ACWA POWER Company

Investor Report

As at and for the year ended
31 December 2024

CEO's Letter

Dear stakeholders,

Dear Stakeholders,

Looking back on 2024, our second year under our Strategy 2.0 plan, I am incredibly proud of what we have accomplished together. The year has been one of transformation, progress, and scaling up, as we continue to push forward on our journey towards 2030 and beyond.

Our unprecedented portfolio growth in 2024 has solidified ACWA Power's position across 13 countries as the global leader in water desalination, a pioneer in green hydrogen, and a leader in the energy transition. Over the past year, we added 14.3 GW of energy capacity, with 10.7 GW in renewables and 0.4 million m^3/day of desalinated water, with significant advancements that we expect to mature in the first part of 2025. At the end of 2024, our portfolio included 94 assets with total investment cost of USD 97.2 billion and a total gross capacity of 69.2 GW of power generation, 5.3 GWh of BESS, and 8.1 million m^3/day of desalinated water production.

2024 was a year of strategic achievements. Internationally, we entered China, marking our first projects with approximately 1.1 GW of renewable energy gradually being added to our portfolio, launched a second green hydrogen project in Uzbekistan, and expanded in Egypt, Indonesia, and Africa. Domestically, the 1,500MW Sudair Solar PV IPP, the first project under the PIF-ACWA Power strategic partnership, achieved full commercial operation, supplying clean energy to 185 thousand homes and offsetting 2.5 million tons CO2 emissions.

In water desalination, solar, and wind, we continued to operate at world benchmark levels of availability, and we are actively working to bring our CCGT fleet to the same standard. While we faced challenges at two CSP plants and a decline in safety performance, the swift actions of our taskforces demonstrated resilience and focus, with structural improvements underway.

We are now working at three times the speed of just a few years ago; with over 70 new business development projects compared to around 20 only two years ago, and over USD 30 billion at total project cost currently under construction—a capacity equivalent to the previous 10 years combined. This significant step forward illustrates not only the scale at which we are operating but also our ability to deliver large-scale projects at an accelerated pace.

We developed new partnerships with the Japanese and Korean companies, as well as anchor financial partners, including Saudi Exim and EIG, alongside new Kuwaiti, Qatari, and Italian financial institutions. In an effort to secure our supply chain, we expanded our panel of EPC contractors to include strong partners with proven track records from Egypt and Turkey.

We not only grew our business but also strengthened our culture—a workplace where everyone belongs, thrives, and grows. Our investment in people development quadrupled, internal succession expanded by 87%, attrition decreased by 48%, and foundational squads such as the Human Council, Engagement Squad, Youth Leadership Council, and the Employee Care Committee have reinforced fairness and inclusivity across our organization.

Our efforts were recognized with numerous awards in finance, water desalination, sustainability, and, most importantly, seven awards for our people strategy and initiatives. These are strong indicators that we are making ACWA Power the best employer wherever we operate.

While we celebrate these remarkable successes, to be the best employer, a thought leader in our industry and the preferred partner wherever we operate, we never lose sight of our mission, which extends far beyond powering the communities—it is about making a lasting contribution and creating a sustainable future for generations to come. We are aware that challenges will continue to emerge, but we are also confident of our resilience and capability to adapt, as we have proven time and again by delivering results that exceeded expectations in many difficult circumstances. As we continue to navigate the road ahead, our expertise and passion will remain our greatest assets, fortified by our integrity and ingenuity.

Marco Arcelli

Chief Executive Officer

Highlights[1]

ACWA Power, the world's largest private water desalination company, leader in energy transition and first mover into green hydrogen

Portfolio[2]

94 ASSETS

13 countries

BESS[3] 5.3 GWh

Gross Power Capacity 69.2 GW

50.4% of the Gross Power Capacity

NET ZERO EMISSIONS BY 2050

8.1 million m³/day

1.2+ million tonnes/pa green ammonia

AUM 364.5 SAR billion

35 GW Renewable Assets Capacity

Achievements during 2024

Financially closed 9 projects with an aggregate total investment cost of around **SAR 34.6 billion**.

Signed **7 PPA's** (Power Purchase Agreements) and **1 WPA** (Water Purchase Agreement) adding **14.3 GW**[5] of renewable power and **0.4 million m³/day** of water to our portfolio. Secured a PPA and WPA extension in Oman.

4 GW[5] of power and **76,000 m³/day** of desalinated water reached initial or plant commercial operations dates and became online.

Financial Highlights[4]

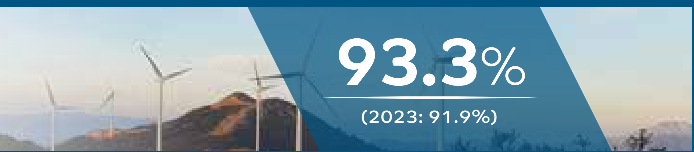
2,983 SAR mn	Operating income before impairment loss and other expenses	0.1 % ↗
1,757 SAR mn	Consolidated Net Profit attributable to equity holders of parent	5.7 % ↗
2,842 SAR mn	Parent Operating Cash Flow (POCF)	15.9 % ↗
6.4x	Parent net leverage to (POCF) ratio	0.9 x ↗
7.4 SAR billion	Equity commitments	27 % ↗

Operational Highlights

Health, Safety, & Environment (HSE)

0.01 Lost Time Injury Rate (LTIR)

(2023: 0.01)



Power Availability

93.3%

(2023: 91.9%)

Water Availability

97.6%

(2023: 96.4%)

[1] As at and for the year ended 31 December 2024.
[2] Gross capacities or total investment costs of projects that are operational, under construction or in advanced development.
[3] Nameplate DC installed capacity.
[4] The variance represents the year-on-year variance as at and for the year ending December 31, 2024, vs December 31, 2023.
[5] Including the acquisition in China in December 2024.

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 YEAR ENDED 31 DECEMBER 2024

1- Introduction

This section provides an analytical review of the financial results of ACWA Power for the three-months and full year ended 31 December 2024, and it should be read in conjunction with the Company’s Audited Consolidated Financial Statements and Independent Auditor’s Review Report for the year Ended 31 December 2024 issued by KPMG Professional Services (Certified Public Accountants) (the “Audited Financial Statements”).

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 “4Q2024” or “the fourth quarter of 2024” corresponds to the three-months period ended 31 December 2024 whereas “previous quarter” or “4Q2023” or “the fourth quarter of 2023” corresponds to the three-months period ended 31 December 2023. “2024” or “2023” corresponds to the full year ended 31 December of the year mentioned. “Current year” corresponds to 2024 whereas “current period” corresponds to either 2024 or 4Q2024 depending on the context where it is used.

In the Audited Financial Statements, certain figures for the prior periods have been reclassified to conform to the Presentation in the current period. *Please refer to Note 40 of the Audited Financial Statements*.

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 year ended 2024.

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 year 31 December 2024.

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 business development revenue 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 24 months to 31 December 2024.

	Financial Closes[1] in the past 24 months (Jan 2023 - December 2024)						
	Month	**Project [1]**	**Location**	**Total Investment Cost SAR Billion**	**Contracted Gross Capacity (Water in thousands)**	**Accounting Type [1,2]**	**ACWA Power's Effective Ownership [1]**
			During 2024				
1	Dec'24	Suez Wind	Egypt	4.1	1100 MW	SUB	100.00%
2	Nov'24	Azerbaijan wind IPP	Azerbaijan	1.1	240 MW	SUB	100.00%
3	Oct'24	Nukus (Karatau) Wind IP	Uzbekistan	0.4	100 MW	SUB	100.00%
4	Sep'24	PIF 4 Al-Muwaih Solar PV	Saudi Arabia	4.4	2,000 MW	EAI	35.10%
5	Sep'24	PIF 4 Haden Solar PV	Saudi Arabia	4.4	2,000 MW	EAI	35.10%
6	Sep'24	PIF 4 Al-Khushaybi Solar PV	Saudi Arabia	3.5	1,500 MW	EAI	35.10%
7	July'24	Taibah 1 IPP	Saudi Arabia	6.7	1,934 MW	EAI	40.00%
8	July'24	Qassim 1 IPP	Saudi Arabia	6.6	1,896 MW	EAI	40.00%
9	Mar'24	Hassyan IWP	UAE	3.4	818 m^3/day	EAI	20.40%
	Total		**10,770MW, 818 m3/day**	**34.6**			
			During 2023				
1	Nov'23	PIF3-Al-Kahfah solar PV IPP	Saudi Arabia	3.9	1,425 MW	EAI	50.10%
2	Nov'23	PIF3-Ar Rass2 solar PV IPP	Saudi Arabia	5.3	2,000 MW	EAI	50.10%
3	Nov'23	PIF3-Saad2 solar PV IPP	Saudi Arabia	3.0	1,125 MW	EAI	50.10%
4	Sep'23	Rabigh 4 IWP	Saudi Arabia	2.5	600 m^3/day	EAI	45.00%
5	Aug'23	Layla PV IPP	Saudi Arabia	0.4	80 MW	EAI	40.10%
6	July'23	Al Shuaibah PV 1 & 2	Saudi Arabia	8.3	2,631 MW	EAI	35.01%
7	Apr'23	Kom Ombo PV	Egypt	0.6	200 MW	SUB	100.00%
8	Mar'23	NEOM Green Hydrogen Company	Saudi Arabia	31.9	3,883 MW; 220K tonnes/ per year	EAI	33.33%
9	Feb'23	Ar Rass PV IPP	Saudi Arabia	1.7	700 MW	EAI	40.10%

Source: Company information.

[1] ACWA Power's effective share and accounting type as at the time shown under Month column of the table. ACWA Power's effective shareholding as well as the accounting type as at 31 December 2024 may be different.

[2] 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 24 months to 31 December 2024.

