



**ACWA POWER Company**

**Investor Report**

**For the three and nine-months  
periods ended 30 September 2023**

**(“3Q & 9M 2023 Interim Investor Report”)**

## CEO's Letter

### Dear stakeholders,

The positive momentum in our business development activities accelerated in the third quarter – partly elevated by some project milestones brought forward from the fourth quarter, alleviating the legacy issues from projects that have been affected by the pandemic and geopolitical challenges and the wider repercussions of these in the global economies and supply chain.

It is in this challenging environment that we financially closed eight projects in the past nine months of the year. Aggregating to a total investment cost of SAR45.8 (USD12.2) billion including the landmark Neom Green Hydrogen Project, this represents a record in ACWA Power's history. In the third quarter alone, we brought three solar PV and one desalination project to their financial closes at an aggregate total investment cost of SAR11.1 (USD3) billion.

Combined with the several MOUs signed in Europe, China, Indonesia in the research and development and EPC spaces during the past quarter and the three purchase agreements – one water in Dubai and two CCGT power in Saudi Arabia – we signed subsequently in October, these accomplishments are the engine of our future growth.

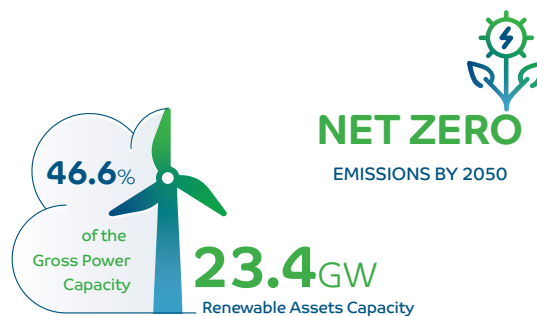
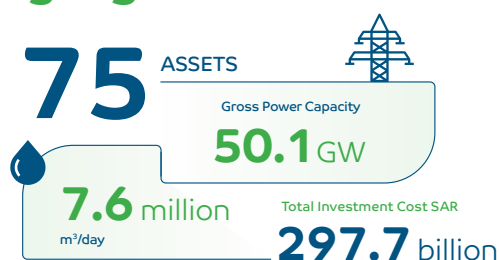
This expedited activity in business development is an unmistakable sign of our investment ahead of the curve to support our accelerated growth into 2030 and beyond. In the meantime, however, with the ripples of the high inflationary environment of the past couple of years now expected to continue well into 2024 and the recent geopolitical tensions, I also believe we all need an element of caution in our expectations into the immediate and near future. Although our business model largely allows us to rebalance these vibrations in the long run during the lifecycles of our projects, timing differences are always possible due to delays in achieving project development milestones as well as in executing identified financial optimization transactions that are part of our return model.

The fourth quarter has already started fast. With FII Riyadh behind us where we announced additional signings, we now look forward to participating in the COP28 in December in addition to hosting our Investor Day at our impressive Noor Energy 1 plant in Dubai, UAE.

**Marco Arcelli**

**Chief Executive Officer**

## Highlights<sup>1</sup>



**Financially closed eight projects** with an aggregate total investment cost of **SAR45.8 (USD12.2) billion** including the landmark Neom Green Hydrogen Project, representing a record in ACWA Power's history.

**Signed 7 PPA's** (Power Purchase Agreements) adding 6 GW of (renewable) power capacity and **2 WPA's** adding 1.4 million m<sup>3</sup>/day of water capacity to our portfolio.

**Brought online 3,470 MW** of power and **978,000 m<sup>3</sup>/day** of RO water capacity.

## Financial Highlights<sup>2</sup>

Steady Progress with solid growth in projects achieving financial closes and others being commissioned surpassing ~SAR 1 billion in adjusted net profit within the first nine months.

**2,103** SAR mn

Operating income before impairment loss and other expenses

**12.4** %<sup>2</sup>

**1,082** SAR mn

Adjusted Profit attributable to equity holders of parent

**26.2** %<sup>2</sup>

## Operational Highlights



**Health, Safety, & Environment (HSE)**

**0.02**

Lost Time Incident (LTI) rate

9M 2022: 0.02



**Power Availability**

**92.4%**

9M 2022 : 87.3%



**Water Availability**

**96.2%**

9M 2022: 96.5%

<sup>1</sup> For the nine month ended and as at 30 September 2023

<sup>2</sup> The variance represents the year-on-year variance for the 9 month period ending September 30, 2023 vs September 30, 2022.

# ACWA POWER COMPANY AND ITS SUBSIDIARIES (Saudi Listed Joint Stock Company) ("ACWA Power" or the "Company" or the "Group")

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS FOR THE THREE- AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2023

### 1- Introduction

This section provides an analytical review of the financial results of ACWA Power for the three- and nine-months periods ended 30 September 2023 (collectively the "**first nine months of 2023**" or "**9M2023**"), and it should be read in conjunction with the Company's Interim Condensed Consolidated Financial Statements and Independent Auditor's Review Report for the Three- and nine-months Periods Ended 30 September 2023 issued by KPMG Professional Services (Certified Public Accountants).

All amounts are in SAR million, rounded up to one decimal point, unless stated herein otherwise. Percentages have also been rounded up to the available number of digits presented in the tables, when applicable. A calculation of the percentage increase/decrease based on the amounts presented in the tables may not therefore be exactly equal to the corresponding percentages as stated.

"**Current Quarter**" or "**3Q2023**" or "**the third quarter of 2023**" corresponds to the three-months period ended 30 September 2023 whereas "**previous quarter**" or "**3Q2022**" or "**the third quarter of 2022**" corresponds to the three-months period ended 30 September 2022. "**Current period**" or "**year-to-date 2023**" or "**9M2023**" corresponds to the nine-months period ended 30 September 2023 whereas "**previous period**" or "**year-to-date 2022**" or "**9M2022**" corresponds to the nine-months period ended 30 September 2022.

In the Company's Interim Condensed Consolidated Financial Statements and Independent Auditor's Review Report for the Three- and nine-months Periods Ended 30 September 2023, certain figures for the prior periods have been reclassified to conform to the presentation in the current quarter or period. *Please refer to the Company's Interim Condensed Consolidated Financial Statements and Independent Auditor's Review Report for the Three- and nine-months Periods Ended 30 September 2023, Note 22.*

This section may contain data and statements of a 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.

## 2- Key factors affecting the comparability of operational and financial results between reporting periods

Although the Company's business model of Develop, Invest, Operate, and Optimize allows it to generate and capture returns over the full life cycle of a project, these returns may differ from one reporting period to another, depending on the number of projects in the Company's portfolio and where these projects are in their project life cycles (i.e., in advanced development, under construction or in operation). Projects achieving financial close ("FC") and projects achieving either initial or project commercial operation dates ("ICOD" or "PCOD" respectively) are typical examples that may lead to such variances in the values presented on the financial statements from one period to another, potentially rendering analysis of these variations unreasonable without additional information. The Company considers this or similar type of transactions as "**ordinary course of business.**" Accordingly, the financial value of these transactions does not lead to any financial adjustment to the Company's reported consolidated net profit for the period attributable to equity holders of the parent ("**Reported Net Profit**"). For a summary of these transactions, if any, *please refer to Section 2.1 Material ordinary-course-of-business transactions that did not result in adjustment to the Reported Net Profit for the current quarter.*

In addition to the above, there may be transactions that the management would consider as non-routine or non-operational as they are either one-off and not expected to recur in the future or are unusual in nature. The impact of such transactions on the Reported Net Profit are adjusted in the respective period of their realizations to arrive at adjusted net profit attributable to equity holders of the parent ("**Adjusted Net Profit**") for the concerned period. For a summary of these transactions, if any, *please refer to Section 2.2 Material transactions that resulted in adjustment to the Reported Net Profit for the current quarter.*

### 2.1 Material ordinary-course-of-business transactions that did not result in adjustment to the Reported Net Profit for the Current Quarter

#### 2.1.1 Projects achieving financial close ("FC")

Typically, a project company achieves its FC when it has access to funding from its lenders, and the Company normally becomes entitled to recognize development fees from the project company and recover the project development and bidding costs incurred to-date, including reversal of any related provisions. Moreover, the Company typically earns additional service fees such as project and construction management fees, which are recognized during the construction period of the project based on pre-determined milestones.

The following table lists all projects that achieved their respective FCs in the past 21 months to 30 September 2023.

