent of voting rights present in the meeting, in keeping with add the requirements of the Capital Market Authority ("CMA") of the Kingdom of Saudi Arabia, the assembly approved the Board's recommendation to dissolve the then current Board effective from the date of the EGA and to elect 11 members from among the candidates who came forward for a new term of three years commencing from the date of the EGA. Similarly, the then current Board Audit Committee was dissolved, and a new committee has been appointed. Subsequently, the new Board at its meeting held on 16 January 2022 appointed Mr. Mohammad Abdullah Abunayyan (Non-Executive Member) as the Chairman of the Board of Directors and Mr. Suntharesan Padmanathan (Executive Member) as the Vice-Chairman of the Board effective from the date of the EGA. The Board of Directors have also formed its committees in accordance with the approved duties and responsibilities, appointed the Board Secretary and the representatives of the company in front of the CMA and the Saudi Stock Exchange.

I would like to take this opportunity to yet again thank all distinguished members of the previous Board and its committees and welcome the new distinguished members.

On the management side, on behalf of the entire ACWA Power family, I cannot pay enough tributes to a special member of our management committee, Mr. Rajit Nanda, who regrettably decided to leave us in early 2022, following a stellar career spanning 14 years in very critical leadership positions including the Chief Financial Officer, the Chief Investment Officer and lastly the Chief Portfolio Management Officer of ACWA Power. Rajit has been a key member of the senior leadership team at ACWA Power, driving the energy transition in the last decade with his solid imprint on some signature projects including Noor 1 CSP in Morocco, Shuaa Energy 1 PV in the UAE, Sudair PV in Saudi Arabia and NEOM Green Hydrogen in Saudi Arabia, all of which have opened new frontiers for the global shift towards cleaner forms of energy generation. I thank him and wish him the very best for the future challenges he will embrace.

Highlights of the first quarter

On the financial side, both our operating profit (before impairment losses and other expenses), and net and adjusted net profit (attributable to equity holders of the parent) have recorded robust growth versus the first quarter of 2021 of 19%, 9% and 11%, respectively. The increase was mostly driven by higher share of net results of equity accounted investees primarily from Jazan's start of operations, partially offset mainly by lower operating income on account of lower production in our CSP plants in Morocco because of extended forced outages. You will find a deeper dive into the financial and operational performance under the management's discussion and analysis ("MD&A") section of this report.

Beyond the numbers, here is a quick recap of our achievements on the portfolio side, in no particular order:

- We concluded the financing of c. SAR 4.9 billion for the development, construction and operations and maintenance of the Red Sea Multi-Utilities project.
- We, along with our consortium partners, signed the Limited Notice to Proceed (LNTP) for an amount of c. SAR 3.4 billion in relation to the EPC Contract for the NEOM Green Hydrogen Project, the largest at-scale green hydrogen and ammonia project in the world to be located at NEOM in Saudi Arabia, with an expected production capacity of 1.2 million tons per annum of green ammonia.
- We concluded the sale of our 32% entire shareholding in Shuqaiq Water and Electricity Company together with the sale of 32% share of our 100% shareholding in the O&M service providing entity, received the sale consideration of SAR 391.4 million in cash and transferred the shares to the buyer. Due to accounting requirements that are explained below in the MD&A, we recorded a net loss on disposal of SAR 17.2 million, while permanently reducing the carbon footprint of our portfolio by c. 1.6 million tons of CO2 per annum.[1]
- We signed the PPA for 700MW, c. SAR 1.7 billion Ar Rass Solar PV IPP in Saudi Arabia, which was awarded to us as the lowest bidder as part of Round Three of the National Renewable Energy Program (NREP) of the Ministry of Energy of the Kingdom of Saudi Arabia.
- We reached the dry financial close of c. SAR 1.8 billion senior loan facility for refinancing of Rabigh Arabian Water & Electricity Company (RAWEC), denominated in US$ (US$ 470 million) and being raised from the local bank market, supplementing the previously announced c. SAR 3 billion (US$ 800 million) and c. SAR 468.7 million (US$ 125 million) senior debt facilities.
- We announced the conversion of the operations of 2,400MW, c. SAR 12.1 billion Hassyan Power Plant from clean coal to natural gas, aligning this project with Dubai Clean Energy Strategy 2050 and Dubai's carbon neutrality strategy to provide 100% of the energy production capacity from clean energy sources by 2050—let me remind you here that with operation on natural gas instead of coal, we will avoid approximately 30 million tons of CO2 emissions by 2030.

Now turning to the future, I need to address three important subjects that we are specifically focused on given the magnitude of the impact they could potentially have on our business going forward. Two are external ones beyond our sphere of influence or control, but which albeit require us to navigate and mitigate them successfully; namely 1) the unfolding tragedy in Ukraine; 2) the rapidly increasing costs and a components shortage environment. The third one is the green hydrogen venture we have embarked on.

1 Total scope 1 and 2 emissions of the plant in 2021 was 5.2 million tons of CO2 emissions. At 32%, ACWA Power's share corresponded to 1.6 million tons of this.

Ukraine situation

What is unfolding in Ukraine is severely restricting access to Black Sea and Sea of Azov, disrupting the logical transportation corridors for our under construction and advanced development projects in Uzbekistan and Azerbaijan. Although the projects are under the general protection of force majeure ("FM") events as per their respective PPAs, costs incurred outside the respective countries may not be considered to fall under the FM protection, inevitably affecting our EPC contractors and potentially resulting in higher overall cost of construction. In addition, the broad-based sanctions being imposed are a further strain, making logistic matters more complex and costly. For the 1,500 MW Sirdarya CCGT IPP under construction in Uzbekistan as well as the advanced development projects in both countries, our teams are continuously evaluating the situation, assessing the risks and developing mitigation plans that are being discussed as well with the respective Governments to find solutions to efficiently address the ensuing impacts.

Rapidly increasing costs and component shortage environment

A persistent higher cost environment amid the recovery from the (Covid-19) pandemic in materials, commodities and construction activity had already started to compel governments and companies to adapt their monetary policies and business plans when the sanctions on Russia have triggered further increase in the energy costs. The rapidly worsening situation is now affecting several projects under construction as well as some in advanced development and setting off delays in commencing commercial operation of some projects.

With the contracted business model we utilize, risks associated with shortage and higher cost of materials are typically allocated to either the EPC contractors or the Offtakers. However, given what we are beginning to experience, we recognize that strategies will need to be developed and agreed to support our construction partners. The EPC contractors are facing cashflow difficulties and submitting cost claims regardless of the terms and conditions of their EPC contracts on account of the rapidly rising commodity and material prices for components such as PV modules; increasing logistics costs and insurance premiums; and higher general costs to execute the projects that are being evaluated by the respective offtakers under the contracts. In some instances, we are also starting to experience extreme responses by some EPC contractors who are unable to secure their supply chain (modules and battery suppliers in particular) to not honor commitments to deliver the goods on time and at the committed price. Although in some cases, offtakers are now providing relief in the form of accepting delay in commercial operation dates without penalty, this relief alone will not address the high costs of completion being faced by the EPC contractors.