ICOD/PCOD in the past 24 months (Jan 2023- December 2024)						
ICOD/PCOD*	Project	Location	Online Capacity[1] (Water in thousands)	Remaining capacity to bring online	Accounting Type	ACWA Power's Effective Share[2]
During 2024						
Dec-24	Sirdarya CCGT	Uzbekistan	1500 MW	-	EAI	51.00%
Nov-24	Al Shuaibah 1	Saudi Arabia	600 MW	-	EAI	35.01%
Nov-24	Riverside Solar Project	Uzbekistan	200 MW	BESS: 770 MWH	EAI	51.00%
Aug-24	AlRass1	Saudi Arabia	700 MW	-	EAI	40.10%
Jun-24	Kom Ombo PV	Egypt	200 MW	-	SUB	100.00%
Mar-24	Al Taweelah IWP	UAE	909 m^3/day	-	EAI	40.00%
Feb-24	Noor Energy 1	UAE	950 MW	-	EAI	25.00%
Jan-24	Sirdarya CCGT	Uzbekistan	918 MW	582 MW	EAI	51.00%
Jan-24	Sudair PV(Group3)	Saudi Arabia	1,500 MW	-	EAI	35.00%
During 2023						
Nov-23	Hassyan IPP	UAE	2,400 MW	-	EAI	26.95%
Nov-23	Noor Energy 1 (PT Unit)200MW	UAE	717 MW	233 MW	EAI	25.00%
Oct-23	Sudair PV (Group2)	Saudi Arabia	1,125 MW	375 MW	EAI	35.00%
Sep-23	Sudair PV (Group1)	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^3/day	76 m^3/day	EAI	40.00%
Mar-23	Hassyan IPP (Unit 3)	UAE	1,800 MW	600 MW	EAI	26.95%
Feb-23	Jazlah IWP (Jubail 3A)	Saudi Arabia	600 m^3/day	-	EAI	40.20%
Feb-23	Noor Energy 1 (CT Unit)100MW	UAE	517 MW	433 MW	EAI	25.00%
Jan-23	Jizan IGCC	Saudi Arabia	Approx. 3,040MW Power	760 MW	EAI	21.25%
Jan-23	Noor Energy 1 (PT Unit) 200MW	UAE	417 MW	533 MW	EAI	25.00%

Source: Company information.

* Some projects may not have reached their full operational capacity and obtained official certificate of full commercial operations from the off taker yet.

[1] Online capacity that is in operation as at the stated ICOD/PCOD date.

[2] ACWA Power's effective share as at 31 December 2024. 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).

2.1.3 Dividends, Bonus Shares and Rights issuance

Dividends-2023

On 28 February 2024, the Board of Directors approved a cash dividend distribution of SAR 329.0 million (SAR 0.45 per share) for the year 2023, payable in 2024. The proposed dividends were approved by the shareholders at the extraordinary general assembly meeting held on 29 April 2024 and paid on 13 May 2024.

Bonus shares

On 28 February 2024, the Board of Directors also recommended to increase the Company's capital by granting bonus shares to the Company's shareholders through capitalization of SAR 14.6 million from the retained earnings by granting 1 share for every 500 shares owned. The bonus share issuance was approved by the shareholders at the extraordinary general assembly meeting held on 29 April 2024 and distribution of shares has been completed on 2 May 2024 followed by the distribution of the proceeds from the liquidation of fractional shares which was completed on 29 May 2024. Consequently, the share capital increased from SAR 7,310,997,290 to SAR 7,325,619,280.

Capital raise via rights issue

On 10 June 2024, the Board of Directors recommended to increase the Company's capital by SR 7,125 million through the offering of a Rights Issue ("Rights Issue"), to allow the Company to anchor its growth strategy of tripling the assets under management by 2030 and enhance its financial position. In parallel with its new growth projections the Company estimates its average annual equity commitment between 2024 and 2030 to significantly increase to $2B-$2.5B per year from the earlier range of $1B-$1.3B per year.

The Board of Director's recommendation is subject to the approval of the relevant regulatory authorities and ACWA Power's shareholders at the extraordinary general assembly. On the 18th of December 2024, the Company submitted the application file to the Capital Market Authority, and it is now being reviewed. The Company is in the process of completing its application with the regulatory agency for the rights issue.

2.1.4 Acquisition of operational wind power plant in China

On 27 December 2024, the Group completed the acquisition of 100% shares in Xinyang Mingxi New Energy Co. Ltd., the owner of 100 MW operational wind power plant in China, for a total consideration of SAR 80.9 million. Management assessed the transaction and concluded that it qualifies as an asset acquisition rather than a business combination as defined by IFRS 3. The acquisition has been accounted for in accordance with IFRS standards applicable to asset acquisitions.

The consideration paid so far is SAR 51.4 million, and the remaining SAR 29.5 million will be settled upon completion of certain conditions specified in the Share Purchase Agreement (SPA).

2.1.5 Divestments

Financial optimization – typically in the form of equity divestments or project refinancings – is a core element of the Company's business model that provides the Company with an opportunity to improve its returns and recycle its cash for further investment. The Company therefore actively seeks to identify, and capture if beneficial circumstances prevail, opportunities as part of its ordinary course of business.

Bash and Dzhankeldy 1GW wind projects in Uzbekistan

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 ACWA Power Bash Wind Project Holding Company and ACWA Power Uzbekistan Wind Project Holding Company Limited ("the Investee Companies"). Investee Companies respectively hold 100% share in the project companies relating to Bash 500 MW and Dzhankeldy 500 MW wind projects in Uzbekistan.

All substantive condition precedents ("CPs") in relation to the transaction were completed before the issuance of these consolidated financial statements, following which ACWA Power's share reduced to 65% in each of the project companies.

As a result of the transaction, ACWA Power now jointly control the decisions for the relevant activities that most significantly affect the returns of the Investee Companies together with the Project Companies. Consequently, ACWA Power lost control and recognised a gain of SR 401.7 million. As of the date of loss of control, ACWA Power has started to account for the Investee Companies using the equity method of accounting in accordance with the requirements of IFRS 11 – Joint Arrangements.

Rabigh Arabian Water and Electricity Company ("RAWEC")

RAWEC is an independent water, steam & power producer, supplying essential utilities on a captive basis to Petro Rabigh Company in Saudi Arabia as the offtaker under a long-term off-take agreement.

On 3 June 2024, ACWA Power (through its wholly owned subsidiary) entered into a Sale Purchase Agreement ("SPA") with Hassana Investment Company for the sale of a 30% stake in its wholly owned subsidiary RAWEC without loss of control for an aggregate consideration of SAR 835.1 million. Legal formalities with respect to this transaction were completed during the year ended 31 December 2024. The Group recognised an increase in non-controlling interests ("NCI") of SAR 755.9 million and an increase in equity attributable to owners of the parent of SAR 51.3 million. The difference between carrying amount of RAWEC sold and the consideration received is recorded directly within equity.

ACWA Power effectively holds 69% shareholding in the project after the sale transaction.

2.1.6 Long term incentive plan (LTIP) and share buy-back

In 2023, the Board of Directors approved to replace the then existing cash-based LTIP with a share-based incentive plan (hereinafter referred as the "Employees Stock Incentive Program" or the "Program"). In this regard, the shareholders of the Company approved the proposed buy back of the Company's shares with a maximum of two (2) million shares during the extraordinary general assembly on 22 June 2023.

During the year, the Company purchased 391,200 shares amounting to SAR 118.0 million at prevailing market rates. The Group has recognized these shares within treasury shares in the consolidated statement of changes in equity.

The Group recognized Provision for long term incentive plan of SAR 82.3 million within general and administration expenses during the year.

2.2 Material transactions that resulted in adjustment to the Reported Net Profit for the year ended/ Current Quarter

There were two transactions/updates in the Current Quarter that resulted in adjustment to the Reported Net Profit for the Current Quarter

2.2.1 Barka Impairment Reversal

Barka is a subsidiary of the Company, comprising one power and three water desalination plants. Following the expiry of the corresponding PWPA contracts in 2021, management recognized a partial impairment on the power plant and a full impairment on the water desalination plants before 2024. In April 2024, Barka has successfully renewed contracts for both power and water. Accordingly, the company has reversed impairment amounting to SAR 282 million (ACWA Power share SAR 119 million).

2.2.2 Impairment loss in Noor 3 CSP IPP ("Noor 3") in Morocco

During 1Q2024, the Noor 3 CSP plant in Morocco experienced a technical issue in the molten salt tank and resulted in an extended forced outage that is expected to last till the end of the first quarter of 2025. This event triggered a re-assessment of recoverability of finance lease receivables, and the project company has recognized an impairment loss of SAR 191.6 million in 2024 (ACWA Power share SAR 143.7 million).

2.2.3 ACWA GuC Debt restructuring

ACWA Guc is a 950 MW combined-cycle gas turbine power plant (the "Plant") situated in Kirikkale, Turkey. The Plant achieved Commercial Operation Date ("COD") in 2017 and, 100% owned and fully consolidated by ACWA Power (the "Group") until 2018. Turkey operates on a merchant basis, and Kirikkale sells electricity and capacity through bilateral contracts and participation in the balancing/day-ahead market.

After reaching COD, the Plant experienced significant operational and currency exchange losses due to foreign currency denominated project debts, aggravated by a downturn in the Turkish economy and the depreciation of the Turkish Lira against the US Dollar. In 2018, the Group divested 30% of its shareholding in the project company and fully impaired its investment, which resulted in recognized losses of SAR 1.5 billion and loss of control over the Project Company. In accordance with the accounting standards, it ceased to recognize its share of profits or losses from the Project Company thereafter.

In August 2024, ACWA Power and its related subsidiary entities have reached an agreement with the lenders of ACWA Guc and its minority shareholders ("Transaction"), whereby the lenders agreed to settle their outstanding loan, with one of the lenders agreeing to become a shareholder of ACWA Guc under certain shareholding agreements and convertibility conditions. Accordingly, the outstanding debt of approximately SAR 2,317.0 million has been purchased by the shareholders at a consideration payable in three years of SAR 731.0 million, of which ACWA Power's share was SAR 496.7 million.

As a result of the restructuring, the Group's effective shareholding in the Project Company has marginally increased to 73.0%. The Group continues to equity account for its interest in the Project Company based on the new shareholding agreement.

This restructuring improved the Project Company's net asset position and resulted in a gain reinstatement of net investment in the Project Company by SAR 1.2 billion at the Group level due to equity accounting of Project Company's net assets. However, concurrently the Group conducted a recoverability assessment of its net investment in the Project Company and after considering various factors affecting the recoverability have written down the investment in the Project Company to SAR 0.9 billion. The net impact has been reflected within the share of net results of equity accounted investees in these consolidated financial statements.

2.2.4 Termination of Project in Africa

In December 2023, the Company has signed a PPA for the development of a 150MW Solar PV together with BESS in Africa. The completion of the conditions precedent of the financing arrangements have extended beyond the stipulated long-stop dates of the relevant contract by less than a month. In line with the generally accepted practices in typical PPP environments, the Company applied for extension of the date or Amendments and Reinstatement of the PPA, which was surprisingly and unexpectedly rejected by the offtaker. Since the underlying forecast transactions are no longer considered highly probable, the company has reclassified the cumulative balance of hedge reserve, MTM movement to reporting date along with the project development costs to profit or loss at an aggregate net amount of SAR 272 million.