Financial Closes <sup>1</sup> in the past 21 months (January 2022- September 2023)						
Month	Project <sup>1</sup>	Location	Total Investment Cost SAR billion	Contracted Capacity (Power: MW; Water: Thousand m <sup>3</sup> per day; Green Hydrogen: Tonnes per year of green ammonia)	Accounting Type <sup>3</sup>	ACWA Power's Effective Share <sup>2</sup>
<b>Subsequent events</b>						
Oct'23	Azerbaijan Wind	Azerbaijan	1.3	240 MW	SUB	100.00%
<b>During the current period</b>						
Sep'23	Rabigh 4 IWP	Saudi Arabia	2.5	600 m <sup>3</sup> /day	EAI	45.00%
Aug'23	Layla PV IPP	Saudi Arabia	0.4	91 MW	EAI	40.10%
July'23	Al Shuaibah PV 1 & 2	Saudi Arabia	8.2	2,631 MW	EAI	35.01%
May'23	Nukus (Karatau) Wind IPP	Uzbekistan	0.4	100 MW	SUB	100.00%
Apr'23	Kom Ombo PV	Egypt	0.7	200 MW	SUB	100.00%
Mar'23	NEOM Green Hydrogen Company	Saudi Arabia	31.9	1.2 million tonnes	EAI	33.33%
Feb'23	Ar Rass PV IPP	Saudi Arabia	1.7	700 MW	EAI	40.10%
<b>During the previous period</b>						
Dec'22	Dzhankeldy Wind IPP	Uzbekistan	2.5	500 MW	SUB	100.00%
Dec'22	Bash Wind IPP	Uzbekistan	2.6	500 MW	SUB	100.00%
Oct'22	Shuaibah 3 IWP	Saudi Arabia	3.1	600 m <sup>3</sup> /day	EAI	68.00%

Source: Company information.

<sup>1</sup> Some of the projects may be in the process of closing the conditions precedent of their respective FCs.

<sup>2</sup> ACWA Power's effective share as at 30 September 2023. Note that the current effective shareholding may be different.

<sup>3</sup> Equity accounted investee (EAI) or Subsidiary (SUB)

## 2.1.2 Projects achieving initial or project commercial operation dates ("ICOD" or "PCOD")

A project starts providing power and/or water, partially or fully, under its offtake agreement in the year it achieves either ICOD or PCOD and begins recognizing revenue and charging costs into the profit or loss statement. It is typically at this stage that NOMAC starts recognizing its stable and visible O&M fees too.

Depending on its effective ownership and control relationship in the project, the Company either consolidates the financial results of the project (subsidiary) or recognizes its share of net income in the project (equity accounted investee) within the Company's consolidated financial statements. When the project company becomes eligible to distribute dividends and when such dividends are declared, the Company additionally receives dividends in proportion to its effective share in the project.

The following table lists all projects that achieved their respective ICOD or PCOD and thus have begun contributing to the Company's results in the past 21 months to 30 September 2023.

ICOD/PCOD in the past 21 months (January 2022- September 2023)						
ICOD/PCOD*	Project	Location	Online Capacity <sup>1</sup> (Power: MW / Water: Thousand m <sup>3</sup> /day)	Remaining capacity to bring online	Accounting Type	Acwa Power's Effective Share <sup>2</sup>
<b>Subsequent events</b>						
Oct-23	Sudair PV IPP	Saudi Arabia	1,125 MW	375 MW	EAI	35.00%
<b>During the current period</b>						
Sep-23	Sudair PV IPP	Saudi Arabia	750 MW	750 MW	EAI	35.00%
Jun-23	Shuaa Energy 3 PV	UAE	900 MW	-	EAI	24.00%
Apr-23	Al Taweelah IWP	UAE	833 m <sup>3</sup> /day	76 m <sup>3</sup> /day	EAI	40.00%
Mar-23	Hassyan IPP (Unit 3) (partial)	UAE	1,800 MW	600 MW	EAI	26.95%
Feb-23*	Jazlah IWP (Jubail 3A)	Saudi Arabia	600 m <sup>3</sup> /day	-	EAI	40.20%
Feb-23	Noor Energy 1 (CT Unit)100MW (partial)	UAE	517 MW	433 MW	EAI	25.00%
Jan-23	Jizan IGCC (partial)	Saudi Arabia	184,000 Nm <sup>3</sup> /hr Hydrogen 585 MT/hr Steam Approx. 3,040MW Power	760 MW	EAI	21.25%
Jan-23	Noor Energy 1 (PT Unit) 200MW (partial)	UAE	417 MW	533 MW	EAI	25.00%
<b>During the previous period</b>						
Oct-22	Shuaa Energy 3 PV (partial)	UAE	600 MW	300 MW	EAI	24.00%
Aug-22	Shuaa Energy 3 PV (partial)	UAE	500 MW	400 MW	EAI	24.00%
Aug-22*	Umm Al Quwain IWP	UAE	683 m <sup>3</sup> /day	-	EAI	40.00%
Jun-22*	Al Dur 2 IWPP(Power)	Bahrain	1500 MW	-	EAI	60.00%
Jun-22*	Al Dur 2 IWPP(Water)	Bahrain	227 m <sup>3</sup> /day	-	EAI	60.00%
Jun-22	Al Taweelah IWP	UAE	455 m <sup>3</sup> /day	454 m <sup>3</sup> /day	EAI	40.00%
May-22	Shuaa Energy 3 PV (partial)	UAE	400 MW	500 MW	EAI	24.00%

Source: Company information.

<sup>1</sup> Online capacity that is in operation as at the stated ICOD/PCOD date.

<sup>2</sup> ACWA Power's effective share as at 30 September 2023. Note that the current effective shareholding may be different.

Details for the Company's entire portfolio of projects can be found on the Company's website ([www.acwapower.com](http://www.acwapower.com)).

### 2.1.3 Dividends

The Company fully paid out on 12 July 2023 a dividend for 2022 of SAR 606,812,775.07 (SAR 0.83 per share) that was approved by shareholders at the extraordinary general assembly meeting held on 22 June 2023. *Please refer to the Company's Interim Condensed Consolidated Financial Statements and Independent Auditor's Review Report for the Three- and nine-months Periods Ended 30 September 2023, Note 20.*

### 2.1.4 Hassyan IPP Coal Arrangement

In previous periods, the Group entered into a coal supply agreement (the “**Ancillary Agreement**”) with a third-party supplier (the “**Coal Supplier**”), in relation to the Hassyan IPP, a 2400MW CCGT plant in Dubai and an equity accounted investee (“**EAI**”) of the Company. Subsequent to period end, on 11 October 2023, the Group entered in a tripartite settlement agreement (the “**Settlement Agreement**”) with the Coal Supplier and the EAI, whereby the parties agreed to cancel the Ancillary Agreement for a certain consideration.

For further details including the financial impact, *please refer to the Company's Interim Condensed Consolidated Financial Statements for the Three- and Nine-months Periods Ended 30 September 2023, Note 10.2.*

### 2.1.5 Update on the closure of divestments

Financial optimization is a core element of the Company's business model that provides us with an opportunity to improve our returns.

#### 2.1.5.1 New divestments initiated in the current period

Below transaction was reported as a subsequent event in the 6M23 disclosures of the Company.

##### Bash & Dzhankeldy Wind

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**” or the “**Entities**”). The Investee Companies each holds 100% stake in ACWA Power Bash Wind LLC and ACWA Power Dzhankeldy LLC (“**the Project Companies**”), respectively. The disposal is subject to the satisfaction of certain conditions precedent in the SPA. For the purpose of these interim condensed consolidated financial statements, assets and liabilities of the Entities together with the Project Companies are presented as held for sale.



### 2.1.5.2 Update on the closure of the divestments in progress from the prior periods

Shuaa Energy 3 P.S.C.

Legal formalities with respect to the divestment of Shuaa Energy 3 P.S.C. were not completed as of 30 September 2023.

Noor Al Shuaibah Holding Company

Legal formalities with respect to this transaction were completed as of 30 September 2023.

For further details on the above transactions, *please refer to the Company's Interim Condensed Consolidated Financial Statements and Independent Auditor's Review Report for the Three- and Nine-months Periods Ended 30 September 2023, Note 16 and the Company's Investor Report For the three and six-months periods ended 30 June 2023.*

## 2.2 Material transactions that resulted in adjustment to the Reported Net Profit for the Current Quarter

There was no transaction in the Current Quarter that resulted in adjustment to the Reported Net Profit for the Current Quarter. For prior periods' adjustments, *please refer to the Company's Investor Report for the corresponding prior periods.*

### 3- Discussion and analysis of management’s key financial indicators

ACWA Power’s management uses several key performance metrics to review its financial performance. These metrics are defined and analyzed below.