While to date our EPC contractors are continuing to deliver on our projects under construction, which have fixed-price, turnkey EPC contracts with relevant protections in place for ACWA Power, with no end in sight for these issues and in some instances the situation deteriorating, we do recognize the need for a sustainable and more permanent solution to mitigate the stresses being faced by the EPC contractors, and it would be imprudent for us to not recognize the possibility that such solution(s) may result in unfavorable impact on the economics of the individual projects.

Green hydrogen project

On the positive side, I must highlight the first at-scale green hydrogen and ammonia project that is being developed in the world, which, when commissioned in 2025-26, will produce more green ammonia than all the hundreds of smaller facilities cumulatively produce across the world today.

As the first and by far the largest at-scale green hydrogen and ammonia project that has already gone into construction in the world, NEOM Green Hydrogen Project is a mega one to produce 1.2 million tons per annum of green ammonia, equally owned by ACWA Power; NEOM, the zero-carbon future city; and Air Products, a global leader in technology, equipment, construction and supply of industrial gases. While this project is our first endeavor with a scope beyond our well-established experience of developing and operating power generation and water desalination plants and thus presents us with different and additional risk and return profile than our usual projects, I cannot think of two better partners in the world to undertake it with, by bringing the full range of complementary skills and strengths together. This is in addition to the fact that we (ACWA Power) already own and operate together with Air Products the Jazan gasification project that also produces industrial gases alongside power generation.

While this project will expose us to new risks, it will more importantly present us the opportunity to establish our leadership position in this critical non-carbon emitting energy solution by decarbonizing industrial activities and segments of transportation, which contributes to over 20% of carbon emissions globally today and will enable ACWA Power to consolidate our position on continuing to lead energy transition.

As the world has been going through a process of internalizing and adapting to the new norms in every walk of life in the wake of the tragic pandemic, it is a disappointment that the world has rolled into 2022 with new challenges on the geopolitical landscape with even more tragic humanitarian consequences in addition to further distress at both policy and transactional levels. We at ACWA Power will remain alert to the unpredictable and at times rapidly evolving situations around us that may potentially have consequences on our operations or performance, and use our ingenuity, entrepreneurship and the passion and commitment of the 3,500-strong ACWA Power family to navigate through them leveraging our strong business model to keep delivering sustainable returns to our stakeholders.

Paddy Padmanathan

Vice Chairman and CEO

Management's discussion and analysis of the financial results and position as at and for three months ended 31 March 2022 ("current period")

This Section provides an analytical review by the management of the financial and operational performance of ACWA Power during the three months ended 31 March 2022, and it should be read in conjunction with the Company's interim condensed consolidated financial statements and independent auditor's review report for the subject period as reviewed by Ernst & Young & Co. (Certified Public Accountants).

All amounts are in SAR (or SR) thousand, unless stated herein otherwise. Percentages have been rounded and therefore a calculation of the percentage increase/decrease based on amounts presented in tables within this section (shown in thousands) may not be exactly equivalent to the corresponding percentages as stated in tables. All references to "increase/(decrease)" in the following analysis correspond to the first three months of 2022 ("current period") in comparison to the first three months of 2021 ("1Q21"), unless otherwise is explicitly stated.

This Section may contain data and statements of forward-looking nature that may entail risks and uncertainties. The Company's actual results could differ materially from those expressed or implied in such data and statements as a result of various factors.

Key factors affecting the operational and financial results between successive and/or comparable past periods

Although the Company's business model of Develop, Invest, Operate and Optimize allows it to generate and capture returns over the life cycle of a project, these returns may differ from one reporting period to another including within a full reporting year cycle, depending on the number of projects in the Company's portfolio and where they sit in their project life cycles (i.e., in development, under construction or in operation). Projects achieving financial close ("FC") and projects achieving either initial or final commercial operation dates ("ICOD" or "PCOD") are typical examples that may lead to such variances on the financial statements, rendering them unreasonable without additional transparency. However, the impact of this or similar type of transactions that the company considers as ordinary course of business does not result in any financial adjustments in the financial KPIs of the Company. The Company discloses such items in detail under the section "Material ordinary-course-of-business transactions that did not result in adjustment to the consolidated profit attributable to equity holders of the parent for the current period" of this report.

In addition to above, there may be transactions that the management would consider as non-routine or non-operational as they are non-recurring in nature insofar as they are not expected to repeat in the future. The impact of such transactions on the consolidated profit attributable to equity holders of the parent as stated on the consolidated statement of profit or loss of the Company are **adjusted** in the respective period of their realizations to arrive at **adjusted profit attributable to equity holders of the parent** for the concerned period. The Company discloses such items, when there is any, in detail under the section "Material transactions that resulted in adjustment to the consolidated profit attributable to equity holders of the parent for the current period" of this report. There was no material adjustment in the current period (see below "Management key financial indicators" for the full bridge of adjustments for the current period and/or 1Q21).

Moreover, there may be certain transactions that have occurred for the first time in the current reporting period and are expected to repeat in future periods. The management **normalizes** the impact of such transactions in the period in which they are first-time realized to establish a common comparison platform to past periods for a meaningful variance analysis. The Company discloses such items, when there is any, in detail under the section "Material transactions that the Company normalized below its Adjusted Net Profit of the current period to establish comparability" of this report. There was no transaction that the Company normalized in the current period to establish comparability.

Material ordinary-course-of-business transactions that did not result in adjustment to the consolidated profit attributable to equity holders of the parent for the current period

Projects achieving Financial Close ("FC")

When a project has access to funding from lenders, it achieves its FC and the Company becomes entitled to recognize development fees as revenue, recover its project development and bidding costs and reverse any related provisions. Following the FC, the project typically earns additional service fees such as project and as the construction management fees, which are recognized during the construction period that a project embarks upon as soon as the FC has been achieved.

During the current period, the Red Sea Multi-utilities Project completed the process of financial closing of c. SAR 4.9 billion facility (dry financial close was achieved at the end of 2021) and recognized construction management services fees from the EPC contractor.

There was no project achieving FC in 1Q21.

Projects achieving Initial or Project Commercial Operation Dates (ICOD/PCOD)

A project starts providing power and water under the Offtake Agreement to the Offtaker in the period it achieves its ICOD or PCOD and begins recognizing revenue and charging costs in profit or loss statement, including depreciation on the fixed assets.

During the current period, there was no project achieving commercial operation date. However, the two projects that achieved commercial operation dates in February and March 2021 have recognized their full-quarter contributions in the current period versus partial contributions in 1Q21 and other eight projects that achieved commercial operation dates between April and December 2021 additionally contributed to the financial results of the current period. The following table lists these 10 projects that achieved their respective ICODs or PCODs in 2021 and partially or fully affected the comparability for the current period.