2.2.5 Income in relation to termination of some Pre-hedging instruments

The Group, in accordance with financing documents, enters into interest rate swap (IRS) agreements to hedge against the risk of interest rate movements and accordingly applies cashflow hedge accounting as per the IFRS. In certain cases, such IRS may be acquired before the financial close at the time of the signing of the power or water purchase agreements based on the Company's forecast of probable interest rates at the time of the financial close to hedge against the interest rate volatility between signing of the purchase agreement and the financial close (pre-hedge).

During the current period, the Company has recycled certain hedge reserves upon discontinuation of pre-hedging contracts (the “Interest Rate Swaps”), as the underlying highly probable forecast transaction is no longer expected to occur within the Group due to expected divestment, amounting to SAR 313.4 million. At the inception of the Interest Rate Swaps, it is not the management's intention to do early termination. This action was necessitated by the anticipated non-occurrence of the underlying highly probable forecast transactions within the Group, attributed to expected divestments, and significant modifications to the hedged risk. Consequently, the management does not expect that the discontinuation of such Interest Rate Swaps will be a recurrent event.

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 and their typical reporting frequencies are listed below followed by the management's discussion and analysis for the current period.

Key financial performance indicator	Typical MD&A Reporting frequency	IFRS / non-IFRS
Operating income before impairment loss and other expenses	Quarterly	IFRS
Consolidated Net profit attributable to equity holders of parent	Quarterly	IFRS
Parent Operating Cash Flow (POCF)	Semi-annually	Non-IFRS
Parent Net Debt and Net Debt Ratio	Semi-annually	Non-IFRS

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.

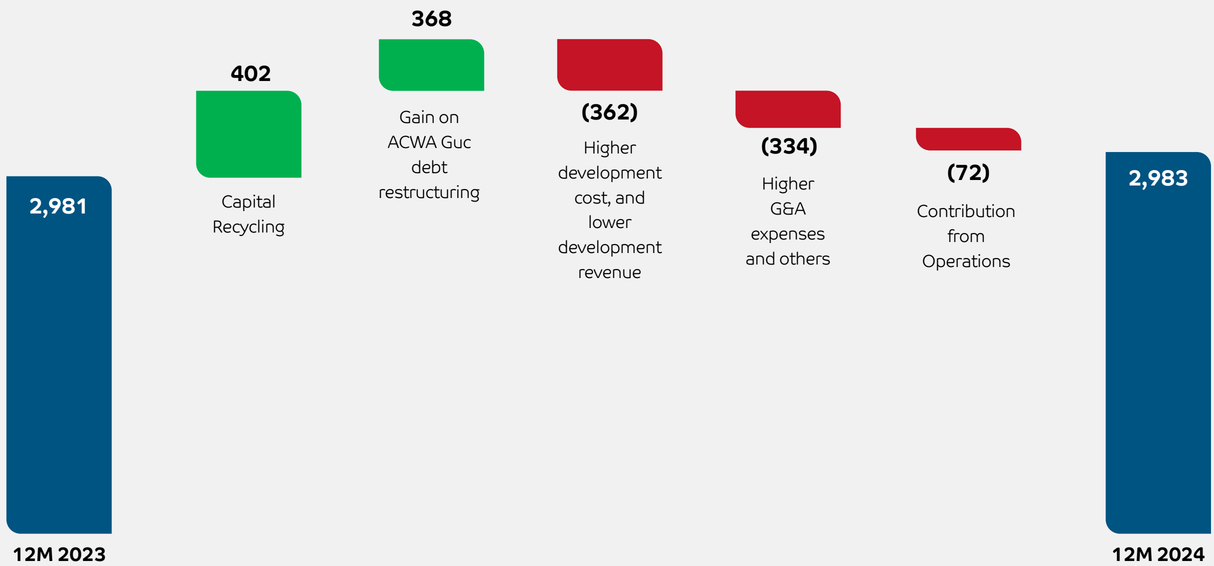
SAR in Millions	Fourth Quarter (4Q)			YTD December 2024		
	2024	2023	% change	2024	2023	% change
Operating Income before impairment loss and other expenses	618	878	-29.6%	2,983	2,981	0.1%

Source: Reviewed financial statements

For the year ended 31 December 2024 ("2024")

Operating income before impairment loss and other expenses for 2024 was SAR 2,983 million.

Operating income[1] Variance
12M24 versus 12M23 – SAR Million



Source: Company information. [1] Before impairment loss and other expenses.

Main variance drivers were:

Gains recognized on account of divestment of Bash & Dzhankeldy in 2Q24 (SAR 402 million) (please refer section 2.1.5 on Bash and Dzhankeldy 1GW wind projects in Uzbekistan) and debt restructuring of ACWA Guc in 3Q24 (SAR 368 million, net of impairment charges) (please refer section 2.2.3 on ACWA GuC Debt restructuring) were the main drivers of the increase in operating income.

This increase was totally negated by

- Lower development business and construction management services revenue and higher development cost provision/write off (please refer to section 2.2.4 Termination of Project in Africa) (in aggregate, SAR 362 million);
- Higher general and administration cost and others mainly due to hiring of new staff including new employee benefit schemes, staff training in line with the accelerated growth strategy, and additional provisions on disputed receivable (in aggregate, SAR 334 million); and
- Net lower contribution from projects mainly due to outages in certain plants and higher operation and maintenance costs (SAR 72 million).

3.2 Consolidated Net Profit attributable to equity holders of parent

Consolidated net profit attributable to equity holders of parent ("Net Profit") represents the consolidated net profit for the period attributable to equity holders of the parent.

SAR in Millions	Fourth Quarter (4Q)			YTD December 2024		
	2024	2023	% change	2024	2023	% change
Profit attributable to equity holders of the parent ("Reported Net Profit")	502	580	-13.4%	1,757	1,662	5.7%

Source: Reviewed financial statements

Net Profit for 2024 was SAR 1,757 million and 5.7%, or SAR 95 million, higher than SAR 1,662 million for 2023.

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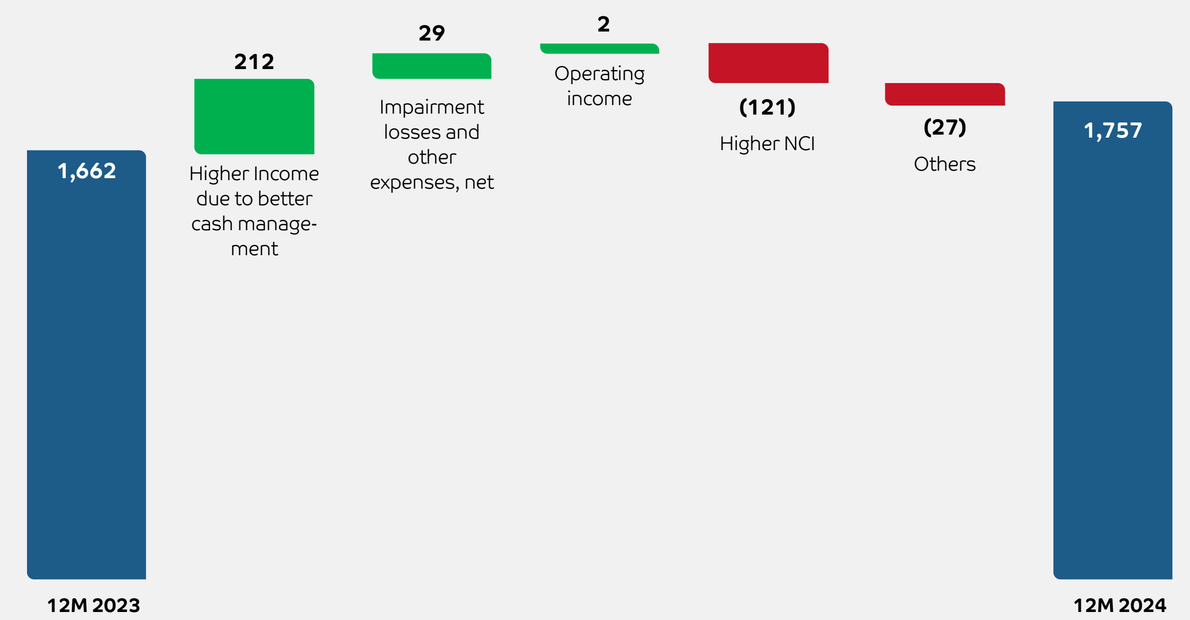
Consolidated Net Profit[2] Variance
12M2024 versus 12M2023 – SAR Million



Source: Company information. [2] Attributable to equity holders of the parent.

Main variance drivers were:

- Higher income due to better cash management (SAR 212 million), mainly on account of higher finance income (SAR 86 million), lower finance charges (SAR 130 million) mainly due to better cash management, MTM hedge gain and payment of scheduled loan installments.
- Impairment loss and other expenses, net SAR 29 million mainly on account of reversal of impairment Barka plant SAR 282 million (*Please refer section on Barka impairment reversal*) partially offset by recognition of impairment at Noor 3 SAR 191 million (*Please refer section 2.2.2 Impairment loss in Noor 3 CSP IPP ("Noor 3") in Morocco*), higher CSR and provision for arbitration / legal claims and settlements amounting to SAR 61 million.

Above were partially offset by:

- Increase in non controlling interest (NCI) is primarily driven by reversal of impairment on Barka (Please refer section 2.2.1 on Barka impairment reversal) as well as 30% stake sold in RAWEC (Please refer section 2.1.5 on divestment of Rabigh Arabian Water and Electricity Company ("RAWEC") resulting in higher NCI from Q4 2024.
- Others (SAR 27 million in aggregate) mainly lower other income (SAR 29 million) mainly due to recognition of gain on fair vale of derivative in 2023.

3.2.1 Adjusted profit attributable to equity holders of the parent

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

There were four transactions that the management considered for adjustment in 2024. Including these transactions, the 2024 bridge between the reported and adjusted net profit is as follows:

SAR in Millions		Fourth Quarter (4Q)			YTD December 2024		
		2024	2023	% change	2024	2023	% change
Profit attributable to equity holders of the parent ("Reported Net Profit")		**502**	**580**	**-13%**	**1,757**	**1,662**	**5.7%**
Adjustments:							
Impairment Loss , net	(A)	(84)	-	-	25	-	-
Termination of hedging instruments	(B)	-	-	-	(313)	-	-
ACWA Guc debt restructuring Gain	(C)	-	-	-	(368)	-	-
Termination of Project in Africa	(D)	(157)	-	-	272	-	-
Net adjustments		**(241)**	**-**	**-**	**(385)**	**-**	**-**
Adjusted profit attributable to equity holders of the parent ("Adjusted net profit")		**261**	**580**	**-55.00%**	**1,373**	**1,662**	**-17.4%**

Source: Reviewed financial statements

(A) Impairment loss, net represents Impairment loss reversal in Barka amounting to SAR 119 million (ACWA Power share) (*Please refer section on 2.2.1 Barka impairment reversal*) and Impairment loss in Noor 3 CSP IPP ("Noor 3") in Morocco amounting to SAR 144 million (ACWA Power share)(*Please refer section 2.2.2 Impairment loss in Noor 3 CSP IPP ("Noor 3") in Morocco*).