#### 3.1 Operating income before impairment loss and other expenses

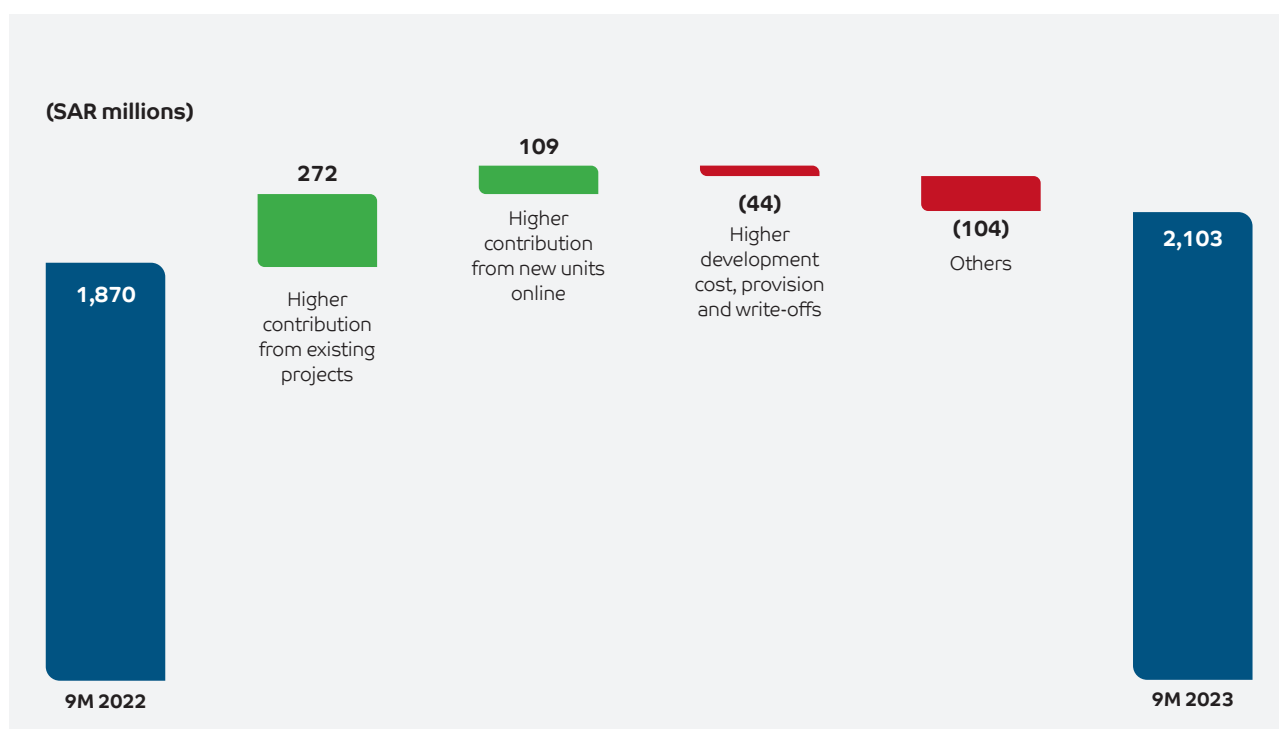
Operating income before impairment loss and other expenses represents ACWA Power’s consolidated operating income before impairment loss and other expenses for the continuing operations and includes ACWA Power’s share in net income of its equity accounted investees.

SAR in millions	Third Quarter (3Q)			Nine Months (9M)		
	2023	2022	% change	2023	2022	% change
Operating income before impairment loss and other expenses	814	651	25.0%	2,103	1,870	12.4%

Source: Company information.

##### 3.1.1 For the nine months period ended 30 September 2023 (“9M2023”)

Operating income before impairment loss and other expenses for 9M2023 was SAR 2,103 million and 12.4 %, or SAR 233 million, higher than SAR 1,870 million of 9M2022.



Source: Company information.

The SAR 233 million increase was mainly due to (i) higher contribution from existing projects by SAR 272 million, mainly due to plants that experienced outages in prior period in Morocco (Noor II and III CSP IPPs) and Saudi Arabia (Rabigh 2 IPP); (ii) contribution from new projects including the respective O&M income by SAR 109 million that achieved their ICOD/PCODs during or after 9M2022 (please refer to Section 2.1.2 Projects achieving initial or project commercial operation dates (“**ICOD**” or “**PCOD**”)), which were partially offset by (iii) higher development cost, provision and write offs, net of reversals, by SAR 44 million; and (iv) others by SAR 104 million, mainly due to higher corporate general and administration expenses largely on account of growth-related expansion during 9M2023.

### 3.1.2 For the three months ended 30 September 2023 (“3Q2023”)

Operating income before impairment loss and other expenses for 3Q2023 was SAR 814 million and 25.0 %, or SAR 163 million, higher than SAR 651 million of 3Q2022. Generally driven by the same variance drivers explained above in Section 3.1.1, Current Quarter’s operating income was further supported by higher development and construction management service fees and business interruption insurance recoveries in some of the Group’s subsidiaries in Morocco.

## 3.2 Adjusted profit attributable to equity holders of parent (“Adjusted Net Profit”)

Adjusted Net Profit represents profit after adjusting the consolidated profit attributable to equity holders of the parent (“**Reported Net Profit**”) for the financial impact of non-routine, unusual or non-operational items.

There was no transaction that the management considered for adjustment in 9M2023, and Adjusted Net Profit was the same as the Reported Net Profit (see below 3.3 Consolidated Profit Attributable to Equity Holders of the Parent (“**Reported Net Profit**”). In 9M2022, there was an aggregate of SAR (26) million adjustment to the consolidated Reported Net Profit.

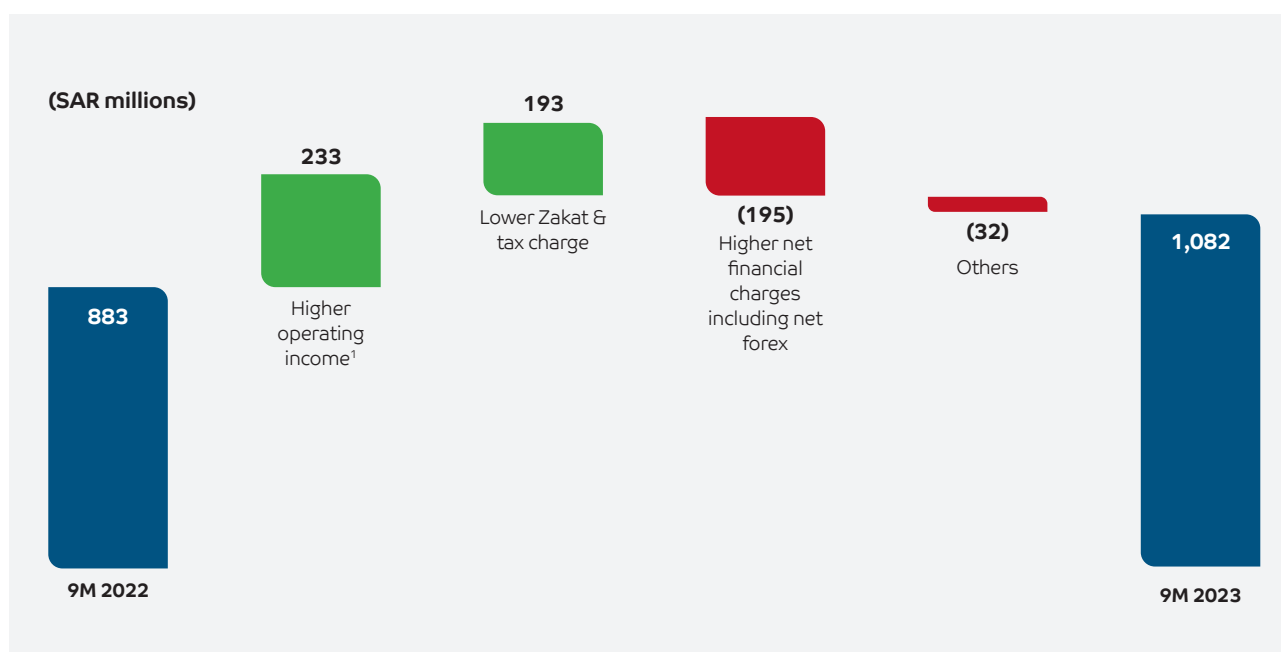
Consequently, Adjusted Net Profit for 9M2023 at SAR 1,082 million was 26.2 %, or SAR 225 million, higher than SAR 857 million of 9M2022.

Please refer to the Company’s Investor Report for the analysis of the previous periods’ adjustments, available at <https://www.acwapower.com/en/investor-relations/results-reports-and-presentations/results-and-reports/>.

SAR in millions	Third Quarter (3Q)			Nine Months (9M)		
	2023	2022	% change	2023	2022	% change
Profit attributable to equity holders of the parent (“Reported Net Profit”)	398	342	16.5%	1,082	883	22.5%
Adjusted profit attributable to equity holders of the parent (“Adjusted net profit”)	398	342	16.5%	1,082	857	26.2%

### 3.3 Consolidated Profit Attributable to Equity Holders of the Parent (“Reported Net Profit”)

Reported Net Profit for 9M2023 was SAR 1,082 million and 22.5 %, or SAR 199 million, higher than SAR 883 million of 9M2022.



Source: Company information.

<sup>1</sup> before impairment loss and other expenses.