Project	2021				
	Subsidiary/ Equity accounted investee ("EAI")	Location	ICOD	PCOD	Capacity achieving ICOD/PCOD (MW/'000s M3/day)
Al Dur 2 (Water) (partial)	EAI	Bahrain	Feb 2021	-	114 M3/day
Salalah IWP	EAI	Oman	-	Mar 2021	114 M3/day
Al Dur 2 (Power)	EAI	Bahrain	May 2021	-	1500 MW
DEWA V PV (partial)	EAI	UAE	Jul 2021	-	300 MW
Ibri 2 PV IPP	EAI	Oman	-	Aug 2021	500 MW
Hassyan IPP (Unit 2)	EAI	UAE	Sep 2021	-	600 MW
Jazan IGCC	EAI	S. Arabia	Oct 2021[1]	-	3800 MW
UAQ IWP (partial)	EAI	UAE	Dec 2021	-	227 M3/day
Noor Energy 1 (PV-1) (partial)	EAI	UAE	Dec 2021	-	217 MW
Rabigh 3 IWP	Subsidiary	S. Arabia	-	Dec 2021	600 M3/day

Source: Company information. [1] Jazan ICOD represents the transfer of Group A assets.

RAWEC Refinancing and Capital Recycling

During the current period, Rabigh Arabian Water and Electricity Company ("RAWEC"), an independent water, steam and power producer supplying these utilities on a captive basis to Rabigh Refining & Petrochemical Company JSC (Petro Rabigh), a facility of Saudi Aramco, concluded the phase 2 of its debt refinancing. A new facility amounting to SR 2,231.2 million was drawn in two tranches as follows:

- Commercial Loan Part 1 - SR 468.7 million, repayable on a semi-annual basis from June 2022 with the final instalment to be paid in June 2034. The fixed margin on the loan is 4%; and
- Commercial Loan Part 2 - SR 1,762.5 million, repayable on a semi-annual basis from June 2022 with the final instalment to be paid in June 2034. The fixed margin on the loan is 4%.

Shuqaiq Water and Electricity Company ("SQWEC")

On 7 September 2021, the Company entered into an agreement for the sale of its entire 32% effective shareholding in SQWEC, an oil-fired asset located in Saudi Arabia, with 850 MW power and 212,000 m3/day water desalination capacity. The agreement included the sale of 32% interest in the O&M contract which is currently with ACWA Power's wholly owned subsidiary, First National Operations and Maintenance Company ("NOMAC").

The transaction was completed on 17 March 2022. The sale consideration of SAR 391.4 million has been settled by the Buyer and the company recorded a net loss on disposal of SAR 17.2 million in the current period, mainly driven by recycling of cash flow hedge reserve deficit and allocation of goodwill on disposal. Please refer to Note 14 of the Company's interim condensed consolidated financial statements for further details.

Management key financial indicators

ACWA Power's management uses several key performance metrics internally to review the Group's financial performance.

Operating income before impairment loss and other expenses	Consolidated Operating income before impairment loss and other expenses which also includes share in net results of equity accounted investees
Adjusted profit / (loss) attributable to equity holders of the parent	Adjusted profit / (loss) attributable to equity holders of the parent represent profit / (loss) after adjusting for non-routine & non-operational items
Parent Operating Cash Flow (POCF)	(i) Distributions from the project companies and NOMAC; (ii) technical and other management fees and development revenues; and (iii) cash generated by sell-downs and/or disposals of the Company's investments including refinancing. These cash inflows are then reduced by parent level general, administrative and Zakat expenses as well as the financial payments relating to the non-recourse Bond.
Total parent net leverage	(i) Borrowings with recourse to the parent and (ii) Off-balance sheet guarantees in relation to Equity Bridge Loans (EBLs) and Equity LCs; equity-related commitments and guarantees on behalf of its JVs and subsidiaries; options entered with the lenders of mezzanine debt facilities taken by the Company's JVs and subsidiaries, net of cash on hand.
Parent net leverage ratio	• Parent level debt to net tangible equity attributable to owners of the Company • Parent net debt to POCF

The Company intends to report Operating income before impairment loss and other expenses and the Adjusted profit/ (loss) attributable to equity holders of the parent on a quarterly basis whereas the remaining KPIs on the parent's cash and leverage are intended to be reported on a semi-annual basis, unless there is a material need to report more frequently.

Operating income before impairment loss and other expenses

For three months ended 31 March SAR in million	2022	2021	Increase / (Decrease)
Operating income before impairment loss and other expenses	517	432	19.5%

Source: Reviewed financial statements.

Operating income before impairment loss and other expenses for the current period was SAR 517 million, growing by 19.5%, or SAR 84 million, from SAR 432 million in 1Q21.

Higher operating income before impairment loss and other expenses in the current period was mainly due to: (i) recognition of performance liquidated damages recovery of SAR 66 million in NOOR III project in Morocco; (ii) new contribution from projects which achieved their ICOD/PCODs during or after 1Q21 such as Jazan, Hassyan, UAQ, Rabigh3 (see above Projects achieving Initial or Project Commercial Operation Dates (ICOD/PCOD)); (iii) from O&M business mainly on account of new projects coming into operations; and (iv) higher employee long-term incentive plan (LTIP) expense in 1Q21 that was recognized for both full year 2020 and the first quarter of 2021. These were partially offset by: (i) reversal of an impairment loss of SWEC thus resulting in higher operating income in 1Q21; (ii) lower development and construction management services in the current period; and (iii) lower finance lease income and share in net results of equity accounted investees, net of tax, mainly due to extended outages in certain projects and plant shut down in Morocco (please see Operational highlights below).

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

For three months ended 31 March SAR in million	2022	2021	Increase / (Decrease)
Profit attributable to equity holders of the parent	152	139	9.2%
Adjustments:			
Reversal of impairment in equity accounted investee	-	(30)	
Provision on due from related party	3	2	
Provision for LTIP	-	29	
Net adjustments	**3**	**1**	
Adjusted net profit attributable to equity holders of the parent	155	140	10.6%

Source: Company information.

Adjusted net profit for the current period was SAR 155 million and higher than 1Q21 by SAR 15 million, or 10.6%, with one immaterial (SAR 3 million) adjustment to the Profit attributable to equity holders of the parent in the current period pertaining to the provision for due from related party (Kirikkale CCGT IPP, equity accounted investee in Turkey). In 1Q21, major adjustments were a reversal of impairment in relation to one equity accounted investee (SAR (30) million) and reversal of employee long-term incentive plan (LTIP) expense pertaining to 2020 that was booked in the previous period (SAR 29 million).

Profit attributable to equity holders of the parent in the current period was SAR 152 million and higher than 1Q21 by SAR 13 million, or 9.2%, on account of higher Operating income before impairment loss and other expenses (see above Operating income before impairment loss and other expenses) in addition to higher interest income from a related party, which are partially offset by higher tax expenses mainly due to deferred tax expense in Moroccan projects, loss on disposal of SQWEC (see above Shuqaiq Water and Electricity Company ("SQWEC")) and higher foreign exchange loss mainly on devaluation of the Moroccan currency on the foreign currency portion of loans and finance lease receivables, which have a natural hedge but different pattern of amortization.

Operational Performance Highlights

Most of the Company's base-load conventional power generation and water desalination projects conduct business under long-term sales contracts, with offtakers usually contractually obligated to purchase electricity, water or steam for the duration of, and at rates that are contractually determined at the outset of such contracts, once the project makes minimum required capacity available to the Offtaker. Additionally, once the capacity is available, the project earns fixed operation and maintenance revenues as part of the capacity payments from the Offtaker. A plant's available capacity is affected by unplanned interruptions (outages) as a result of critical equipment failure or other factors.