(B) Termination of hedging instruments represents gain on discontinuation of pre-hedging contracts in 2Q2024 (*please refer section 2.2.5 Income in relation to termination of some hedging instruments*)

(C) For details on ACWA GUC debt restructuring gain, *please refer section 2.2.3 ACWA GuC Debt restructuring.*

(D) For details on Termination of Project in Africa, *please refer section Termination of Project in Africa.*

3.3 Parent operating cash flow ("POCF")

POCF represents parent level, or corporate, operating cash and comprises 1) distributions from the project companies and NOMAC; 2) development, construction management and other fee revenues; 3) cash generated by financial optimization activities including partial and/or full divestments of the Company's investments, and by refinancings. These cash flows are then reduced by corporate general, administrative expenses, Zakat and tax expenses and capital expenditures as well as the financial expenses related to the ACWA39 non-recourse bond.

Parent Operating Cash Flow ("POCF")	YTD December 2024		
	SAR in Millions		
	2024	2023	% change
Distributions	1,254	1,461	-14.2%
Development business construction management service and other fees and services	1,930	1,904	1.4%
Capital recycling	861	74	1066.8%
Total cash inflow	**4,045**	**3,438**	**17.6%**
Total cash outflow	**(1,203)**	**(985)**	**22.1%**
Total parent operating cash flow	**2,842**	**2,453**	**15.9%**
Total discretionary cash	7,658	9,089	-15.7%
Total uses of cash	(5,066)	(4,376)	15.8%
Year end cash balance	**2,592**	**4,713**	**-45.0%**

Source: Company Information

POCF for 2024 was SAR 2,842 million and 15.9%, or SAR 389 million, higher than SAR 2,453 million of 2023, mainly on account of higher cash inflows by SAR 607 million offset by higher cash outflows by SAR 217 million.

Higher cash inflow was mainly due to cash proceeds on account of 30% stake sale in RAWEC (*please refer section 2.1.5 Rabigh Arabian Water and Electricity Company ("RAWEC")*) which was partially offset by lower distribution from projects mainly on account of outages and maintenance activity.

Total cash outflow was higher by 22.1%, mainly on account of higher staff costs reflecting business growth in line with the Company's new Strategy 2.0, and higher financial expenses on non-recourse ACWA39 bond due to schedule principle payments.

3.3.1 Total discretionary cash ("TDC") and year end cash

Total Discretionary Cash comprises the corporate opening cash for the current year, the POCF and new equity or debt capital raised by the Company, if any, and represents the cash available for the Company's investment commitments, corporate debt servicing and dividends.

TDC for 2024 was SAR 7,658 million and 15.7%, or SAR 1,431 million, lower than SAR 9,089 million of 2023, mainly owing to the proceeds from Sukuk issued in 2023 in addition to other drawdowns, which more than offset the positive impact of higher POCF (see above).

During 2024, the Company used SAR 5,066 million of its available TDC for: 1) the debt service of SAR 1,243 million (including service of both tranches of Sukuk and repayment of facilities SAR 776 million); 2) dividend payment of SAR 328 million for the year 2023; 3) cash investments in its projects at an aggregate amount of SAR 2,146 million; 4) share buyback of SAR 118 million (*Please refer section 2.1.6 Long term incentive plan (LTIP) and share buy-back*); and 5) aggregate net cash outflows for limited notices to proceed, other advances and project development costs, net off any advances collected, of SAR 1,230 million.

Total year-end corporate or parent-level cash on 31 December 2024 stood at SAR 2,592 million and was 45.0%, or SAR 2,121 million, lower than the year-end cash balance on 31 December 2023.

3.4 Parent level leverage

Parent level, or corporate, leverage consists of 1) borrowings with recourse to the parent (the Company); 2) off-balance sheet guarantees in relation to the Equity Bridge Loans (EBLs) and other equity-related commitments including Equity Letters of Credit; and 3) options entered with lenders of mezzanine debt facilities by the Company's JVs or subsidiaries. Parent level net leverage represents parent level leverage net off the parent total year-end cash balance.

	SAR in Millions		
	31-Dec-24	31-Dec-23	% change
Corporate borrowings	4,590	4,588	0.1%
Project recourse borrowings	4,046	4,976	-18.7%
Other financial liabilities	806	772	4.4%
Total on-balance sheet leverage	**9,442**	**10,336**	**-8.6%**
Guarantees in relation to equity letter of credits & EBL	10,624	7,271	46.1%
Other equity commitments	598	598	0.0%
Total off-balance sheet leverage	**11,222**	**7,869**	**42.6%**
Total parent leverage	**20,664**	**18,204**	**13.5%**
Less: year end cash balance	(2,592)	(4,713)	-45.0%
Parent net leverage	**18,072**	**13,491**	**34.0%**
Net tangible equity [1]	16,123	14,713	9.6%
Parent net leverage to POCF ratio	**6.36x**	**5.50x**	**0.86%**
Parent net leverage to Net tangible equity ratio	1.12x	0.92x	0.20x

[1] Equity attributable to owners of the Company before other reserves, net of intangible assets such as Goodwill, and project development costs.

Source: Audited financial statements and company information

Parent Net Leverage stood at SAR 18,072 million as of 31 December 2024 and was 34.0%, or SAR 4,581 million, higher than SAR 13,491 million as of 31 December 2023, driven mainly by higher off-balance sheet indebtedness and lower year end cash balance partially offset by lower on balance sheet indebtness.

Total on-balance sheet leverage stood at SAR 9,442 million and was (8.6)%, or SAR 893 million, lower than SAR 10,336 million as of 31 December 2023.

Corporate borrowings at SAR 4,590 million comprise Sukuk and corporate revolving facilities (CRF). There is no major variance in corporate borrowings. Project recourse borrowings stood at SAR 4,046 million and represent the borrowings by the Company's projects with recourse to the Company. The reduction was mainly driven by the minority stake sale in Bash & Dzhankeldy resulting in the projects to be accounted as equity method (*Please refer section Bash and Dzhankeldy 1GW wind projects in Uzbekistan*) including repayment of one of the facilities, which was partially offset by higher borrowing at projects which are under-construction.

Total off-balance sheet leverage stood at SAR 11,222 million and was 42.6%, or SAR 3,353 million, higher than SAR 7,869 million as of 31 December 2023, owing to the Company's higher EBL or other equity-related commitments in parallel with the increased equity investment levels for projects mainly in Saudi Arabia.

3.4.1 Leverage ratios

The Company's management monitors two ratios with respect to its net leverage position, namely Parent Net Leverage to POCF ratio and Parent Net Leverage to Net Tangible Equity ratio.

The Parent Net Leverage to POCF ratio at 6.36x (times) as of 31 December 2024 was 0.86x higher than the ratio as of 31 December 2023, due to accelerated growth.

Due to higher parent net leverage, the Parent Net Leverage to Net Tangible Equity ratio at 1.12x (times) as of 31 December 2024 was 0.20x higher than the ratio as of 31 December 2023, mainly due to higher parent net leverage as analyzed above.

4- Safety, Operations and Sustainability Review

4.1 Safety

The Group recorded a total of 141.2 million man-hours in our under construction and operating plants, twice the 72 million man-hours logged in 2023, driven by the increased number of assets under construction in our portfolio. The "lost-time" injury rate ("LTI Rate") remained at 0.01 (2023: 0.01).

In 2024, the Company deeply regrets the occurrence of three fatal incidents. With heavy hearts, we honor and remember our colleagues who tragically lost their lives on-site.

Safety remains a core value for the Company, and we are firmly committed to preventing all serious injuries and incidents. In response to these events, the Group's Safety Executive Committee (SEC), headed by the CEO including other C-suite executives, are reinforcing its commitment to Zero Significant Harm (ZSH), emphasizing proactive management of high-severity risks. The ZSH strategy goes beyond incident tracking to ensure that robust safety controls are in place and fully operational. The goal is to create an environment where critical risks are identified, carefully managed, and mitigated before they can result in harm.

During 2024, the SEC also focused on integrating digital tools to enhance AI-driven insights for HSSE decision-making. This digital transformation supports predictive risk management and proactive safety measures.

4.2 Operational Performance

During 2024, 4 GW of power and 76,000 m^3/day of desalinated water as incremental operational capacity were added to our portfolio, thus bringing the total operational capacity in our portfolio to 34 GW of power and 5.6 million m^3/day of water. This includes both fully operational assets and under-construction assets that have reached partial commercial operations.

In 2024, our consolidated power availability improved by 140 basis points, reaching 93.3%, up from 91.9% in 2023. However, the renewable power segment saw a decline in availability, dropping by 210 basis points to 95.6%, compared to 97.7% in 2023. This decrease was mainly due to the prolonged forced outage at Noor III CSP IPP in Morocco.

Our water portfolio continued to deliver strong performance, with consolidated water availability increasing by 120 basis points to 97.6% in 2024, compared to 96.4% in 2023.

In 2024, we observed a significant improvement in the operational performance of our power portfolio, especially when compared to the challenges encountered in 2022/23 due to forced outages (FO) at some of our plants. This enhancement was primarily driven by the successful implementation of the Reliability of Supply (RoS) program, which was launched in late 2022. As a result, we saw a substantial reduction in both forced and planned plant outages, bringing our performance much closer to industry standard acceptable levels.

Further details on our RoS program and updates for 2024 will be included in the 2024 Integrated Annual Report, which will be published soon.

4.3 Sustainability

In 2024, ACWA Power continued to significantly expand its commitment to renewable energy, reflecting our strategic focus on sustainability and environmental stewardship by being a leading company in building and operating large-scale renewable assets. Our operational renewable capacity surged to 6.3 GW, up from 2.0 GW in 2023, while our projects under construction and in advanced development grew our total portfolio gross renewable capacity to 34.9 GW, representing 50.4% of our total power capacity (YE2023: 44.5%). Achieving this milestone is a significant accomplishment, as we have met our target of a 50/50 portfolio mix between renewables and flexible generation six years ahead of schedule.

As generation increases from renewable resources, our portfolio's specific emissions intensity (CO2 eg/kWh) reduces. We aim to have USD 250 billion assets under management by 2030, with more than 75% of the power additions to be from renewables.