In addition to SAR 233 million higher operating income before impairment loss and other expenses (*please refer to Section 3.1 Operating income before impairment loss and other expenses*), the increase was largely driven by lower Zakat and tax charge by SAR 193 million in the 9M2023 (*please refer to Section 3.3.1 Zakat & tax charge*) that was partially offset by (i) higher financial charges including exchange loss, net, by SAR 195 million mainly due to additional debt including the Sukuk tranche two issuance in February 2023 and the refinancing in one of the subsidiaries in addition to higher finance costs on account of higher market rates; and (ii) Others, in aggregate by SAR 32 million, mainly on account of higher net profit attributable to Non-controlling Interests (NCI) by SAR 130 million partially offset by lower Impairment loss and other expenses, net, by SAR 78 million.

### 3.3.1 Zakat & tax charge

SAR in millions	Third Quarter (3Q)			Nine Months (9M)		
	2023	2022	% change	2023	2022	% change
Zakat and tax charge	47	7	546.1%	110	112	-1.9%
Deferred tax (credit) / charge	61	75	-18.8%	(38)	153	-125.2%
<b>Zakat and tax (credit) / charge</b>	<b>108</b>	<b>82</b>	<b>31.7%</b>	<b>72</b>	<b>265</b>	<b>-72.9%</b>

Source: Reviewed financial statements

The Company has recorded Zakat and tax charge of SAR 72 million in 9M2023, 72.9% less than that of SAR 265 million in 9M2022, largely as a result of SAR (38) million Deferred tax credit in 9M2023 versus a Deferred tax charge of SAR 153 million in 9M2022.

#### Morocco Deferred tax impact:

The favorable variance in Deferred tax (credit) / charge was mainly on account of the fluctuation of the Moroccan Dirham (MAD) against the USD such that the MAD has appreciated by 1.43% in the nine months ended 30 September 2023 (as compared to the 31 December 2022 rate), whereas it depreciated by 18.5% in the nine months ended 30 September 2022 (as compared to the 31 December 2021 rate).

The plant in Morocco is recorded as finance lease under IFRS books as opposed to being recorded as PPE as per MGAAP (Moroccan GAAP) books for local Moroccan tax purposes. Accounted as such, temporary taxable differences occur between the IFRS and local books. Such differences give rise to depreciation or appreciation of the carrying value/ tax base of the asset from period to period.

Due to the appreciation of the Moroccan Dirham as explained above, the tax base has increased in September 2023, resulting in the reversal of the existing deferred tax liability. Deferred tax liabilities are further reduced as the impact of carry forward losses (higher deferred tax asset) was set off against deferred tax liability in September 2023.

## 4- Operational review

### 4.1 Safety

Safety is our core value and the cornerstone of our projects under construction and in operation. The Group accumulated 50 million safe manhours during 9M2023. Lost-time injury (LTI) rate reached 0.02 due to two minor incidents during the quarter, increasing from 0.006 (rounded up to 0.01) recorded during the first six months of the current year. There were no fatalities in the current period.

### 4.2 Operational Performance

Consolidated Power availability for 9M2023 reached 92.4%, with an improvement of more than 100 and 500 basis points versus the first half of this year and 9M2022, respectively. (9M2022: 87.3%). The renewable segment within Power recorded 97.3% availability in the same period (9M2022: 90.0%).

Consolidated Water availability registered 96.2% (9M2022: 96.5%).

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**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 NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2023**



### KPMG Professional Services

Roshn Front, Airport Road  
P.O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

### كي بي إم جي للاستشارات المهنية

واجهة روشن، 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 September 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 September 2023;
- the interim condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2023;
- the interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2023;
- the interim condensed consolidated statement of cash flows for the nine-month period ended 30 September 2023;
- the interim condensed consolidated statement of changes in equity for the nine-month period ended 30 September 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 September 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 مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قنوتيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة الجائزة 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 nine-month periods ended 30 September 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 8 Rabi Al Thani 1444H corresponding to 2 November 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 1 November 2023  
Corresponding to: 17 Rabi Al Thani 1445H



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

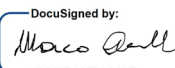
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in Saudi Riyals thousands unless otherwise stated)


	<i>Note</i>	<b>As of 30 Sep 2023</b>	<b>As of 31 Dec 2022</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	10,399,585	10,105,713
Intangible assets		2,042,242	2,028,830
Equity accounted investees	4	17,403,496	12,624,518
Net investment in finance lease		11,068,559	11,501,842
Deferred tax asset		148,251	119,955
Fair value of derivatives	19	1,833,368	924,537
Other assets		378,016	397,775
<b>TOTAL NON-CURRENT ASSETS</b>		<b>43,273,517</b>	<b>37,703,170</b>
<b>CURRENT ASSETS</b>			
Inventories		458,750	406,820
Net investment in finance lease		403,154	378,486
Fair value of derivatives	19	116,649	106,131
Due from related parties	7	1,388,482	985,120
Accounts receivable, prepayments and other receivables	22.2	3,472,853	2,920,293
Cash and balances with banks	5	4,994,948	6,354,522
		<b>10,834,836</b>	<b>11,151,372</b>
Assets held for sale	16.1, 16.3	2,810,501	139,963
<b>TOTAL CURRENT ASSETS</b>		<b>13,645,337</b>	<b>11,291,335</b>
<b>TOTAL ASSETS</b>		<b>56,918,854</b>	<b>48,994,505</b>

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

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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>Note</i>	As of <b>30 Sep 2023</b>	As of <b>31 Dec 2022</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>EQUITY</u></b>			
<b>Shareholders' equity</b>			
Share capital		7,134,143	7,134,143
Share premium		5,335,893	5,335,893
Statutory reserve		872,766	872,766
Retained earnings		3,162,930	2,080,853
Proposed dividends	20	-	606,813
<b>Equity attributable to owners of the Company before other reserves</b>		<b>16,505,732</b>	16,030,468
Other reserves	8	5,163,004	2,629,419
<b>Equity attributable to owners of the Company</b>		<b>21,668,736</b>	18,659,887
Non-controlling interest		1,621,575	1,368,507
<b>TOTAL EQUITY</b>		<b>23,290,311</b>	20,028,394
<b><u>LIABILITIES</u></b>			
<b><u>NON-CURRENT LIABILITIES</u></b>			
Long-term financing and funding facilities	6	24,266,312	22,332,678
Due to related parties	7	888,562	862,887
Deferred tax liability		210,307	214,277
Obligation for equity accounted investees	4	421	68,370
Fair value of derivatives	19	2,562	1,669
Deferred revenue		90,533	90,651
Employee end of service benefits' liabilities		190,543	190,788
Other liabilities	10	733,150	820,070
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>26,382,390</b>	24,581,390
<b><u>CURRENT LIABILITIES</u></b>			
Accounts payable, accruals and other financial liabilities	22.2	3,073,748	2,744,376
Short-term financing facilities		513,395	275,052
Current portion of long-term financing and funding facilities	6	1,052,556	1,039,904
Due to related parties	7	57,648	88,603
Zakat and taxation		169,323	236,786
		4,866,670	4,384,721
Liabilities associated with assets held for sale	16.3	2,379,483	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,246,153</b>	4,384,721
<b>TOTAL LIABILITIES</b>		<b>33,628,543</b>	28,966,111
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>56,918,854</b>	48,994,505

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

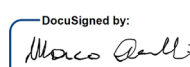
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
		2023	2022	2023	2022
<b>CONTINUING OPERATIONS</b>					
Revenue	11	1,542,128	1,262,845	4,285,492	3,707,840
Operating costs		(664,642)	(567,961)	(1,912,390)	(1,736,823)
<b>GROSS PROFIT</b>		<b>877,486</b>	<b>694,884</b>	<b>2,373,102</b>	<b>1,971,017</b>
Development cost, provision and write offs, net of reversals		(28,207)	24,575	(54,123)	(10,159)
General and administration expenses	22.1	(314,010)	(211,753)	(845,798)	(645,840)
Share in net results of equity accounted investees, net of zakat and tax	4, 22.1	80,860	44,649	211,956	255,228
Other operating income	12	198,067	99,087	417,781	300,009
<b>OPERATING INCOME BEFORE IMPAIRMENT LOSS AND OTHER EXPENSES</b>		<b>814,196</b>	<b>651,442</b>	<b>2,102,918</b>	<b>1,870,255</b>
Impairment loss and other expenses, net		8,263	(17,455)	3,631	(74,837)
<b>OPERATING INCOME AFTER IMPAIRMENT LOSS AND OTHER EXPENSES</b>		<b>822,459</b>	<b>633,987</b>	<b>2,106,549</b>	<b>1,795,418</b>
Other income, net	13	98,086	126,500	236,707	224,964
Exchange gain / (loss), net	22.1	10,735	(14,463)	7,160	(16,072)
Financial charges	14	(412,023)	(346,850)	(1,102,442)	(884,130)
<b>PROFIT BEFORE ZAKAT AND INCOME TAX</b>		<b>519,257</b>	<b>399,174</b>	<b>1,247,974</b>	<b>1,120,180</b>
Zakat and tax charge	9.1	(107,781)	(81,830)	(71,653)	(264,827)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>411,476</b>	<b>317,344</b>	<b>1,176,321</b>	<b>855,353</b>
<b>DISCONTINUED OPERATIONS</b>					
Gain / (loss) from discontinued operations including loss recognised on assets held for sale	16.6, 22.1	846	832	(8,410)	(15,958)
<b>PROFIT FOR THE PERIOD</b>		<b>412,322</b>	<b>318,176</b>	<b>1,167,911</b>	<b>839,395</b>
<b>Profit / (loss) attributable to:</b>					
Equity holders of the parent		397,940	341,704	1,082,077	883,424
Non-controlling interests		14,382	(23,528)	85,834	(44,029)
		<b>412,322</b>	<b>318,176</b>	<b>1,167,911</b>	<b>839,395</b>
<b>Basic and diluted earnings per share to equity holders of the parent (in SR)</b>	15.2	<b>0.54</b>	0.47	<b>1.48</b>	1.21
<b>Basic and diluted earnings per share from continuing operations to equity holders of the parent (in SR)</b>	15.2	<b>0.54</b>	0.47	<b>1.49</b>	1.23