Plant availability is therefore the single most important key performance indicator as far as the operations are concerned. In the current period, overall plant availability for power and water plants in operation were 82% (1Q21: 84%) and 93% (1Q21: 86%), respectively. Higher forced outages mainly in Moroccan CSP projects of Noor II and III were main drivers for lower power availability in the current period.

Major material forced outage reportable for the current period was at Noor III CSP IPP in Morocco, a 75% owned subsidiary of the Company, where the Company has earlier disclosed to the Market an extended forced outage till November 2022. The same disclosure stated that the Company expected an estimated approximate loss in revenue of SAR 283 million during the forced outage period, an insurance claim for substantial part of that amount had already been filed and net of the insurance claim (which is currently under discussion with the insurers), the Company did not expect to have a material net impact to the net profit of the Company. There is no material change to report in this matter beyond what has already been disclosed.

Other notable forced outage during the current period was in Noor II CSP IPP in Morocco, where a broken steam turbine caused plant shutdown for most of the current period. The plant is back in operation from early April 2022 on. There was no material net impact at ACWA Power level.

Despite all our efforts to provide and maintain the safest possible working environment in our complex operational and construction sites, we are still facing incidents that cause lost time as defined by the OSHA USA standard, based on which we monitor and report our lost-time incident rate (LTIR). Accordingly, overall LTI rate for ACWA Power for the current period was 0.01, which is very low in comparison to our own targets as well as to international standards. Inconsolably however, in March we had one fatality in one of our projects and we feel the loss of our colleague in our hearts.

ESG Highlights

On the Governance side, the Company has completed its commitment to undertake post-listing the necessary procedures for electing a Board of Directors and Audit Committee for a new term that meets the independence requirements pursuant of Corporate Governance Regulations of the Capital Market Authority of the Kingdom of Saudi Arabia. In addition to the section in this report in the CEO's Letter above, please refer to the Company's 2021 Board of Directors Report on Tadawul's and the Company's websites.

On the Environment front, already announced actions of the Hassyan IPP's conversion to run on natural gas as the primary fuel instead of coal and the sale of Shuqaiq, both of which have their respective transactions completed during the current period, augment our commitment to de-carbonize our portfolio and focus on renewables and transitional low CO2 emitting assets with the objective of fulfilling the net-zero emissions target by year 2050[1].

Apart from the Company's ongoing and regular community support activities, there was not any material exclusive CSR event or activity undertaken during the current period.

1 The Group is committed to gradually reducing its greenhouse gas (GHG) emission intensity, by 50% by 2030 and ultimately achieving net zero-emissions by 2050.

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 MONTHS PERIOD ENDED 31 MARCH 2022

Building a better working world

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ACWA POWER COMPANY (A SAUDI LISTED JOINT STOCK COMPANY)

Introduction:
We have reviewed the accompanying interim condensed consolidated statement of financial position of ACWA POWER Company (A Saudi Listed Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 March 2022, the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month period then ended, and the interim condensed consolidated statements of cashflows and changes in equity for the three-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 Professional Services

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

Riyadh: 16 Shawwal 1443H
(17 May 2022)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	**As at 31 Mar 2022**	As at 31 Dec 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	**11,830,297**	11,815,728
Intangible assets		**1,984,766**	1,997,430
Equity accounted investees	4	**9,888,400**	9,433,199
Net investment in finance lease		**12,095,718**	12,372,474
Deferred tax asset		**134,840**	165,004
Fair value of derivatives		**320,894**	45,540
Strategic fuel inventories		**30,332**	54,086
Other assets		**156,903**	156,923
TOTAL NON-CURRENT ASSETS		**36,442,150**	36,040,384
CURRENT ASSETS			
Inventories		**387,985**	425,299
Net investment in finance lease		**371,075**	375,821
Due from related parties	7	**821,793**	780,656
Accounts receivable, prepayments and other receivables		**3,003,196**	2,913,617
Cash and cash equivalents	5	**8,535,997**	5,172,921
TOTAL CURRENT ASSETS		**13,120,046**	9,668,314
TOTAL ASSETS		**49,562,196**	45,708,698

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	**As at 31 Mar 2022**	As at 31 Dec 2021
EQUITY AND LIABILITIES			
EQUITY			
Shareholders' equity			
Share capital		**7,134,143**	7,134,143
Share premium		**5,335,893**	5,335,893
Statutory reserve		**718,763**	718,763
Retained earnings		**1,459,677**	1,307,826
Proposed dividends		**560,000**	560,000
Equity attributable to owners of the Company before other reserves		**15,208,476**	15,056,625
Other reserves	8	**131,240**	(1,572,279)
Equity attributable to owners of the Company		**15,339,716**	13,484,346
Non-controlling interest		**1,028,156**	835,799
TOTAL EQUITY		**16,367,872**	14,320,145
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing and funding facilities	6	**25,358,889**	22,856,753
Due to related parties	7	**1,602,140**	1,594,852
Equity accounted investees	4	**165,606**	443,167
Fair value of derivatives		**63,405**	362,890
Deferred tax liability		**148,217**	120,404
Deferred revenue		**47,771**	54,331
Other financial liabilities	9	**278,013**	265,295
Employee end of service benefits' liabilities		**191,738**	196,025
Other liabilities		**431,776**	408,953
TOTAL NON-CURRENT LIABILITIES		**28,287,555**	26,302,670
CURRENT LIABILITIES			
Accounts payable, accruals and other financial liabilities		**3,165,213**	3,597,981
Short-term financing facilities		**300,374**	186,381
Current portion of long-term financing and funding facilities	6	**1,037,150**	958,476
Due to related parties	7	**92,006**	83,485
Fair value of derivatives		**55,023**	44,058
Zakat and taxation		**257,003**	215,502
TOTAL CURRENT LIABILITIES		**4,906,769**	5,085,883
TOTAL LIABILITIES		**33,194,324**	31,388,553
TOTAL EQUITY AND LIABILITIES		**49,562,196**	45,708,698

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	For the three months period ended 31 Mar 2022	2021
CONTINUING OPERATIONS			
Revenue	11	**1,178,991**	1,242,755
Operating costs		**(567,769)**	(581,306)
GROSS PROFIT		**611,222**	661,449
Development cost, provision and other write offs, net of reversals		**(23,716)**	(29,670)
General and administration expenses		**(219,169)**	(228,892)
Share in net results of equity accounted investees, net of tax	4, 14.2	**46,438**	3,826
Other operating income	11.3	**101,912**	25,777
OPERATING INCOME		**516,687**	432,490
Other income		**45,850**	12,807
Exchange loss, net		**(17,238)**	(741)
Financial charges, net	12	**(281,467)**	(287,262)
PROFIT BEFORE ZAKAT AND INCOME TAX		**263,832**	157,294
Zakat and tax charge	10.1	**(99,208)**	(14,720)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**164,624**	142,574
DISCONTINUED OPERATIONS			
(Loss) / profit from discontinued operations	14.2	**(21,233)**	3,735
PROFIT FOR THE PERIOD		**143,391**	146,309
Profit / (loss) attributable to:			
Equity holders of the parent		**151,851**	139,038
Non-controlling interests		**(8,460)**	7,271
		143,391	146,309
Basic and diluted earnings per share to equity holders of the parent (in SR)	13	**0.21**	0.22
Basic and diluted earnings per share from continuing operations to equity holders of the parent (in SR)	13	**0.24**	0.21