Additionally, the integration of captive photovoltaic (PV) solutions within our water desalination plants has led to significant reductions in greenhouse gas (GHG) emissions. As part of our ongoing commitment to sustainability, we plan to increase the use of renewable energy as the primary source in our water desalination business. It is also worth noting that almost 100% of our water withdrawal source and water discharge destination in our portfolio is seawater.

A more detailed disclosure on sustainability will be included in the comprehensive sustainability section of our 2024 Integrated Annual Report, which will be published soon.

Appendix

OUR ASSETS

As at and for the three month ended 31 December 2024

	No. of Assets	Total Investment Cost (USD million)	Total Investment Cost (SAR million)	Contracted Power (MW)	Contracted Water (000’ m³/ day)	Contracted Green Hydrogen (Ktons/annum)	BESS MWh (Gross)	Operational capacity (MW)	Operational Capacity3 (000’ m³/ day)	Under construction capacity (MW)	Under construction capacity (000’ m³/ day)
TOTAL OPERATIONAL ASSETS	52	52,515	196,932	33,238	5,594	-	73	33,238	5,594	-	-
TOTAL ASSETS UNDER CONSTRUCTION & PARTIALLY OPERATIONAL	24	29,190	109,462	23,606	2,051	223	2,598	800	-	22,806	2,051
TOTAL ASSETS IN THE ADVANCED DEVELOPMENT	18	15,482	58,056	12,390	410	-	2,654	-	-	-	-
GRAND TOTAL PORTFOLIO	94	97,187	364,450	69,234	8,054	223	5,325	34,038	5,594	22,806	2,051
Additions during 2024	13	12,448	46,679	14,163	410	-	1,193	4,041	76	6,874	742

The 400,000 m³/day Grand Cote Desalination Project in Senegal and a Project in Africa, which have signed their offtake contracts but the financing arrangements have not started as of 31 December 2024G, are not included in the Company’s in advanced development projects.

FULLY OPERATIONAL ASSETS

Project Name	Country	No. of Assets	Total Investment Cost (SAR million)	ACWA Power Effective Share [1]	Power [4] (MW)	Water [4] (000' m³/day)	Green Hydrogen [4] (Ktons/annum)	BESS MWh (Gross)	Operational capacity [3]		Contract	Technology	PCOD (Actual / Expected)/ Status	Control (EAI/ SUB) [2]	Accounting	Offtaker
									(MW)	(000' m³/day)						
Shuaibah IWPP	Saudi Arabia	1	9,188	30.00%	900	880	-	-	900	880	PWPA–BOO–20 YR	MSF	Q1 2010	EAI	Finance lease	Saudi Water Partnership Co. (SWPC)
Shuaibah Expansion IWP	Saudi Arabia	1	874	30.00%	-	150	-	-	-	150	WPA–BOO-20 YR	SWRO	Q4 2009	EAI	Operating lease	Saudi Water Partnership Co. (SWPC)
Petro-Rabigh IWSPP	Saudi Arabia	1	4,466	69.00%	360	134	-	-	360	134	WECA–BOO–25 YR	SWRO	Q2 2008	SUB	Operating lease	Petro-Rabigh Petrochemical Complex (PRC)
Petro-Rabigh (Phase 2) IWSPP	Saudi Arabia	0	3,689	69.00%	160	54	-	-	160	54	WECA-BOO-25 YR	SWRO	Q1 2018	SUB	Operating lease	Petro-Rabigh Petrochemical Complex (PRC)
Marafiq IWPP	Saudi Arabia	1	11,561	20.00%	2,744	800	-	-	2,744	800	PWPA–BOOT–20 YR	MED	Q4 2010	EAI	Finance lease	Tawreed (a subsidiary of Marafiq)
Rabigh IPP	Saudi Arabia	1	9,398	40.00%	1,204	-	-	-	1,204	-	PPA–BOO–20 YR	Oil	Q2 2013	EAI	Operating lease	Saudi Electricity Company (SEC)
Barka 1 IWPP	Oman	1	1,556	41.91%	427	91	-	-	427	91	PWPA-BOO-9 YR	MSF	Operational when acquired, Acquisition Aug 2010	SUB	Operating lease	Oman Power and Water Procurement Co. (OPWP)
CEGCO Assets	Jordan	1	1,759	40.93%	366	-	-	-	366	-	PPA-BOO-15 YR	Natural Gas	Operational when acquired, Acquisition July 2011	SUB	Operating lease	National Electric Power Company (NEPCO)
Hajr IPP	Saudi Arabia	1	10,219	22.49%	3,927	-	-	-	3,927	-	PPA–BOO–20 YR	Natural Gas	Q1 2015	EAI	Operating lease	Saudi Electricity Company (SEC)
Barka 1 Expansion IWP	Oman	1	199	41.91%	-	46	-	-	-	46	WPA-BOO-8.2 YR	SWRO	Q2 2014	SUB	Operating lease	Oman Power and Water Procurement Co. (OPWP)
Noor I CSP IPP	Morocco	1	3,153	73.13%	160	-	-	-	160	-	PPA-BOOT-25 YR	CSP - Parabolic	Q1 2016	SUB	Finance lease	Moroccan Agency for Solar Energy
Bokpoort CSP IPP	South Africa	1	1,939	20.40%	50	-	-	-	50	-	PPA-BOO-20 YR	CSP - Parabolic	Q1 2016	EAI	Operating lease	Eskom Holdings

FULLY OPERATIONAL ASSETS CONTD.

Project Name	Country	No. of Assets	Total Investment Cost (SAR million)	ACWA Power Effective Share [1]	Power [4] (MW)	Water [4] (000' m³/day)	Green Hydrogen [4] (Ktons/annum)	BESS MWh (Gross)	Operational capacity [3] (MW)	Operational capacity [3] (000' m³/day)	Contract	Technology	PCOD (Actual / Expected)/ Status	Control (EAI/ SUB) [2]	Accounting	Offtaker
Rabigh 2 IPP	Saudi Arabia	1	5,854	50.00%	2,060	-	-	-	2,060	-	PPA-BOO-20 YR	Natural Gas	Q1 2018	EAI	Operating lease	Saudi Electricity Company (SEC)
Kirikkale CCGT IPP	Turkey	1	3,488	69.60%	950	-	-	-	950	-	Merchant market	Natural Gas	Q3 2017	EAI	Operating lease	NA (Merchant market)
Khalladi Wind IPP	Morocco	1	655	26.01%	120	-	-	-	120	-	PPA-BOO-20 YR	Wind	Q2 2018	EAI	Operating lease	Industrial companies (captive PPAs)
Barka 1 Phase II Expansion IWP	Oman	1	298	41.91%	-	57	-	-	-	57	WPA-BOO-4.25 YR	SWRO	Q1 2016	SUB	Operating lease	Oman Power and Water Procurement Co. (OPWP)
Noor II CSP IPP	Morocco	1	4,125	75.00%	200	-	-	-	200	-	PPA-BOOT-25 YR	CSP - Parabolic	Q2 2018	SUB	Finance lease	Moroccan Agency for Solar Energy
Noor III CSP IPP	Morocco	1	3,233	75.00%	150	-	-	-	150	-	PPA-BOOT-25 YR	CSP - Tower	Q4 2018	SUB	Finance lease	Moroccan Agency for Solar Energy
Shuaa Energy PV IPP	UAE	1	1,222	24.99%	200	-	-	-	200	-	PPA-BOO-25 YR	PV	Q1 2017	EAI	Finance lease	Dubai Electricity and Water Authority (DEWA)
Salalah 2 IPP - Existing	Oman	1	629	27.00%	273	-	-	-	273	-	PPA-BOO-15 YR	Natural Gas	Operational when acquired, Acquisition Q2 2015	EAI	Finance lease	Oman Power and Water Procurement Co. (OPWP)
Salalah 2 IPP - Greenfield	Oman	1	1,687	27.00%	445	-	-	-	445	-	PPA-BOO-15 YR	Natural Gas	Q1 2018	EAI	Operating lease	Oman Power and Water Procurement Co. (OPWP)
Hassyan IPP	UAE	1	12,140	26.95%	2,400	-	-	-	2,400	-	PPA-BOO-25 YR	Natural Gas	Q4 2023	EAI	Finance lease	Dubai Electricity and Water Authority (DEWA)
Ibri IPP	Oman	1	3,683	44.90%	1,509	-	-	-	1,509	-	PPA-BOO-15 YR	Natural Gas	Q2 2019	EAI	Operating lease	Oman Power and Water Procurement Co. (OPWP)
Sohar 3 IPP	Oman	1	3,686	44.90%	1,710	-	-	-	1,710	-	PPA-BOO-15 YR	Natural Gas	Q2 2019	EAI	Operating lease	Oman Power and Water Procurement Co. (OPWP)

FULLY OPERATIONAL ASSETS CONTD.

Project Name	Country	No. of Assets	Total Investment Cost (SAR million)	ACWA Power Effective Share [1]	Power [4] (MW)	Water [4] (000' m³/ day)	Green Hydrogen [4] (Ktons/ annum)	BESS MWh (Gross)	Operational capacity [3]		Contract	Technology	PCOD (Actual / Expected)/ Status	Control (EAI/ SUB) [2]	Accounting	Offtaker
									(MW)	(000' m³/day)						
Zarqa IPP	Jordan	1	1,834	60.00%	485	-	-	-	485	-	PPA-BOO-25 YR	Natural Gas	Q3 2018	SUB	Operating lease	National Electric Power Company (NEPCO)
NOOR PV1 IPP	Morocco	3	788	75.00%	135	-	-	-	135	-	PPA–BOT–20 YR	PV	Q4 2018	EAI	Finance lease	Moroccan Agency for Solar Energy
Mafraq PV IPP	Jordan	1	265	51.00%	50	-	-	-	50	-	PPA-BOO-20 YR	PV	Q4 2018	SUB	Operating lease	National Electric Power Company (NEPCO)
Shuaibah 2 IWP	Saudi Arabia	1	1,155	100.00%	-	250	-	-	-	250	WPA-BOO-25 YR	SWRO	Q2 2019	EAI	Operating lease	Saudi Water Partnership Co. (SWPC)
Risha PV IPP	Jordan	1	254	51.00%	50	-	-	-	50	-	PPA-BOO-20 YR	PV	Q4 2019	EAI	Operating lease	National Electric Power Company (NEPCO)
BenBan 1	Egypt	1	281	32.81%	50	-	-	-	50	-	PPA-BOO-25 YR	PV	Q3 2019	EAI	Operating lease	Egyptian Electricity Transmission Company (EETC)
Ben Ban 2	Egypt	1	300	32.81%	50	-	-	-	50	-	PPA-BOO-25 YR	PV	Q3 2019	EAI	Operating lease	Egyptian Electricity Transmission Company (EETC)
Ben Ban 3	Egypt	1	113	18.05%	20	-	-	-	20	-	PPA-BOO-25 YR	PV	Q3 2019	EAI	Operating lease	Egyptian Electricity Transmission Company (EETC)
Salalah IWP	Oman	1	600	50.10%	-	114	-	-	-	114	WPA-BOO-20 YR	SWRO	Q1 2011	SUB	Operating lease	Oman Power and Water Procurement Co. (OPWP)
Sakaka PV IPP	Saudi Arabia	1	1,133	70.00%	300	-	-	-	300	-	PPA–BOO–25 YR	PV	Q2 2020	EAI	Finance lease	Saudi Power Procurement Company (SPPC)
Rabigh 3 IWP	Saudi Arabia	1	2,576	70.00%	-	600	-	-	-	600	PWPA–BOO–25 YR	SWRO	Q4 2021	SUB	Finance lease	Saudi Water Partnership Co. (SWPC)
Al Dur Phase II IWPP	Bahrain	1	4,125	60.00%	1,500	227	-	-	1,500	227	PWPA–BOO–20 YR	SWRO	Q2 2022	EAI	Operating lease	Electricity and Water Authority (Bahrain)
Taweelah IWP	UAE	1	3,278	40.00%	-	909	-	-	-	909	WPA–BOO–30 YR	SWRO	Q1 2024	EAI	Finance lease	Emirates Water and Electricity Company (EWEC)

FULLY OPERATIONAL ASSETS CONTD.