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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)

	Note	For the three months period		For the nine months period	
		ended 30 Sep	ended 30 Sep	ended 30 Sep	ended 30 Sep
		2023	2022	2023	2022
<b>PROFIT FOR THE PERIOD</b>		<b>412,322</b>	318,176	<b>1,167,911</b>	839,395
<b>OTHER COMPREHENSIVE (LOSS) / INCOME</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign operations – foreign currency translation differences		8,612	(4,700)	(7,516)	(5,001)
Change in fair value of cash flow hedge reserve		1,025,283	544,457	1,446,451	1,895,161
Settlement of cash flow hedges transferred to profit or loss		19,705	(17,824)	50,397	(43,822)
Equity accounted investees – share of OCI	4, 8	1,098,885	823,681	1,111,274	2,651,822
Cash flow hedge reserve recycled to profit or loss on sale of an equity accounted investee	8	-	-	-	128,638
Cash flow hedge reserve associated with equity accounted investees recycled to profit or loss upon termination of hedge relationships		(6,769)	-	(6,769)	-
<b>Items that will not be reclassified to profit or loss</b>					
Re-measurement of defined benefit liability		2,312	7,769	(6,550)	12,719
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>2,148,028</b>	1,353,383	<b>2,587,287</b>	4,639,517
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>2,560,350</b>	1,671,559	<b>3,755,198</b>	5,478,912
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent		2,482,808	1,639,608	3,615,662	5,299,957
Non-controlling interests		77,542	31,951	139,536	178,955
		<b>2,560,350</b>	1,671,559	<b>3,755,198</b>	5,478,912

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

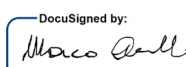
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in Saudi Riyals thousands unless otherwise stated)

	<i>Note</i>	For the nine months period ended 30 Sep	
		2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before zakat and tax from continuing operations		1,247,974	1,120,180
Loss before zakat and tax from discontinued operations		(8,410)	(15,958)
<i>Adjustments for:</i>			
Depreciation and amortisation		341,992	347,448
Financial charges	14	1,102,442	884,130
Unrealised exchange (gain) / loss		(6,866)	36,336
Share in net results of equity accounted investees, net of zakat and tax		(207,902)	(254,289)
Charge for employees' end of service benefits		24,618	27,918
Fair value of cash flow hedges recycled to profit or loss		4,837	4,621
Amortisation of other long-term assets		12,341	11,801
Provisions		30,562	6,714
Provision for long-term incentive plan	10.1	26,250	20,252
Gain on disposal of property, plant and equipment		(3,722)	(6,130)
Gain recognised on loss of control in a subsidiary	16	(3,398)	-
Development cost, provision and write offs, net of reversals		54,123	10,159
Loss on disposal of an equity accounted investee	16	8,628	17,179
Finance income from shareholder loans and deposits		(321,913)	(200,169)
Gain on remeasurement of derivatives and options	13	(54,412)	(112,360)
		<u>2,247,144</u>	<u>1,897,832</u>
<i>Changes in operating assets and liabilities:</i>			
Accounts receivable, prepayments and other receivables		(801,797)	(143,394)
Inventories		(53,950)	(24,651)
Accounts payable, accruals and other liabilities		235,160	(67,317)
Due from related parties		210,122	(81,083)
Due to related parties		(38,491)	-
Net investment in finance lease		225,382	285,752
Deferred revenue		(118)	(2,857)
Net cash from operations		<u>2,023,452</u>	<u>1,864,282</u>
Payment of employees' end of service benefits and long-term incentive		(53,757)	(27,334)
Zakat and tax paid		(177,521)	(96,795)
Dividends received from equity accounted investees	4	69,467	97,629
<i>Net cash generated from operating activities</i>		<u>1,861,641</u>	<u>1,837,782</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition to property, plant and equipment, and intangible assets		(3,145,856)	(930,135)
Proceeds on disposal of equity accounted investees, net of transaction cost		74,019	391,440
Proceeds on disposal of property, plant and equipment		8,025	7,534
Investments in equity accounted investees		(3,617,294)	(841,020)
Finance income from shareholder loans and deposits received		159,430	78,556
Other assets		-	(236,250)
Short-term deposits with original maturities of more than three months	5	(1,507,247)	-
Cash deconsolidated on loss of control		(713,198)	(469)
<i>Net cash used in investing activities</i>		<u>(8,742,121)</u>	<u>(1,530,344)</u>

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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)

	Note	For the nine months period ended 30 Sep	
		2023	2022
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from financing and funding facilities, net of transaction cost		6,534,922	4,724,587
Repayment of financing and funding facilities		(518,068)	(1,742,925)
Due to related parties		-	(761,879)
Financial charges paid		(1,099,987)	(929,695)
Dividends paid		(682,391)	(617,753)
Capital contributions from and other adjustments to non-controlling interest		189,762	318,704
<i>Net cash generated from financing activities</i>		<u>4,424,238</u>	<u>991,039</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>			
		(2,456,242)	1,298,477
Cash and cash equivalents at beginning of the period		6,154,524	5,172,921
Cash and cash equivalents in relation to assets classified as held for sale		(406,926)	(42,677)
Net foreign exchange difference		(3,653)	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	5	<u>3,287,703</u>	<u>6,428,721</u>

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**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)


	Share capital	Share premium	Statutory reserve	Retained earnings	Proposed dividends (note 20)	Other Reserves (note 8)	Equity attributable to owners of the parent	Non-controlling interests	Total equity
<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	-	-	-	883,424	-	-	883,424	(44,029)	839,395
Other comprehensive income	-	-	-	-	-	4,416,533	4,416,533	222,984	4,639,517
Total comprehensive income	-	-	-	883,424	-	4,416,533	5,299,957	178,955	5,478,912
Changes to non-controlling interests	-	-	-	-	-	-	-	318,704	318,704
Dividends (note 20)	-	-	-	(2,947)	(560,000)	-	(562,947)	(54,806)	(617,753)
<b>Balance at 30 September 2022</b>	7,134,143	5,335,893	718,763	2,188,303	-	2,844,254	18,221,356	1,278,652	19,500,008
<b>Balance at 1 January 2023</b>	7,134,143	5,335,893	872,766	2,080,853	606,813	2,629,419	18,659,887	1,368,507	20,028,394
Profit for the period	-	-	-	1,082,077	-	-	1,082,077	85,834	1,167,911
Other comprehensive income	-	-	-	-	-	2,533,585	2,533,585	53,702	2,587,287
Total comprehensive income	-	-	-	1,082,077	-	2,533,585	3,615,662	139,536	3,755,198
Changes to non-controlling interests	-	-	-	-	-	-	-	189,762	189,762
Dividends (note 20)	-	-	-	-	(606,813)	-	(606,813)	(76,230)	(683,043)
<b>Balance at 30 September 2023</b>	7,134,143	5,335,893	872,766	3,162,930	-	5,163,004	21,668,736	1,621,575	23,290,311

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## 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 three and nine months periods ended 30 September 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 Organisation for Chartered and Professional Accountants (“SOCPA”), (collectively referred as “IAS 34 as endorsed in KSA”). The Group has prepared these 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 three and nine months periods ended 30 September 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 following:

- 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 these interim condensed consolidated financial statements.