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	For the three months period ended 31 Mar 2022	For the three months period ended 31 Mar 2021
PROFIT FOR THE PERIOD		**143,391**	146,309
OTHER COMPREHENSIVE INCOME			
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		**680**	(376)
Equity accounted investees – share of OCI	8	**1,235,192**	814,970
Change in fair value of cash flow hedge reserve		**711,977**	358,627
Settlement of cash flow hedges transferred to profit or loss		**(21,011)**	(11,643)
Cash flow hedge reserve recycled to profit or loss on sale of an equity accounted investee	14	**(128,638)**	-
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability		**(1,826)**	(5,833)
TOTAL OTHER COMPREHENSIVE INCOME		**1,796,374**	1,155,745
TOTAL COMPREHENSIVE INCOME		**1,939,765**	1,302,054
Total comprehensive income attributable to:			
Equity holders of the parent		**1,855,370**	1,186,907
Non-controlling interests		**84,395**	115,147
		1,939,765	1,302,054

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	For the three months period ended 31 Mar 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and tax from continuing operations		**263,832**	157,294
Loss / (profit) before zakat and tax from discontinued operations		**(21,233)**	3,735
Adjustments for:			
Depreciation and amortisation		**115,488**	139,158
Financial charges	12, 14.2	**281,467**	287,350
Unrealised exchange loss		**17,482**	5,855
Share in net results of equity accounted investees, net of zakat and tax		**(46,438)**	(1,089)
Charge for employees' end of service benefits		**7,328**	9,514
Fair value of cash flows hedges recycled to consolidated statement of income		**2,677**	-
Provisions		**5,437**	16,880
Provision for long term incentive plan		**5,193**	34,636
Development cost, provision and write offs, net of reversals		**23,716**	29,670
(Gain) / loss on disposal / write-off of property, plant and equipment		**(890)**	7,778
Finance income from shareholder loans and deposits		**(45,950)**	(19,324)
Net loss on disposal on an equity accounted investee and loss of control in a subsidiary	14	**17,179**	-
Changes in operating assets and liabilities:			
Accounts receivable, prepayments and other receivables		**(149,675)**	(65,659)
Inventories		**(5,023)**	(9,880)
Payables and accruals		**(429,836)**	(238,456)
Due from related parties		**(6,740)**	93,202
Net investment in finance lease		**281,502**	301,797
Strategic fuel inventories		**23,754**	2
Other assets		**(2,891)**	(6,377)
Other liabilities		**17,630**	30,207
Deferred revenue		**(6,560)**	8,982
Net cash from operations		**347,449**	785,275
Employees' terminal benefits paid		**(8,245)**	(4,243)
Zakat and tax paid		**(3,953)**	(111,352)
Dividends received from equity accounted investees		**10,795**	22,877
Net cash generated from operating activities		**346,046**	692,557
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets		**(128,391)**	(678,545)
Investments in equity accounted investees, net of repayments		**182,071**	(38,304)
Proceeds on disposal of equity accounted investee and partial disposal of a subsidiary	14	**391,440**	-
Proceeds on disposal of property, plant and equipment		**890**	-
Finance income from shareholder loans and deposits received		**11,553**	13,123
Cash deconsolidated on loss of control	14	**(469)**	-
Net generated from / (used) in investing activities		**457,094**	(703,726)

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

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

	Notes	For the three months period ended 31 Mar **2022**	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from financing and funding facilities, net of transaction cost		**2,773,554**	1,714,975
Repayment of financing and funding facilities		**(96,233)**	(916,151)
Due to related parties		**8,605**	59,504
Other financial liabilities		**9,592**	-
Financial charges paid		**(241,633)**	(245,204)
Dividends paid		**(13,043)**	-
Capital contributions from and other adjustments to non-controlling interest	8.2	**119,094**	-
Net cash generated from financing activities		**2,559,936**	613,124
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		**3,363,076**	601,955
Cash and cash equivalents at beginning of the period		**5,172,921**	832,668
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	**8,535,997**	1,434,623

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	*Share premium*	*Statutory reserve*	*Retained earnings*	*Proposed dividends*	*Other Reserves (note 8)*	*Equity attributable to owners of the Company*	*Non-controlling interest*	*Total equity*
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	-	-	-	139,038	-	-	139,038	7,271	146,309
Other comprehensive income	-	-	-	-	-	1,047,869	1,047,869	107,876	1,155,745
Total comprehensive income	-	-	-	139,038	-	1,047,869	1,186,907	115,147	1,302,054
Balance at 31 March 2021	6,429,344	1,410,398	642,883	1,323,946	-	(1,750,550)	8,056,021	646,188	8,702,209
Balance at 1 January 2022	**7,134,143**	**5,335,893**	**718,763**	**1,307,826**	**560,000**	**(1,572,279)**	**13,484346**	**835,799**	**14,320,145**
Profit for the period	**-**	**-**	**-**	**151,851**	**-**	**-**	**151,851**	**(8,460)**	**143,391**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**1,703,519**	**1,703,519**	**92,855**	**1,796,374**
Total comprehensive income	**-**	**-**	**-**	**151,851**	**-**	**1,703,519**	**1,855,370**	**84,395**	**1,939,765**
Changes to non-controlling interests (note 8.2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**119,700**	**119,700**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(11,738)**	**(11,738)**
Balance at 31 March 2022	**7,134,143**	**5,335,893**	**718,763**	**1,459,677**	**560,000**	**131,240**	**15,339,716**	**1,028,156**	**16,367,872**

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

1 ACTIVITIES

ACWA POWER Company (the "Company" or "ACWA POWER") (formerly known as International Company for Water and Power Projects) is a Saudi 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 formal name changed from International Company for Water and Power Projects to ACWA POWER Company (the "Company" or "ACWA Power") after obtaining the approval of the Extraordinary General Assembly held on 5 January 2022 and fulfilling all relevant regulatory requirements.

On 11 October 2021, the Company completed its Initial Public Offering, and its ordinary shares were listed on the Saudi Stock Exchange (Tadawul).

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 months period ended 31 March 2022 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 2021. These interim condensed consolidated financial statements for the three months period ended 31 March 2022 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 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 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 2021. There are no new standards issued, however, there are a number of amendments to standards which are effective from 1 January 2022 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.

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 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 2021.

(All amounts in Saudi Riyals thousands unless otherwise stated)

3 PROPERTY, PLANT AND EQUIPMENT

	Notes	31 Mar 2022	31 Dec 2021
At the beginning of the period / year		**11,815,728**	12,732,340
Additions for the period / year		**125,904**	2,288,450
Depreciation charge for the period / year		**(110,026)**	(592,312)
Finance lease recognition for the period / year		**-**	(2,582,422)
Disposals / write-offs		**-**	(29,671)
Derecognition on loss of control	*14.1*	**(968)**	-
Foreign currency translation		**(341)**	(657)
At the end of the period / year		**11,830,297**	11,815,728

4 EQUITY-ACCOUNTED INVESTEES

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.