Project Name	Country	No. of Assets	Total Investment Cost (SAR million)	ACWA Power Effective Share [1]	Power [4] (MW)	Water [4] (000' m³/day)	Green Hydrogen [4] (Ktons/annum)	BESS MWh (Gross)	Operational capacity [3]		Contract	Technology	PCOD (Actual / Expected)/ Status	Control (EAI/ SUB) [2]	Accounting	Offtaker
									(MW)	(000' m³/day)						
UAQ IWP	UAE	1	2,988	40.00%	-	682	-	-	-	682	PPA–BOOT–35 YR	SWRO	Q3 2022	EAI	Finance lease	Etihad Water and Electricity (EWE)
Ibri 2 PV IPP	Oman	1	1,481	50.00%	500	-	-	-	500	-	PPA-BOO-15	PV	Q3 2021	EAI	Operating lease	Oman Power and Water Procurement Co. (OPWP)
Jazlah IWP	Saudi Arabia	1	2,468	40.20%	-	600	-	-	-	600	WPA-BOO-25 YR	SWRO	Q1 2023	EAI	Finance lease	Saudi Water Partnership Co. (SWPC)
DEWA V PV	UAE	1	2,108	24.00%	900	-			900	-	PPA-BOO-25 YR	PV	Q4 2023	EAI	Operating lease	Dubai Electricity and Water Authority (DEWA)
Kom Ombo	Egypt	1	611	100.00%	200	-	-	-	3,800	-	PPA-BOO-25 YR	PV	Q2 2024	SUB	Operating lease	Egyptian Electricity Transmission Company (EETC)
Sudair PV IPP	Saudi Arabia	1	3,465	35.00%	1,500	-	-	-	200	-	PPA-BOO-25 YR	PV	Q4 2024	EAI	Operating lease	Saudi Power Procurement Company (SPPC)
Jazan IGCC	Saudi Arabia	1	45,000	25.00%	3,800	-			3,800	-	PSA-OOT-25 YR	Oil	Q3 2021	EAI	Financing	ARAMCO
Noor Energy 1	UAE	1	17,145	24.99%	950	-	-	-	950	-	PPA-BOO-35 YR	CSP	Q1 2024	EAI	Operating lease	Dubai Electricity and Water Authority (DEWA)
Mingyang 1&2 Wind	China	1	413	100%	100	-	-	60	100	-	PPA-BOO-20 YR	Wind	Q4 2024	EAI		
Sungrow 3 Solar	China	3	356	85.00%	133	-	-	13	133	-	PPA-BOO-30 YR	PV	Q4 2024	EAI		
Sirdarya CCGT IPP	Uzbekistan	1	3,814	51.00%	1,500	-	-	-	1,500	-	PPA-BOOT-25 YR	Natural Gas	Q4 2024	EAI	Finance lease	National Electric Grid of Uzbekistan (NEGU)
Ar Rass PV IPP	Saudi Arabia	1	1,688	40.10%	700	-	-	-	700	-	PPA-BOO-25 YR	PV	Q3 2024	EAI	Operating lease	Saudi Power Procurement Company (SPPC)
Total		**52**	**196,932**		**33,238**	**5,594**	**0**	**73**	**33,238**	**5,594**						

UNDER CONSTRUCTION & PARTIALLY OPERATIONAL ASSETS

Project Name	Country	No. of Assets	Total Investment Cost (SAR million)	ACWA Power Effective Share [1]	Power [4] (MW)	Water [4] (000' m³/ day)	Green Hydrogen [4] (Ktons/ annum)	BESS MWh (Gross)	Operational capacity [3] (MW)	Operational capacity [3] (000' m³/ day)	Under construction capacity (MW)	Under construction capacity (000' m³/ day)	Contract	Technology	PCOD (Actual / Expected)/ Status	Control (EAI/ SUB) [2]	Accounting	Offtaker
Redstone CSP IPP	South Africa	1	2,715	36.00%	100	-	-		-	-	100	-	PPA-BOO-20 YR	CSP - Tower	Q4 2024	EAI	Operating lease	Eskom Holdings
The Red Sea Project	Saudi Arabia	1	5,966	50.00%	340	33	-	1,228	-	-	340	33	25 YR	PV, BESS, ICE, RO, district cooling	Q1 2025	EAI	Finance lease	The Red Sea Development Company (TRSDC)
Shuaibah 3 IWP	Saudi Arabia	1	3,113	47.48%	-	600	-			-	-	600	WPA-BOO-25 YR	SWRO	Q2 2025	EAI	Finance lease	Saudi Water Partnership Co. (SWPC)
Bash Wind IPP	Uzbekistan	1	2,588	65.00%	500	-	-		-	-	500	-	PPA-BOOT-25 YR	Wind	Q1 2025	EAI	Operating lease	National Electric Grid of Uzbekistan (NEGU)
Dzhankeldy Wind IPP	Uzbekistan	1	2,468	65.00%	500	-	-		-	-	500	-	PPA-BOOT-25 YR	Wind	Q1 2025	EAI	Operating lease	National Electric Grid of Uzbekistan (NEGU)
Neom Green Hydrogen	Saudi Arabia	1	31,875	33.33%	3,883	-	220	600.00	-	-	3,883	-	APA-BOO-30 YR	PV+Wind	Q4 2026	EAI	Operating lease	Air Products
Karatau Wind IPP	Uzbekistan	1	439	100.00%	100	-	-		-	-	100	-	PPA-BOOT-25 YR	Wind	Q1 2025	SUB	Operating lease	National Electric Grid of Uzbekistan (NEGU)
Shuaibah 1&2 PV IPP	Saudi Arabia	2	8,250	35.01%	2,631	-	-		600	-	2,031	-	PPA-BOO-35 YR	PV	Q4 2025	EAI	Operating lease	Saudi Power Procurement Company (SPPC)
Laylaa PV IPP	Saudi Arabia	1	400	40.10%	80	-	-		-	-	80	-	PPA-BOO-30 YR	PV	Q1 2025	EAI	Operating lease	Saudi Power Procurement Company (SPPC)
Rabigh 4 IWP	Saudi Arabia	1	2,516	45.00%	-	600	-		-	-	-	600	WPA-BOO-25 YR	SWRO	Q1 2026	EAI	Finance lease	Saudi Water Partnership Co. (SWPC)
Azerbaijan Wind IPP	Azerbaijan	1	1,073	100.00%	240	-	-		-	-	240	-	PPA-BOO-20 YR	Wind	Q4 2025	SUB	Operating lease	Azerenerji OJSC
Ar Rass 2 PV IPP	Saudi Arabia	1	5,299	50.10%	2,000	-	-		-	-	2,000	-	PPA-BOO-35 YR	PV	Q4 2025	EAI	Operating lease	Saudi Power Procurement Company (SPPC)
Saad 2 PV IPP	Saudi Arabia	1	3,000	50.10%	1,125	-	-		-	-	1,125	-	PPA-BOO-35 YR	PV	Q4 2025	EAI	Operating lease	Saudi Power Procurement Company (SPPC)
Al Kahfah PV	Saudi Arabia	1	3,900	50.10%	1,425	-	-		-	-	1,425	-	PPA-BOO-35 YR	PV	Q4 2025	EAI	Operating lease	Saudi Power Procurement Company (SPPC)

UNDER CONSTRUCTION & PARTIALLY OPERATIONAL ASSETS CONTD.

Project Name	Country	No. of Assets	Total Investment Cost (SAR million)	ACWA Power Effective Share [1]	Power [4] (MW)	Water [4] (000' m³/day)	Green Hydrogen [4] (Ktons/annum)	BESS MWh (Gross)	Operational capacity [3] (MW)	Operational capacity [3] (000' m³/day)	Under construction capacity (MW)	Under construction capacity (000' m³/day)	Contract	Technology	PCOD (Actual / Expected)/ Status	Control (EAI/ SUB) [2]	Accounting	Offtaker
Hassyan IWP	UAE	1	3,428	20.40%	-	818	-			-	-	818	WPA-BOO-30 YR	SWRO	Q1 2027	EAI	Finance lease	Dubai Electricity and Water Authority (DEWA)
Taibah 1 IPP	Saudi Arabia	1	6,675	40.00%	1,934	-	-		-	-	1,934	-	PPA-BOO-25 YR	CCGT	Q2 2027	EAI	Finance lease	Saudi Power Procurement Company (SPPC)
Qassim 1 IPP	Saudi Arabia	1	6,619	40.00%	1,896	-	-		-	-	1,896	-	PPA-BOO-25 YR	CCGT	Q2 2027	EAI	Finance lease	Saudi Power Procurement Company (SPPC)
Riverside Solar	Uzbekistan	1	2,381	100.00%	200	-	-	770	200	-	-	-	PPA-BOOT-25 YR	PV	Q3 2025	SUB	Operating lease	National Electric Grid of Uzbekistan (NEGU)
Haden Solar PV	Saudi Arabia	1	4,375	35.10%	2,000	-	-		-	-	2,000	-	PPA-BOO-25 YR	PV	Q1 2027	EAI	Operating lease	Saudi Power Procurement Company (SPPC)
Al-Muwaih Solar	Saudi Arabia	1	4,427	35.10%	2,000	-	-		-	-	2,000	-	PPA-BOO-25 YR	PV	Q1 2027	EAI	Operating lease	Saudi Power Procurement Company (SPPC)
Al-Khushaybi PV	Saudi Arabia	1	3,457	35.10%	1,500	-	-		-	-	1,500	-	PPA-BOO-25 YR	PV	Q1 2027	EAI	Operating lease	Saudi Power Procurement Company (SPPC)
Uzbekistan GH2	Uzbekistan	1	375	80.00%	52	-	3		-	-	52	-	"HPA-BOO-15 years PPA- BOO-25 years"	Wind		SUB	Operating lease	UZKIMYOIMPEKS LLC
Suez Wind	Egypt	1	4,125	100.00%	1,100	-	-	-	-	-	1,100	-	PPA-BOO-25 YR	Wind	Q4 2026	SUB	Operating lease	Egyptian Electricity Transmission Company (EETC)
Total		**24**	**109,462**		**23,606**	**2,051**	**223**	**2,598**	**800**	**0**	**22,806**	**2,051**						