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

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

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

#### 2.3 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. The significant 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

	<i>Note</i>	<b>30 Sep 2023</b>	31 Dec 2022
At the beginning of the period / year		<b>10,105,713</b>	11,815,728
Additions for the period / year, net	3.1	<b>3,617,186</b>	1,303,624
Depreciation charge for the period / year		<b>(325,434)</b>	(439,810)
Impairment loss		-	(121,595)
De-recognition on loss of control of a subsidiary	16.4	<b>(1,286,738)</b>	(2,447,791)
Reclassified as held for sale	16.3	<b>(1,706,337)</b>	-
Disposals / write-offs for the period / year		<b>(4,303)</b>	(3,704)
Foreign currency translation		<b>(502)</b>	(739)
At the end of the period / year		<b>10,399,585</b>	10,105,713

3.1 Additions during the period primarily represents Capital Work In Progress ("CWIP") in relation to certain of the Group's projects under construction. The additions include borrowing cost capitalised amounting to SR 97.7 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>Note</i>	<b>30 Sep 2023</b>	31 Dec 2022
At the beginning of the period / year		<b>12,556,148</b>	8,990,032
Additions during the period / year, net	4.1	<b>3,618,025</b>	531,500
Share of results for the period / year		<b>211,956</b>	291,373
Share of other comprehensive income for the period / year	8, 16.1	<b>1,086,413</b>	2,941,913
Dividends received during the period / year		<b>(69,467)</b>	(198,670)
At the end of the period / year		<b>17,403,075</b>	12,556,148
Equity accounted investees shown under non-current assets		<b>17,403,496</b>	12,624,518
Net obligations for equity accounted investees shown under non-current liabilities		<b>(421)</b>	(68,370)
		<b>17,403,075</b>	12,556,148

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

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

#### 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 the 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 SR 45.0 billion (equivalent 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 the 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 & Desalination Company, Noor Energy 1 P.S.C, and Jazlah Water Desalination Company amounting to SR 532.1 million, SR 439.9 million and SR 254.9 million respectively.

Further, net additions during the year ended 31 December 2022 includes divestment of Shuqaiq Water and Electricity Company ("Shuqaiq"), along with its related holding companies. 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 <b>30 Sep 2023</b>	As of 31 Dec 2022
Cash at bank and cash in hand	<b>1,057,433</b>	4,432,679
Short-term deposits	<b>3,937,515</b>	1,921,843
Cash and balances with banks	<b>4,994,948</b>	6,354,522
Less: short-term deposits with original maturities of more than three months	<b>(1,707,245)</b>	(199,998)
Cash and cash equivalents	<b>3,287,703</b>	6,154,524

The short-term deposits carry variable rate of return between 4.90% to 6.30% (2022: 4.00% - 4.40%) per annum.

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

	<i>Note</i>	As of <b>30 Sep 2023</b>	As of 31 Dec 2022
<b>Recourse debt:</b>			
Financing facilities in relation to projects		<b>3,434,521</b>	2,941,340
Corporate facilities		<b>1,880</b>	1,130
Corporate bond	6.1	<b>4,585,762</b>	2,790,991
<b>Non-Recourse debt:</b>			
Financing facilities in relation to projects		<b>15,178,348</b>	15,513,361
Corporate bond ("APMI One bond")		<b>1,528,487</b>	1,527,250
Loan notes ("APCM bond")		<b>589,870</b>	598,510
<b>Total financing and funding facilities</b>		<b>25,318,868</b>	23,372,582
Less: Current portion of long-term financing and funding facilities		<b>(1,052,556)</b>	(1,039,904)
Long-term financing and funding facilities presented as non-current liabilities		<b>24,266,312</b>	22,332,678

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

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

#### 6 LONG-TERM FINANCING AND FUNDING FACILITIES (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 by the Company 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 the Public Investment Fund, being the sovereign wealth fund of the 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>Note</u>	<u>Relationships</u>	<u>For the three months</u>		<u>For the nine months</u>	
			<u>period ended 30 Sep</u>	<u>2022</u>	<u>period ended 30 Sep</u>	<u>2022</u>
			<b>2023</b>		<b>2023</b>	
<b>Transactions:</b>						
Revenue		Joint ventures / Affiliates	<b>620,899</b>	486,341	<b>1,737,720</b>	1,414,252
Other operating income	12	Joint ventures	<b>46,433</b>	35,318	<b>166,615</b>	99,762
Finance income from shareholder loans	12	Joint ventures	<b>62,951</b>	51,019	<b>162,483</b>	121,613
Financial charges on loans from related parties	14	Joint venture / Affiliates	<b>11,106</b>	14,461	<b>33,211</b>	42,857
Key management personnel compensation including director's remuneration*		-	<b>13,501</b>	27,240	<b>40,552</b>	49,535

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

	<u>Note</u>	<u>Relationships</u>	<u>As of</u>	
			<b>30 Sep 2023</b>	31 Dec 2022
<b>Due from related parties</b>				
<b>Current:</b>				
Hajr for Electricity Production Company	(a)	Joint venture	<b>247,451</b>	208,190
Al Mourjan for Electricity Production Company	(a)	Joint venture	<b>214,925</b>	155,797
Hassyan Energy Phase 1 P.S.C	(a)	Joint venture	<b>129,894</b>	46,980
Shuaibah Holding Company		Joint venture	<b>119,061</b>	-
Jazan Integrated Gasification and Power Company		Joint venture	<b>81,058</b>	28,968
Noor Energy 1 P.S.C	(a)	Joint venture	<b>66,323</b>	150,106

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ACWA POWER Company and its Subsidiaries  
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	Note	Relationships	As of	
			30 Sep 2023	31 Dec 2022
<b>Due from related parties (continued)</b>				
<b>Current (continued):</b>				
Rabigh Electricity Company	(a)	Joint venture	60,792	35,642
Dhofar O&M Company	(a)	Joint venture	59,667	49,910
ACWA Power Sirdarya		Joint venture	56,711	46,060
Haya Power & Desalination Company	(a)	Joint venture	42,579	24,166
ACWA Power Solarreserve Redstone Solar TPP		Joint venture	36,311	34,672
Shuaibah Water & Electricity Company	(a)	Joint venture	33,649	24,922
Neom Green Hydrogen Company		Joint venture	19,292	6,227
Naqa'a Desalination Plant LLC	(a)	Joint venture	18,630	15,970
Shuqaiq Services Company for Maintenance	(a)	Joint venture	17,199	25,088
ACWA Power Solafrika Bokpoort CSP Power Plant Ltd	(a)	Joint venture	15,713	21,975
ACWA Power Uzbekistan Project Holding Company		Joint venture	13,398	-
Shuaibah Expansion Project Company	(a)	Joint venture	13,133	13,046
Oasis Holding Company		Joint venture	12,721	-
Other related parties		Joint venture	129,975	97,401
			<b>1,388,482</b>	<b>985,120</b>
<b>Due to related parties</b>				
<b>Non-current:</b>				
Water and Electricity Holding Company CJSC		Affiliate	763,403	738,808
Loans from minority shareholders of subsidiaries		-	125,159	124,079
			<b>888,562</b>	<b>862,887</b>
<b>Current:</b>				
ACWA Power Africa Holdings (Pty) Ltd		Joint venture	12,066	16,199
ACWA Guc Isletme Ve Yonetim Sanayi Ve Ticaret		Joint venture	-	21,476
ACWA Power Renewable Energy Holdings Limited		Joint venture	18,163	18,289
Others		Joint ventures	27,419	32,639
			<b>57,648</b>	<b>88,603</b>

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

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

(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 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 (note 8.1)	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	-	-	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 (note 8.1)	1,435,470	-	1,114,915	-	-	2,550,385
Cash flow hedge reserve recycled to profit or loss upon termination of hedge relationships	-	-	(6,769)	-	-	(6,769)
Other changes during the period	-	(194)	(3,641)	(6,196)	-	(10,031)
Balance as of 30 September 2023	2,216,580	(5,626)	3,009,501	(30,271)	(27,180)	5,163,004

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

#### 9 ZAKAT AND TAXATION

##### 9.1 Amounts recognised in profit or loss

Note	For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
	2023	2022	2023	2022
Zakat and tax charge	(47,235)	(7,311)	(110,079)	(112,248)
Deferred tax (charge) / credit*	(60,546)	(74,519)	38,426	(152,579)
Zakat and tax charge reflected in profit or loss	(107,781)	(81,830)	(71,653)	(264,827)

\*Deferred tax (charge) / credit for the three months and nine months periods ended 30 September 2023 includes negative impact from foreign exchange rate movements amounting to SR 87.3 million and positive impact SR 3.2 million respectively (three months and nine months periods ended 30 September 2022: negative impact amounting to SR 77.9 million and SR 169.5 million respectively) in relation to the Group's subsidiaries in Morocco.

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

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

#### 9 ZAKAT AND TAXATION (continued)

##### 9.2 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 additional information in respect to the Company's zakat return for the years 2021 and 2022. The Company has responded to the ZATCA requests.