	Notes	31 Mar 2022	31 Dec 2021
At the beginning of the period / year		**8,990,032**	3,879,889
(Disposal) / additions during the period / year, net	*4.1*	**(401,837)**	4,078,154
Share of results for the period / year		**38,840**	225,606
Share of other comprehensive income for the period / year		**1,106,554**	997,786
Dividends for the period / year		**(10,795)**	(191,403)
At the end of the period / year		**9,722,794**	8,990,032
Equity accounted investees shown under non-current assets		**9,888,400**	9,433,199
Equity accounted investees shown under non-current liabilities		**(165,606)**	(443,167)
		9,722,794	8,990,032

4.1 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”):

- The Group sold its 32% effective ownership (its entire shareholding) in Shuqaiq Water and Electricity Company (“Shuqaiq”), along with its related holding companies and
- 32% interest in the operations and maintenance (“O&M”) contract associated with Shuqaiq (partial shareholding). Currently O&M services are provided by First National Operation and Maintenance Company (“NOMAC”), a wholly owned subsidiary of the Group.

The transaction was completed on 17 March 2022 (refer to note 14). The carrying amount of investment in Shuqaiq amounted to SR 378.9 million as of the transaction completion date.

5 CASH AND CASH EQUIVALENTS

	As at 31 Mar 2022	As at 31 Dec 2021
Cash at bank	**2,048,617**	1,728,067
Short-term deposits with original maturities of three months or less	**6,487,380**	3,444,854
	8,535,997	5,172,921

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 LONG-TERM FINANCING AND FUNDING FACILITIES

	Notes	**As at 31 Mar 2022**	As at 31 Dec 2021
Recourse debt:			
Financing facilities in relation to projects		**2,501,074**	2,479,306
Corporate facilities		**1,539**	1,130
Corporate bond		**2,789,269**	2,789,269
Non-Recourse debt:			
Financing facilities in relation to projects	*6.1*	**17,484,455**	14,926,843
ACWA Power Management and Investments One Ltd (“APMI One”)		**3,005,481**	3,004,460
ACWA Power Capital Management Ltd (“APCM”)		**614,221**	614,221
Total financing and funding facilities		**26,396,039**	23,815,229
Less: Current portion of long-term financing and funding facilities		**(1,037,150)**	(958,476)
Non-current portion shown under non-current liabilities		**25,358,889**	22,856,753

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 is 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 During the period ended 31 March 2022, a subsidiary of the Group (“Rabigh Arabian Water and Electricity Company” or “RAWEC”) concluded the phase 2 of its debt refinancing. A new facility amounting to SR 2,231.2 million was drawn down. The new facility was obtained in 2 Tranches as follows:

- Commercial Loan Part 1 - USD 125.0 million equivalent to SR 468.7 million, repayable on a semi-annual basis from June 2022 with the final instalment to be paid in June 2034. The fixed margin on the loan is 4%; and

- Commercial Loan Part 2 - USD 470.0 million equivalent to SR 1,762.5 million, repayable on a semi-annual basis from June 2022 with the final instalment to be paid in June 2034. The fixed margin on the loan is 4%.

(All amounts in Saudi Riyals thousands unless otherwise stated)

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 balances at the reporting date are as follows:

Transactions:	*Notes*	*Relationships*	**For the three months period ended 31 Mar**	
			2022	2021
Revenue		Joint ventures / (Affiliates)	**441,147**	473,641
Service fees		Joint ventures	**36,028**	25,777
Finance income		Joint ventures	**34,397**	6,201
Financial charges on loan from related parties	12	Affiliates	**14,228**	13,822
Key management personnel compensation including director's remuneration			**12,439**	11,260

	Notes	*Relationships*	*As at*	
			31 Mar 2022	31 Dec 2021
Due from related parties				
Current:				
Hajr for Electricity Production Company	(a)	Joint venture	**118,788**	166,859
Al Mourjan for Electricity Production Company	(a)	Joint venture	**100,103**	109,282
Hassyan Energy Phase 1 P.S.C	(a)	Joint venture	**61,482**	74,766
Noor Energy 1 P.S.C	(a)	Joint venture	**58,647**	15,054
Dhofar O&M Company	(a)	Joint venture	**58,387**	61,695
Jazan Integrated Gasification and Power Company	(f)	Joint venture	**52,090**	23,237
Shuaibah Water & Electricity Company	(a)	Joint venture	**48,752**	45,026
Rabigh Electricity Company	(a)	Joint venture	**42,092**	28,709
ACWA Power Solarreserve Redstone Solar TPP	(e)	Joint venture	**38,526**	39,873
ACWA Guc Isletme Ve Yonetim Sanayi Ve Ticaret	(a)	Joint venture	**33,042**	35,267
UPC Renewables S.A	(a)	Joint venture	**26,951**	26,952
Shuqaiq Services Company for Maintenance	(a)	Joint venture	**25,518**	-
ACWA Power Solafrica Bokpoort CSP Power Plant Ltd	(a)	Joint venture	**19,302**	8,604
Ad-Dhahirah Generating Company SAOC	(a)	Joint venture	**15,859**	14,048
Naqa Desalination Plant LLC	(a)	Joint venture	**14,320**	32,688
Shinas Generating Company SAOC	(a)	Joint venture	**12,873**	4,870
Shuaibah Expansion Project Company	(a)	Joint venture	**16,706**	11,363
Haya Power & Desalination Company	(a)	Joint venture	**12,140**	3,055
ACWA Power Oasis Three	(a)	Joint venture	**8,106**	8,022
Shams Ad-Dhahira Generating Company SAOC	(d), (e)	Joint venture	**2,372**	3,200
Saudi Malaysia Water and Electricity Company	(d)	Joint venture	**2,055**	395
Risha for Solar Energy Projects	(a)	Joint venture	**208**	204
Shuqaiq Water and Electricity Company	(a)	Joint venture	**-**	27,001
Other related parties		Joint venture	**53,474**	40,486
			821,793	780,656

	Notes	*Relationships*	*As at*	
			31 Mar 2022	31 Dec 2021
Due to related parties				
Non-current:				
ACWA Power Renewable Energy Holding Company	(b)	Joint venture	**760,873**	760,873
Water and Electricity Holding Company CJSC	(g)	Shareholder's subsidiary	**715,259**	707,410
Loans from minority shareholders of subsidiaries	(c)	-	**126,008**	126,569
			1,602,140	1,594,852

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	Notes	*Relationships*	*As at*	
			31 Mar 2022	31 Dec 2021
Due to related parties				
Current:				
ACWA Guc Isletme Ve Yonetim Sanayi Ve Ticaret	(h)	Joint venture	**56,262**	44,746
Others	(i)	Joint venture	**35,744**	38,739
			92,006	83,485

(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.

(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:

i. Loan payable to non-controlling shareholders of ACF Renewable Energy Limited amounting to SR 40.8 million (2021: SR 41.4 million). The loans are due for repayment in 2024 and carry profit rate at 5.75% per annum; and

ii. Loan payable to non-controlling shareholders of Qara Solar Energy Company amounting to SR 85.2 million (2021: 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 interest receivable from an equity accounted investee on account of shareholder loan.