ADVANCED DEVELOPMENT ASSETS[5]

Project Name	Country	No. of Assets	Total Investment Cost (SAR million)	ACWA Power Effective Share [1]	Power [4] (MW)	Water [4] (000' m³/ day)	Green Hydrogen [4] (Ktons/ annum)	BESS MWh (Gross)	Contract	Technology	PCOD (Actual / Expected)/ Status	Control (EAI/SUB) [2]	Accounting	Offtaker
Kungrad 1 Wind IPP	Uzbekistan	1	3,998	51.00%	500	-	-	325	PPA-BOOT-25 YR	Wind	Q2 2028	SUB	Operating lease	National Electric Grid of Uzbekistan (NEGU)
Kungrad 2 Wind IPP	Uzbekistan	1	2,501	51.00%	500	-	-	325	PPA-BOOT-25 YR	Wind	Q2 2028	SUB	Operating lease	National Electric Grid of Uzbekistan (NEGU)
Kungrad 3 Wind IPP	Uzbekistan	1	2,501	51.00%	500	-	-	325	PPA-BOOT-25 YR	Wind	Q2 2028	SUB	Operating lease	National Electric Grid of Uzbekistan (NEGU)
Saguling Floating PV IPP	Indonesia	1	225	100.00%	60	-	-		PPA-BOO-25 YR	PV	Q4 2026	SUB	Operating lease	PT Perusahaan Listrik Negara (PLN)
Singkarak Floating PV IPP	Indonesia	1	188	100.00%	50	-	-		PPA-BOO-25 YR	PV	Q4 2026	SUB	Operating lease	PT Perusahaan Listrik Negara (PLN)
Sazagan Solar 1	Uzbekistan	1	2,644	51.00%	500	-	-	770	PPA-BOOT-25 YR	PV	Q3 2025	SUB	Operating lease	National Electric Grid of Uzbekistan (NEGU)
Sazagan Solar 2	Uzbekistan	1	3,229	51.00%	500	-	-	770	PPA-BOOT-25 YR	PV	Q4 2026	SUB	Operating lease	National Electric Grid of Uzbekistan (NEGU)
Nukus 2 Wind IPP	Uzbekistan	1	985	100.00%	200	-	-	139	PPA-BOO-XX YR	WInd	Q2 2026	SUB	Operating lease	NEGU
Gijduvan Wind IPP	Uzbekistan	1	1,349	100.00%	300	-	-		PPA-BOO(T)-XX YR	WInd	Q1 2027	SUB	Operating lease	NEGU
Kungrad 4 Wind IPP	Uzbekistan	1	2,188	100.00%	500	-	-		PPA-BOO(T)-XX YR	WInd	Q2 2027	SUB	Operating lease	NEGU
Aral 1 Wind	Uzbekistan	1	4,055	100.00%	1,000	-	-	-	PPA-BOO(T)-25 YR	Wind	Q2 2031	SUB	Operating lease	National Electric Grid of Uzbekistan (NEGU)
Aral 2 Wind	Uzbekistan	1	4,055	100.00%	1,000	-	-	-	PPA-BOO(T)-25 YR	Wind	Q2 2031	SUB	Operating lease	National Electric Grid of Uzbekistan (NEGU)
Aral 3 Wind	Uzbekistan	1	3,963	100.00%	1,000	-	-	-	PPA-BOO(T)-25 YR	Wind	Q2 2031	SUB	Operating lease	National Electric Grid of Uzbekistan (NEGU)

ADVANCED DEVELOPMENT ASSETS[5] CONTD.

Project Name	Country	No. of Assets	Total Investment Cost (SAR million)	ACWA Power Effective Share [1]	Power [4] (MW)	Water [4] (000' m³/ day)	Green Hydrogen [4] (Ktons/ annum)	BESS MWh (Gross)	Contract	Technology	PCOD (Actual / Expected)/ Status	Control (EAI/SUB) [2]	Accounting	Offtaker
Aral 4 Wind	Uzbekistan	1	3,963	100.00%	1,000	-	-	-	PPA-BOO(T)-25 YR	Wind	Q2 2031	SUB	Operating lease	National Electric Grid of Uzbekistan (NEGU)
Aral 5 Wind	Uzbekistan	1	3,896	100.00%	1,000	-	-	-	PPA-BOO(T)-25 YR	Wind	Q2 2031	SUB	Operating lease	National Electric Grid of Uzbekistan (NEGU)
Rumah 1	Saudi Arabia	1	7,875	35.00%	1,890	-	-	-	PPA-BOO-25 YR	CCGT	Q2 2027	EAI	Operating lease	Saudi Power Procurement Company (SPPC)
Nairyah 1	Saudi Arabia	1	7,875	35.00%	1,890	-	-	-	PPA-BOO-25 YR	CCGT	Q2 2027	EAI	Operating lease	Saudi Power Procurement Company (SPPC)
Hamriyah IWP	UAE	1	2,569	45.00%	-	410	-	-	WPA-BOO-30 YR	SWRO	Q2 2028	EAI	Operating lease	Sharjah Electricity, Water and Gas Authority (SEWA)
Total		**18**	**58,056**		**12,390**	**410**	**-**	**2,654**						

Source: Company information.

[1] ACWA Power's effective share as at 31 December 2024.

[2] Equity accounted investee (EAI) or Subsidiary (SUB)

[3] Operational capacity includes fully operational projects and under construction project's capacity that has achieved partial commercial operations

[4] Contracted capacity

[5] Advanced development projects represent projects that have been signed purchase agreements or have been officially awarded to ACWA Power. These projects are subject to financial close and the information disclosed in the table maybe subject to changes.

ACWA POWER COMPANY

(Saudi Listed Joint Stock Company)

Consolidated Financial Statements
and Independent Auditor's Report
31 December 2024

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

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of ACWA Power Company ("A Saudi Joint Stock Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS as issued by the International Accounting Standards Board that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report

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

<table>
<tr><th colspan="2">Control assessment and reassessment on acquisition / divestment of investee companies</th></tr>
<tr><td colspan="2">See Note 3 to the consolidated financial statements for the accounting policy relating to basis of consolidation, note 4 for estimates, assumptions and judgments relating to control assessment on acquisition and divestment of investee companies and notes 5,7,15 and 34 for disclosures related to acquisition and divestment carried out during the year.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>During the year, the Group executed multiple transactions involving acquisition, divestment and changes in shareholding arrangements in the investee companies (investee). These transactions resulted in the group entering into new shareholders arrangements and revisions to the terms of the existing shareholder agreements.

These transactions trigger an assessment and reassessment of whether the Group controls/ jointly controls the investee.

The determination of control/ joint control is primarily determined by the purpose and design of the investee, rights and obligations of various parties, including the special rights with shareholders and reserved matters requiring unanimous approvals.

Assessment of above factors involves significant judgments. Due to the high degree of judgments required and the pervasive accounting impact of these assessments, the control assessment and reassessment on acquisition/ divestment of investee has been identified as a key audit matter.</td><td>We performed the following procedures:
• Obtained detailed control assessment (assessment of control or joint control, as applicable) prepared by management for all significant acquisition and divestment transactions
• Obtained and analysed the corresponding underlying documents including the sale and purchase agreements, shareholder agreements, and governing documents of the investee
• Understood the business of the investee and other factors relevant for the control assessment such as terms of the sale and purchase agreements, condition precedents for acquisitions and divestments, purpose and design of investee, relevant activities that significantly affect the investee's returns (relevant activities), and the decision-making process of the investee
• Inspected the governance structure of the investee, including shareholding structure, composition of the board of directors, representations in board of directors and voting process. We also evaluated the special rights with shareholders and reserve matters requiring unanimous approval and evaluated their impact on the assessment of decisions related to relevant activities
• Evaluated management's conclusions against the criteria set out in IFRS 10 and IFRS 11, in determining whether and if the Group has control or joint control over the investee
• Assessed the appropriateness of management's judgements pertaining to control assessment.</td></tr>
</table>

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Independent Auditor's Report

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

Impairment of Property, Plant and Equipment and Equity Accounted Investees

Refer to note 3 in the consolidated financial statements for material accounting policies, note 4 for estimates, assumptions and judgments relating to impairment of non-financial assets, note 5 for property, plant and equipment and note 7 for investment in equity accounted investees.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2024, the carrying value of the property, plant and equipment and investment in Equity Accounted Investees (EAI) included in the consolidated statement of financial position amounted to SAR 12,061 million and SAR 18,940 million respectively. Property, plant and equipment mainly comprise of plants operated by the Group under operating lease arrangements. Further, results of EAI primarily depend on the performance of the plants held by EAI. Any changes in technology, market expected returns or regulatory changes may impact the recoverable amount of these plants and consequently impact the Group's valuation of these plants either capitalised as property, plant and equipment or forming part of the net assets of EAIs. Where indicators of impairment are identified, management performs an impairment assessment on the recoverable amount of property, plant and equipment and investment in EAIs at both Group and investee level, in case of EAIs. The recoverable amounts were mostly determined based on value-in-use calculations using discounted cash flows models. The models were based on most recent financial plan and included projection periods over the term of the relevant agreements with the off taker or the remaining economic useful life of an asset. We identified impairment of property, plant and equipment and investment in EAIs as a key audit matter as the determination of recoverable amount involves significant judgements and assumptions by management, which include: - Estimating cash flows that the Cash Generating Unit (CGU) is expected to generate including assessment of underlying assumptions with respect to useful life, production volumes and capacity variations etc.; and - Determination of the pre-tax discount rates to use for discounting these cash flows.	We performed the following procedures: • Obtained an understanding of the management's process for identifying impairment indicators and performing impairment assessment on non-financial assets where impairment indicators exists • Performed risk assessment procedures, including and not limited to inquiries with management and internal audit, inspected minutes of meetings, and the financial performance of the assets to identify and assess the plant and investee company level for impairment indicators • For the assets where the impairment indicators were identified, we performed the following procedures: - Obtained and evaluated the impairment assessment performed by management for each CGU; - Assessed and tested the reasonableness of assumptions used by management in the impairment assessment; - Evaluated consistency of assumptions used by management for different CGU where indicators for impairment were identified; - Discussed with management and inspected the underlying evidence based on which impairment assessments were prepared; - Engaged KPMG valuation specialists to consider the appropriateness of the discount rate used in the impairment assessment calculations; and - Tested the accuracy of the impairment assessment model calculation. • Assessed the adequacy of Group`s disclosures in the consolidated financial statements.