###### Subsidiaries

The Company's subsidiaries in KSA submit their income tax and zakat returns separately. Certain subsidiaries have received assessments from ZATCA, which have led to additional liability totalling to SR 226 million (ACWA Power share is SR 129.8 million). These subsidiaries have lodged objections against these assessments. The objections are currently undergoing review by the ZATCA and the General Secretariat of Tax Committees ("GSTC"). Management is confident that adequate provisions of SR 181.5 million (ACWA Power share is SR 98.6 million) have been recognized for these assessments, where appropriate. Management anticipates no further liabilities arising from these assessments once they are finalized.

###### 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 Group's entities in the 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.

#### 10 OTHER LIABILITIES

	<i>Note</i>	As of 30 Sep 2023	As of 31 Dec 2022
Financial liabilities assumed on loss of control		236,780	228,127
Asset retirement obligations		234,982	227,066
Liabilities in relation to long-term spares agreement		101,712	127,143
Long-term incentive plan	10.1	96,065	91,809
Coal derivative liabilities	10.2	-	80,012
Lease liabilities		60,851	63,153
Put options		2,760	2,760
		<b>733,150</b>	<b>820,070</b>

**10.1** 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 26.3 million (30 September 2022: SR 20.3 million) has been recognised within general and administration expenses.

During the period ended 30 September 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, the 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 of 30 September 2023. Accordingly, the management has not yet taken the impact of the Program in these interim condensed consolidated financial statements.

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

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(All amounts in Saudi Riyals thousands unless otherwise stated)

#### 10 OTHER LIABILITIES (continued)

**10.2** In previous periods, the Group entered into a coal supply agreement (the “Ancillary Agreement”) with a third-party supplier (the “Coal Supplier”), in relation to an independent power plant (IPP) owned by an equity accounted investee (the “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.

During the period ended 30 September 2023, the Group has recognised a gain on change in fair value of the Derivative amounting to SR 25.6 million (30 September 2022: 112.4 million) within other income.

Further, on 11 October 2023, the Group entered into a tripartite settlement agreement (the “Settlement Agreement”) with the Coal Supplier and the Investee, whereby the parties agreed to cancel the Ancillary Agreement for a certain consideration. Though the settlement agreement was signed subsequent to reporting date, however, as the substantial terms were agreed between the parties and only administrative conditions were pending, the event is considered as an adjusting subsequent event. Accordingly, the Group has reversed the outstanding coal derivative liability amounting to SR 58.8 million and recognised net amount SR 28.8 million as a gain in other income.

#### 11 REVENUE

	Note	For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
		2023	2022	2023	2022
Services rendered					
Operation and maintenance		570,419	453,337	1,683,590	1,319,786
Development and construction management services		254,865	140,337	436,228	435,764
Others	11.1	9,294	2,829	25,384	(7,651)
Sale of electricity					
Capacity charges		196,948	203,343	585,744	610,663
Energy output		75,843	69,664	229,980	218,044
Finance lease income	11.2	83,804	49,772	292,694	121,605
Sale of water					
Capacity charges	11.3	240,375	240,925	718,963	702,763
Water output	11.3	84,777	75,715	236,310	227,001
Finance lease income	11.2	25,803	26,923	76,599	79,865
		<u>1,542,128</u>	<u>1,262,845</u>	<u>4,285,492</u>	<u>3,707,840</u>

Refer to 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 includes energy generation excess amounting to SR 18.6 million for the three months and SR 17.1 million for the nine months periods ended 30 September 2023 (30 September 2022: shortfall of SR 37.8 million for the three months and SR 182.0 million for the nine 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 nine months periods ended 30 September 2023 is SR 99.6 million and SR 290.9 million respectively (30 September 2022: SR 76.2 million for the three months and SR 255.0 million for the nine months).

**11.3** Includes revenue from sale of steam of SR 101.1 million for the three months and SR 299.5 million for the nine months periods ended 30 September 2023 (30 September 2022: SR 101.2 million for the three months and SR 299.0 million for the nine months).



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(All amounts in Saudi Riyals thousands unless otherwise stated)

12 OTHER OPERATING INCOME

	Note	For the three months period ended 30 September		For the nine months period ended 30 September	
		2023	2022	2023	2022
Group services	12.1	46,433	35,318	166,615	99,762
Finance income from shareholder loans	7	62,951	51,019	162,483	121,613
Performance liquidated damages and insurance recovery	12.2	88,683	12,750	88,683	78,634
		<u>198,067</u>	<u>99,087</u>	<u>417,781</u>	<u>300,009</u>

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 from EPC contractors and business interruption insurance recoveries in relation to certain of the Group's subsidiaries in Morocco.

13 OTHER INCOME, NET

	Note	For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
		2023	2022	2023	2022
Income earned on deposits		52,081	38,832	159,430	78,556
Gain on change in fair value of the derivative	10.2	28,817	84,460	54,412	112,360
Others		17,188	3,208	22,865	34,048
		<u>98,086</u>	<u>126,500</u>	<u>236,707</u>	<u>224,964</u>

14 FINANCIAL CHARGES

	Note	For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
		2023	2022	2023	2022
Financial charges on borrowings		363,939	275,555	974,474	726,692
Financial charges on letters of guarantee		17,692	45,122	56,110	79,365
Financial charges on loans from related parties	14.1	11,106	14,461	33,211	42,857
Other financial charges		19,286	11,712	38,647	35,216
		<u>412,023</u>	<u>346,850</u>	<u>1,102,442</u>	<u>884,130</u>

14.1 This includes discount unwinding, on long-term related party balances amounting to SR 24.6 million (30 September 2022: SR 29.4 million).

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**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 Sep		For the nine months period ended 30 Sep	
	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>

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

	For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
	2023	2022	2023	2022
Net profit for the period attributable to equity holders of the Parent	<u>397,940</u>	<u>341,704</u>	<u>1,082,077</u>	<u>883,424</u>
Profit for the period from continuing operations attributable to equity holders of the Parent	<u>397,094</u>	<u>340,872</u>	<u>1,090,487</u>	<u>899,382</u>
Basic and diluted earnings per share to equity holders of the Parent (in SR)	<u>0.54</u>	<u>0.47</u>	<u>1.48</u>	<u>1.21</u>
Basic and diluted earnings per share from continuing operations to equity holders of the Parent (in SR)	<u>0.54</u>	<u>0.47</u>	<u>1.49</u>	<u>1.23</u>

**16 DISCONTINUED OPERATIONS**

**16.1 *Shuaa Energy 3 P.S.C.***

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 P.S.C. (an equity accounted investee or "Shuaa 3"). Legal formalities with respect to disposal are not completed as of 30 September 2023. For the purpose of these interim condensed consolidated financial statements, the net assets of Solar V together with carrying value of ACWA Power's Investment in Shuaa 3 amounting to SR 80.5 million (31 December 2022: SR 62.6 million) were classified as assets held for sale. Other reserves associated with Shuaa 3 amounts to SR 18.1 million (31 December 2022: SR 82.5 million). The Group will continue to retain an effective 30.6% shareholding in Solar V through ACWA Power Renewable Energy Holding Limited, after the completion of the transaction.

**16.2 *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.

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

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

#### 16 DISCONTINUED OPERATIONS (continued)

##### 16.2 *Vinh Hao (continued)*

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

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

Further Goodwill amounting to SR 9.2 million was allocated to Vinh Hao and charged to the interim condensed consolidated statement of profit or loss upon divestment.

Results of Vinh Hao are disclosed in note 16.6.

##### 16.3 *Bash Wind and Dzhankeidy*

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 Dzhankeidy LLC (“the Project Companies”) respectively. The disposal is subject to the satisfaction of certain conditions precedent in the SPA.

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:

	<u>Note</u>	<u>30 September 2023</u>
<b><u>Assets</u></b>		
Capital work in progress including advances to contractors	3	1,706,337
Fair value of derivatives		576,021
Accounts receivable, prepayments and other receivables		40,703
Cash and cash equivalents		<u>406,926</u>
Assets held for sale		<u>2,729,987</u>
<b><u>Liabilities</u></b>		
Loans and borrowings		2,145,210
Payable, accruals and other liabilities		<u>234,273</u>
Liabilities associated with assets held for sale		<u>2,379,483</u>
Other reserves associated with assets held for sale		<u>576,021</u>

Consolidated results of the Investee Companies together with the Project Companies are disclosed in note 16.6.

##### 16.4 *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 September 2023.

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#### 16 DISCONTINUED OPERATIONS (continued)

##### 16.4 *Noor Al Shuaibah (continued)*

As a result of the transfer, ACWA Power now holds 35.0% shareholding in the Investee. Further, ACWA Power now jointly controls the decisions for the relevant activities that most significantly affect the returns of the 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>SR'000</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 are disclosed in note 16.6.

##### 16.5 *Others*

During the period ended 30 September 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 of accounting effective from the divestment date.