(g) 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 31 March 2022, SR 7.5 million (2021: SR 9.7 million) finance charge was amortised on the outstanding loan balance.

(h) This represents advance received from an equity accounted investee on account of operation and maintenance services to be rendered. This will be paid to an external supplier within the next 12 months.

(i) These represent non-interest bearing payables to equity accounted investees with no fixed maturity.

(All amounts in Saudi Riyals thousands unless otherwise stated)

8 OTHER RESERVES

Movement in other reserve is given below:

	Cash flow hedge reserve (note 8.1)	*Currency translation reserve*	*Share in OCI of equity accounted investees (note 4)*	*Re-measurement of defined benefit liability*	*Other*	*Total*
Balance as at 1 January 2021	(591,116)	(6,171)	(2,163,341)	(10,611)	(27,180)	(2,798,419)
Changes during the year	247,149	(278)	997,786	(18,517)	-	1,226,140
Balance as at 31 December 2021	(343,967)	(6,449)	(1,165,555)	(29,128)	(27,180)	(1,572,279)
Balance as at 1 January 2022	**(343,967)**	**(6,449)**	**(1,165,555)**	**(29,128)**	**(27,180)**	**(1,572,279)**
Changes during the period	**599,210**	**45**	**1,235,192**	**(2,290)**	**-**	**1,832,157**
Recycled to profit or loss on sale of an equity accounted investee (note 14)	**-**	**-**	**(128,638)**	**-**	**-**	**(128,638)**
Balance as at 31 March 2022	**255,243**	**(6,404)**	**(59,001)**	**(31,418)**	**(27,180)**	**131,240**

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.

8.2 During the period, minority shareholders of ACWA Power Harbin Holdings Limited have provided additional capital contribution amounting to SR 119.7 million.

9 OTHER NON-CURRENT LIABILITIES

9.1 Other financial liabilities

Other financial liabilities as reported in the interim condensed consolidated statement of financial position as of 31 March 2022 includes:

(a) SR 219.8 million (31 December 2021: SR 217.1 million) on account of financial liabilities assumed on loss of control in a subsidiary during 2018.

(b) SR 5.2 million (31 December 2021: SR 5.2 million), 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).

(c) 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

9 OTHER NON-CURRENT LIABILITIES (CONTINUED)

9.1 Other financial liabilities (continued)

The Group has recognised a liability of SR 181.5 million (SR 53.0 million non-current and SR 128.4 million current liabilities) in the interim condensed consolidated statement of financial position as of 31 March 2022 (SR 171.4 million as of 31 December 2021 – SR 43.0 million non-current and SR 128.4 million current).

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.

+/-10% change in coal consumption quantity	SR 19.7 million / (SR 19.7 million)
+/-10% change in coal price	SR 19.7 million / (SR 19.7 million)
+/- 50 bps change in discount rate	(SR 2.4 million) / SR 2.4 million

10 ZAKAT AND TAX

10.1 Amounts recognized in profit or loss

	For the three months period ended 31 Mar	
	2022	2021
Zakat and current tax	**45,454**	35,503
Deferred tax charge / (reversal)	**53,754**	(20,783)
Total Zakat and tax charge	**99,208**	14,720

10.2 Zakat and tax assessments

The Company

The Company has filed zakat and tax returns for all the years up to 2020. 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 and 2020. The Company is only subject to zakat.

ACWA Power Projects ("APP")

APP has filed its zakat and tax returns for all the years up to 2020. 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. The company closed out the revised zakat liability at an amount of SR 1.3 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. The assessments are now under review by the General Secretariat of Tax Committees ("GSTC").

NOMAC Saudi Arabia ("NOMAC")

NOMAC has filed its zakat returns for all the years up to 2020. During the prior years, NOMAC received two zakat assessments from the ZATCA for the years 2008-2012 and 2013-2016, assessing an additional zakat liability of SR 5.3 million and SR 6.7 million respectively for these assessed years. The assessments for the years 2008-2012 closed in favour of NOMAC by the Tax Violations and Dispute Appeal Committee ("TVDAC"). The assessment for years 2013-2016 under review by the TVDAC.

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 ZAKAT AND TAX (CONTINUED)

10.2 Zakat and tax assessments (continued)

Rabigh Arabian Water & Electricity Company ("RAWEC")
RAWEC has filed its zakat and tax returns for all the years up to 2020. The ZATCA raised an assessment in related to 2007 to 2013 claiming additional tax, zakat, withholding tax amounting to SR 10.7 million. RAWEC filed an objection with the General Secretariat of Tax Committees ("GSTC") Tax Violations and Dispute Resolution Committee ("TVDRC"). During 2021, TVDRC has issued its ruling partially in favour of the RAWEC reducing the liability to SR 1.85 million. The ZATCA appealed the TVDRC ruling to the Tax Violations and Dispute Appeal Committee ("TVDAC"). The case yet to be reviewed by the TVDAC.

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

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

		For the three months period ended 31 Mar	
	Notes	**2022**	2021
Services rendered			
Operation and maintenance		**401,633**	394,676
Development and construction management services		**147,713**	174,479
Others		**35,601**	1,466
Sale of electricity			
Capacity charges		**212,014**	257,674
Energy output		**56,478**	75,588
Finance lease income	11.1	**(448)**	74,163
Sale of water			
Capacity charges	11.2	**227,931**	237,566
Water output	11.2	**71,805**	27,143
Finance lease income		**26,264**	-
		1,178,991	1,242,755

11.1 The finance lease income is presented net of energy generation shortfalls amounting to SR 109.5 million (2021: SR 41.4 million). Energy generation shortfalls represent lower production as compared to original estimated production levels due to non-operational periods of certain plants accounted for as finance leases.

11.2 Includes revenue from sale of steam of SR 96.6 million during the period (2021: SR 98.3 million).

11.3 In addition to the amounts mentioned in the above table, income in relation to management advisory services, and ancillary support services provided to equity accounted investees amounting to SR 36.0 million (2021: SR 25.8 million) has been presented as other operating income.

Further, other operating income for the period ended 31 March 2022 includes liquidated damages recovery of SR 65.9 million (2021: nil).

12 FINANCIAL CHARGES, NET

	Note	For the three months period ended 31 Mar 2022	2021
Financial charges on borrowings		**252,074**	242,425
Financial charges on letters of guarantee		**9,069**	22,261
Financial charges on loans from related parties	7	**14,228**	13,822
Other financial charges		**6,096**	8,754
		281,467	287,262

13 EARNINGS PER SHARE

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

	31 Mar 2022	31 Mar 2021
Issued ordinary shares as at	**731,100**	645,763
Weighted average number of ordinary shares outstanding during the period	**731,100**	645,763

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

	31 Mar 2022	31 Mar 2021
Net profit for the period attributable to equity holders of the Parent	**151,851**	139,038
Profit for the period from continuing operations attributable to equity holders of the Parent	**173,084**	135,303
Basic and diluted earnings per share to equity holders of the Parent (in SR)	**0.21**	0.22
Basic and diluted earnings per share for continuing operations to equity holders of the Parent (in SR)	**0.24**	0.21

14 DISCONTINUED OPERATIONS

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”). On the Closing Date, the shares were transferred to the Buyer. The sale consideration of SR 391.4 million has been settled by the Buyer.

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 equity method effective from the Closing Date. The Group recognised a net loss of SR 17.2 million on the transaction as follows:

	Note	**As at 17 March 2022**
Fair value of consideration received		**391,440**
Fair value of retained investment in the O&M entity		**159,859**
Derecognition of investment in Shuqaiq		**(378,925)**
Carrying amount of net assets derecognised related to the O&M entity	*14.1*	**(44,322)**
Goodwill allocated to Shuqaiq		**(12,600)**
Accumulated other reserves recycled to profit or loss from OCI		**(128,638)**
Transaction cost		**(3,993)**
Net loss on disposal		**(17,179)**

(All amounts in Saudi Riyals thousands unless otherwise stated)

14 DISCONTINUED OPERATIONS (CONTINUED)

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

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

14.2 Results of discontinued operations

	For the period from 1 January 2022 to 17 March 2022	For the three months period ended 31 March 2021
O&M Entity		
Revenue	**22,360**	33,877
Operating costs	**(17,678)**	(25,603)
General and administration expenses	**(1,138)**	(1,714)
Financial charges, net	**-**	(88)
Net income	**3,544**	6,472
Shuqaiq – share in net results	**(7,598)**	(2,737)
	(4,054)	3,735
Loss on disposal	**(17,179)**	-
(Loss) / profit from discontinued operations	**(21,233)**	3,735

14.3 Cash flows of discontinued operations

	For the period from 1 January 2022 to 17 March 2022	For the three months period ended 31 March 2021
O&M Entity		
Cash flows from operating activities	**4,165**	3,823

(All amounts in Saudi Riyals thousands unless otherwise stated)

15 COMMITMENTS AND CONTINGENCIES

As at 31 March 2022, 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 12.95 billion (31 December 2021: SR 13.67 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 31 Mar 2022	As at 31 Dec 2021
Performance/development securities and completion support Letters of Credit ("LCs")	**4,937,378**	5,440,657
Guarantees in relation to bridge loans and equity LCs	**4,840,644**	4,988,118
Guarantees on behalf of joint ventures and subsidiaries	**1,823,042**	1,915,977
Debt service reserve account ("DSRA") standby LCs	**1,185,780**	1,193,726
Bid bonds for projects under development stage	**163,684**	136,018
	12,950,528	13,674,496

In addition to commitments and contingencies disclosed above, the Group has also committed to contribute SR 131.0 million towards the equity of an equity accounted investee during 2023.

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") has claimed an amount of SR 610.0 million (31 Dec 2021: 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.

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

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.

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'.

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:

(All amounts in Saudi Riyals thousands unless otherwise stated)

16 OPERATING SEGMENTS (CONTINUED)

(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), Wind plants and Hydrogen. 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

Revenue

	For the three months period ended 31 Mar	
	2022	2021
(i) Thermal and Water Desalination	**1,000,132**	1,040,374
(ii) Renewables	**170,773**	200,915
(iii) Others	**8,086**	1,466
Total revenue	**1,178,991**	1,242,755

Operating income

	2022	2021
(i) Thermal and Water Desalination	**533,926**	502,405
(ii) Renewables	**105,445**	77,811
(iii) Others	**7,903**	1,075
Total*	**647,274**	581,291
Unallocated corporate operating income / (expenses)		
General and administration expenses	**(135,482)**	(119,685)
Depreciation and amortisation	**(8,673)**	(7,250)
Provision for long term incentive plan	**(5,193)**	(34,636)
Provision on due from related party	**(3,090)**	(1,700)
Other operating income	**21,851**	14,470
Total operating income	**516,687**	432,490

(All amounts in Saudi Riyals thousands unless otherwise stated)

16 OPERATING SEGMENTS (CONTINUED)

Segment profit / (loss)

	For the three months period ended 31 Mar	
	2022	2021
(i) Thermal and Water Desalination	**359,614**	278,708
(ii) Renewables	**(46,245)**	7,458
(iii) Others	**7,882**	1,075
Total*	**321,251**	287,241
Reconciliation to profit for the period from continuing operations		
General and administration expenses	**(135,482)**	(119,685)
Impairment reversal in relation to equity accounted investees	**-**	30,000
Provision on due from related party	**(3,090)**	(1,700)
Provision for long term incentive plan	**(5,193)**	(34,636)
Discounting impact on loan from shareholder subsidiary	**(7,516)**	(6,897)
Depreciation and amortisation	**(8,673)**	(7,250)
Other operating income	**21,851**	14,470
Other income	**16,316**	6,211
Financial charges and exchange loss, net	**(8,083)**	(11,912)
Zakat and tax charge	**(26,757)**	(13,268)
Profit for the period from continuing operations	**164,624**	142,574

**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.*

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		Non-current assets	
	31 Mar 2022	31 Mar 2021	**31 Mar 2022**	31 Dec 2021
Kingdom of Saudi Arabia	**571,489**	519,995	**19,899,938**	20,253,954
Middle East and Asia	**577,228**	598,856	**7,375,430**	6,382,012
Africa	**30,274**	123,904	**9,166,782**	9,404,418
	1,178,991	1,242,755	**36,442,150**	36,040,384

Information about major customers

During the period, two customers (2021: 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:

	For the three months period ended	
	31 Mar 2022	31 Mar 2021
Customer A	**285,060**	284,976
Customer B	**158,969**	145,797

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

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.

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.

		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
As at 31 Mar 2022					
Financial (assets) / liabilities					
Fair value of derivatives used for hedging	**(202,466)**	**-**	**(202,466)**	**-**	**(202,466)**
Long-term financing and funding facilities	**26,396,039**	**3,225,272**	**23,390,558**	**-**	**26,615,830**
Other financial liabilities	**406,413**	**-**	**-**	**406,413**	**406,413**
As at 31 Dec 2021					
Financial (assets) / liabilities					
Fair value of derivatives used for hedging	361,408	-	361,408	-	361,408
Long-term financing and funding facilities	23,815,229	3,619,044	20,810,769	-	24,429,813
Other financial liabilities	393,654	-	-	393,654	393,654

The fair value of other financial instruments has been assessed as approximately equal 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 amount because the lease relates to a specialised nature of asset whereby the carrying amount of net investment in finance lease is the best proxy of its fair value.

(All amounts in Saudi Riyals thousands unless otherwise stated)

18 OTHER SIGNIFICANT DEVELOPMENTS 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 these interim condensed consolidated financial statements for the period ended 31 March 2022. 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.

19 SUBSEQUENT EVENTS

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 as per the requirements of IFRS 5 – Non-current assets held for sale and discontinued operations (refer to note 14.2). A summary of reclassifications is as follows:

Particulars	**As previously reported**	**Reclassifications**	**As reported in these financial statements**
Continuing operations			
Revenue	1,276,632	(33,877)	1,242,755
Operating costs	(606,909)	25,603	(581,306)
General and administration expenses	(230,606)	1,714	(228,892)
Share in net results of equity accounted investees, net of tax	1,089	2,737	3,826
Financial charges, net	(287,350)	88	(287,262)
Discontinued operations			
Profit from discontinued operations	-	3,735	3,735

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 16 Shawwal 1443H, corresponding to 17 May 2022G.