Details of gain on the divestment is included below:

	<b>SR'000</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)**

*16.6 Results of discontinued operations*

For the nine months period ended 30 Sep	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	-	-	-	(463)	(462)	(925)	(1,138)	(746)	-	-	(68)	(258)	(2,210)
Other operating income	-	-	-	2,177	-	2,177	-	-	-	-	-	-	-
Foreign exchange loss	-	-	-	(356)	(21)	(356)	-	(309)	-	-	(3)	-	(312)
Zakat and tax change	-	-	-	-	-	(21)	-	-	-	-	-	-	-
Net income / (loss)	-	-	-	1,358	(483)	875	3,544	(1,055)	-	-	(71)	(258)	2,160
Share in net results	(188)	(3,867)	-	-	(483)	(4,055)	(7,598)	-	1,634	5,025	-	-	(939)
	(188)	(3,867)	-	1,358	(483)	(3,180)	(4,054)	(1,055)	1,634	5,025	(258)	-	1,221
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)
(Loss) / profit from discontinued operations	(188)	(12,495)	1,815	1,358	1,100	(8,410)	(21,233)	(1,055)	1,634	5,025	(258)	-	(15,958)
For the three months period ended 30 Sep													
General and administration expenses	-	-	-	(209)	-	(209)	-	(201)	-	-	(17)	222	4
Other operating income	-	-	-	1,474	-	1,474	-	-	-	-	-	-	-
Foreign exchange loss	-	-	-	(150)	-	(150)	-	(279)	-	-	(3)	-	(282)
Net income / (loss)	-	-	-	1,115	-	1,115	-	(480)	-	-	(20)	222	(278)
Share in net results	(269)	-	-	-	-	(269)	-	-	(436)	1,546	-	-	1,110
(Loss) / profit from discontinued operations	(269)	-	-	1,115	-	846	-	(480)	(436)	1,546	(20)	222	832

*16.7 Contingencies and commitments*

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

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#### 17 CONTINGENCIES AND COMMITMENTS

As of 30 September 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 14.75 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 Sep 2023	As of 31 Dec 2022
Performance/development securities and completion support Letters of Credit ("LCs")	4,425,341	3,925,056
Guarantees in relation to equity bridge loans and equity LCs	6,238,177	5,963,604
Guarantees on behalf of joint ventures and subsidiaries	2,592,588	2,083,559
Debt service reserve account ("DSRA") standby LCs	1,270,111	1,080,505
Bid bonds for projects under development stage	227,278	193,097
	<b>14,753,495</b>	<b>13,245,821</b>

The Group also has a loan commitment amounting to SR 598.2 million primarily 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 into by the Group with the lenders of the Facilities.

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 assessed to be SR 21.5 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.

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

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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 periods presented below. Details of the Group's operating and reportable segments are as follows:

- (i) Thermal and Water Desalination The term Thermal refers to the power and water desalination plants which use fossil fuel (oil, coal, gas) as the main source of fuel for the generation of electricity and production of water whereas Water Desalination refers to the stand-alone reverse osmosis desalination plants. The segment includes all four parts of the business cycle of the business line (i.e., develop, invest, operate, and optimize). These plants include IPPs (Independent Power Plants), IWPPs (Independent Water and Power Plants) and IWPs (Independent Water Plants).
- (ii) Renewables This includes the Group's business line which comprises of PV (Photovoltaic), CSP (Concentrated Solar Power), 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

	For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
	2023	2022	2023	2022
(i) Thermal and Water Desalination	1,131,814	1,032,423	3,278,763	3,047,757
(ii) Renewables	401,020	227,594	981,345	667,735
(iii) Others	9,294	2,828	25,384	(7,652)
Total revenue	<u>1,542,128</u>	<u>1,262,845</u>	<u>4,285,492</u>	<u>3,707,840</u>

##### Operating income before impairment and other expenses

(i) Thermal and Water Desalination	660,439	589,860	1,956,487	1,844,553
(ii) Renewables	317,519	183,775	602,799	428,662
(iii) Others	8,832	2,700	24,499	(8,084)
Total*	<u>986,790</u>	<u>776,335</u>	<u>2,583,785</u>	<u>2,265,131</u>

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

General and administration expenses	(184,035)	(138,955)	(565,017)	(450,821)
Depreciation and amortisation	(8,093)	(7,596)	(23,649)	(22,400)
Provision for long-term incentive plan	(9,250)	(9,362)	(26,250)	(20,252)
Provision reversal on due from related party	(3,043)	(3,505)	3,269	7,996
Other operating income	31,827	34,525	130,780	90,601
Total operating income before impairment and other expenses	<u>814,196</u>	<u>651,442</u>	<u>2,102,918</u>	<u>1,870,255</u>

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**18 OPERATING SEGMENTS (continued)**

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

*Segment profit*

	For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
	2023	2022	2023	2022
(i) Thermal and Water Desalination	510,995	475,912	1,482,803	1,421,970
(ii) Renewables	95,113	(28,409)	233,074	(37,806)
(iii) Others	9,098	2,719	24,785	(8,076)
Total*	615,206	450,222	1,740,662	1,376,088
<b>Reconciliation to profit for the period from continuing operations</b>				
General and administration expenses	(184,035)	(138,955)	(565,017)	(450,821)
Provision for long-term incentive plan	(9,250)	(9,272)	(26,250)	(20,252)
Corporate social responsibility contribution	(1,937)	(10,373)	(6,569)	(12,647)
Provision reversal on due from related party	(3,043)	(3,505)	3,269	7,996
Discounting impact on loan from shareholder subsidiary	(8,198)	(14,363)	(24,595)	(29,444)
Depreciation and amortisation	(8,093)	(7,596)	(23,649)	(22,400)
Other operating income	31,827	48,918	130,780	90,601
Other income	70,712	11,571	140,029	63,143
Financial charges and exchange loss, net	(80,615)	(13,303)	(150,699)	(35,903)
Zakat and tax charge	(21,298)	4,000	(51,840)	(55,900)
Others	10,200	-	10,200	(55,108)
Profit for the period from continuing operations	411,476	317,344	1,176,321	855,353

\*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:

	Revenue from continuing operations		Non-current assets	
	30 Sep 2023	30 Sep 2022	30 Sep 2023	31 Dec 2022
Kingdom of Saudi Arabia	2,099,096	1,772,739	24,745,325	21,516,440
Middle East and Asia	1,675,878	1,682,755	9,803,291	7,631,337
Africa	510,518	252,346	8,724,901	8,555,393
	4,285,492	3,707,840	43,273,517	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:

	Revenue	
	30 Sep 2023	30 Sep 2022
Customer A	870,380	864,232
Customer B	333,224	405,592

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



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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
<b>As of 30 Sep 2023</b>					
<i>Financial liabilities / (assets)</i>					
Fair value of derivatives used for hedging	(1,947,455)	-	(1,947,455)	-	(1,947,455)
Long-term financing and funding facilities	25,318,868	1,483,901	23,791,064	-	25,274,965
<b>As of 31 Dec 2022</b>					
<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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**19 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

*Valuation technique and significant unobservable inputs (continued)*

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
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 on 12 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 76.2 million (30 September 2022: SR 54.8 million) to the non-controlling interest shareholders.

**21 SUBSEQUENT EVENTS**

Subsequent to the period ended 30 September 2023, the Group in accordance with the nature of its business has entered into or is negotiating various agreements. Except for the matter disclosed in note 10.2, the 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:

	As previously Reported	Reclassifications due to discontinued operations (refer to note 16.6)	As reported in these financial statements
<b>Nine months period ended 30 Sep 2022</b>			
<i>Continuing operations:</i>			
Share in net results of equity accounted investees, net of tax	261,887	(6,659)	255,228
General and administration expenses	(646,166)	326	(645,840)
Exchange loss, net	(16,075)	3	(16,072)
<i>Discontinued operations:</i>			
Loss from discontinued operations	(22,288)	6,330	(15,958)
<b>Three months period ended 30 Sep 2022</b>			
<i>Continuing operations:</i>			
Share in net results of equity accounted investees, net of tax	45,759	(1,110)	44,649
General and administration expenses	(211,548)	(205)	(211,753)
Exchange loss, net	(14,466)	3	(14,463)
<i>Discontinued operations:</i>			
Loss from discontinued operations	(480)	1,312	832

22.2 Interim condensed consolidated statement of financial position:

<b>Particulars</b>	As previously reported	Reclassification (refer to note 22.2.1)	As reported in these financial statements
<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.

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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

22 COMPARATIVE FIGURES (continued)

22.3 Interim condensed consolidated statement of cashflows:

<u>Particulars</u>	<u>As previously reported</u>	<u>Reclassification to conform to the presentation in the current period</u>	<u>As reported in these financial statements</u>
<i>Changes in operating assets and liabilities:</i>			
Accounts payable, accruals and other liabilities	(76,909)	9,592	(67,317)
Other liabilities	9,592	(9,592)	-

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 17 Rabi Al-Thani 1445H, corresponding to 1 November 2023G.



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