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Independent Auditor's Report

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

Valuation of derivative financial instruments and hedge effectiveness	
See Note 3 to the consolidated financial statements for the accounting policy relating to derivative financial instruments and note 22 for the related disclosure.	
The key audit matter	**How the matter was addressed in our audit**
As at 31 December 2024, the fair value of derivative assets and liabilities held by the Group amounted to SAR 1,355 million and SAR 182 million respectively. The Group entered into various derivative transactions, including interest rate swap, forward foreign exchange contracts and options. The swaps, forward and option derivative contracts are over the counter derivatives that are not traded in active markets and hence, the valuation of these contracts is subjective as it takes into account a number of assumptions which involve management judgement. An inappropriate valuation of derivatives could have a material impact on the consolidated financial statements and the related hedge accounting. Application of hedge accounting requires robust documentation and compliance with hedge effectiveness requirements and parameters. We considered this as a key audit matter as there is complexity and subjectivity involved in determining the valuation of the derivatives as well as testing of hedge effectiveness.	We performed the following procedures: • Obtained an understanding about the Group's valuation process with respect to its derivatives and accounting for hedge relationships. • For a selected sample of derivatives, we performed the following procedures: - Obtained counter party bank confirmation for valuation of derivatives and compared with the valuation of derivatives reflected in the financial statements; - Involved KPMG specialists to perform independent valuation of the derivatives and compared the result with the valuation used by management and evaluated any variances noted; and - Tested the accuracy of the particulars of derivatives selected for independent valuation by KPMG specialist by tracing the details to the relevant derivative agreements. • Inspected hedge documentation for a sample of hedge arrangements and performed the following procedures: - Involved KPMG specialists to evaluate the hedge effectiveness assessment performed by the Group; and - Considered the appropriateness of hedge accounting and assessed whether the accounting is in line with the requirements of the relevant accounting and reporting standards. • Considered the adequacy of the disclosures in the financial statements relating to the valuation basis and inputs used in the fair value measurement.

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Independent Auditor's Report

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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Independent Auditor's Report

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming express an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of ACWA Power Company ("A Saudi Joint Stock Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

كي بي إم جي للاستشارات المهنية
ترخيص رقم ٤٦
Lic No. 46
C.R. 1010425494
R: 2
KPMG
KPMG Professional Services

Dr. Abdullah Hamad Al Fozan
License No 348

Riyadh on 25 February 2025
Corresponding to: Sha'ban 26, 1446

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ACWA POWER Company

(Saudi Listed Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	As of 31 Dec 2024	As of 31 Dec 2023
ASSETS			
Non-current assets			
Property, plant and equipment	5	**12,060,529**	10,090,244
Intangible assets and goodwill	6	**2,012,361**	2,047,374
Equity accounted investees	7	**18,939,892**	15,873,449
Net investment in finance lease	8	**10,796,838**	11,436,707
Deferred tax asset	21.4	**238,994**	153,323
Fair value of derivatives	22	**1,049,018**	754,927
Other assets	9	**400,917**	379,812
Total non-current assets		**45,498,549**	40,735,836
Current assets			
Inventories	10	**581,526**	479,322
Net investment in finance lease	8	**328,163**	382,185
Fair value of derivatives	22	**305,693**	88,153
Due from related parties	23	**1,952,226**	1,356,247
Accounts receivable, prepayments and other receivables	11	**4,132,754**	3,214,580
Short term investments	13	**280,800**	1,217,791
Cash and cash equivalents	12	**3,802,995**	4,740,941
		11,384,157	11,479,219
Assets held for sale	34	**-**	2,803,259
Total current assets		**11,384,157**	14,282,478
Total assets		**56,882,706**	55,018,314

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The attached notes 1 to 41 form an integral part of these consolidated financial statements.

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ACWA POWER Company

(Saudi Listed Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	**As of 31 Dec 2024**	As of 31 Dec 2023
EQUITY AND LIABILITIES			
Equity			
Shareholders' equity			
Share capital	14.1	**7,148,765**	7,134,143
Share premium		**5,335,893**	5,335,893
Treasury shares		**(106,620)**	-
Statutory reserve		**1,214,643**	1,038,937
Retained earnings		**4,872,289**	3,247,401
Proposed dividends	14.3	**-**	328,995
Equity attributable to owners of the Company before other reserves		**18,464,970**	17,085,369
Other reserves	14.5	**3,394,115**	2,072,589
Equity attributable to owners of the Company		**21,859,085**	19,157,958
Non-controlling interest	15	**2,447,127**	1,550,933
Total equity		**24,306,212**	20,708,891
Liabilities			
Non-current liabilities			
Long-term financing and funding facilities	16	**24,206,926**	23,549,709
Due to related parties	23	**889,902**	854,938
Deferred tax liability	21.4	**167,282**	163,476
Obligation for equity accounted investees	7	**238,013**	623,129
Fair value of derivatives	22	**109,709**	62,908
Deferred revenue	18	**170,066**	139,746
Employee end of service benefits' liabilities	17	**252,741**	211,298
Other liabilities	24	**632,430**	767,562
Total non-current liabilities		**26,667,069**	26,372,766
Current liabilities			
Accounts payable, accruals and other financial liabilities	19	**3,501,255**	3,149,023
Short-term financing facilities	20	**317,054**	316,876
Current portion of long-term financing and funding facilities	16	**1,751,045**	1,613,301
Due to related parties	23	**79,750**	79,157
Fair value of derivatives - current liabilities	22	**72,044**	-
Zakat and taxation	21.3	**188,277**	194,095
		5,909,425	5,352,452
Liabilities associated with assets held for sale	34	**-**	2,584,205
Total current liabilities		**5,909,425**	7,936,657
Total liabilities		**32,576,494**	34,309,423
Total equity and liabilities		**56,882,706**	55,018,314

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ACWA POWER Company
(Saudi Listed Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the year ended 31 December 2024	2023
Continuing operations			
Revenue	25	**6,297,298**	6,095,010
Operating costs	26	**(2,966,708)**	(2,599,830)
Gross profit		**3,330,590**	3,495,180
Development cost, provision and write offs, net of reversals	11.3	**(222,844)**	(69,582)
General and administration expenses	27	**(1,750,235)**	(1,236,692)
Share in net results of equity accounted investees, net of zakat and tax	7.1.1	**694,163**	241,671
Gain from partial divestments	34.2	**401,701**	-
Other operating income	28	**529,615**	550,308
Operating income before impairment loss and other expenses		**2,982,990**	2,980,885
Impairment reversal, net	30.1	**91,073**	-
Other expenses, net	30.2	**(62,162)**	(213)
Operating income after impairment loss and other expenses		**3,011,901**	2,980,672
Other income	29	**63,292**	92,131
Finance income		**317,271**	231,434
Exchange (loss) / gain, net	31	**(560)**	2,774
Financial charges	32	**(1,345,109)**	(1,474,903)
Profit before zakat and income tax		**2,046,795**	1,832,108
Zakat and tax charge	21.1	**(58,959)**	(53,731)
Profit for the year from continuing operations		**1,987,836**	1,778,377
Discontinued operations			
Loss from discontinued operations	34.3	**-**	(7,048)
Profit for the year		**1,987,836**	1,771,329
Profit attributable to:			
Equity holders of the parent		**1,757,057**	1,661,714
Non-controlling interests		**230,779**	109,615
		1,987,836	1,771,329
Basic and diluted earnings per share to equity holders of the parent (in SR)	33.2	**2.40**	2.27
Basic and diluted earnings per share from continuing operations to equity holders of the parent (in SR)	33.2	**2.40**	2.28

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9

ACWA POWER Company
(Saudi Listed Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the year ended 31 December 2024	2023
Profit for the year		**1,987,836**	1,771,329
Other comprehensive (loss) / income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		**24,269**	(12,750)
Change in fair value of cash flow hedge reserve	14.5, 29.1	**535,949**	51,574
Settlement of cash flow hedges transferred to profit or loss		**166,199**	96,848
Cash flow hedge reserve recycled to profit or loss upon termination of hedge relationships	14.5, 29.1	**(15,491)**	-
Cash flow hedge reserve recycled to profit or loss on loss of control of a subsidiary	34.2	**(508,538)**	-
Equity accounted investees – share of OCI	14.5, 7.1	**1,092,029**	(688,834)
Cash flow hedge reserve associated with equity accounted investees recycled to profit or loss upon termination of hedge relationships	14.5, 29.1	**-**	(6,769)
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability	17.1	**(10,223)**	(7,118)
Total other comprehensive income / (loss)		**1,284,194**	(567,049)
Total comprehensive income		**3,272,030**	1,204,280
Total comprehensive income attributable to:			
Equity holders of the parent		**3,021,854**	1,104,884
Non-controlling interests		**250,176**	99,396
		3,272,030	1,204,280

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10

ACWA POWER Company
(Saudi Listed Joint Stock Company

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

	Note	For the year ended 31 December 2024	2023
Cash flows from operating activities			
Profit before zakat and tax from continuing operations		**2,046,795**	1,832,108
Profit before zakat and tax from discontinued operations		**-**	(7,027)
Adjustments for:			
Depreciation and amortisation	5.3, 6.2	**522,958**	463,141
Financial charges	32	**1,345,109**	1,474,903
Unrealised exchange gain	31	**3,302**	(15,510)
Share in net results of equity accounted investees, net of zakat and tax	7.1	**(694,163)**	(237,804)
Charge for employees' end of service benefits	17.1	**71,119**	51,712
Fair value of cash flow hedges recycled to profit or loss		**(157,124)**	276
Provisions		**156,787**	73,539
Provision for long-term incentive plan	24.3, 27	**82,302**	36,100
Loss on disposal of property, plant and equipment		**(10,172)**	(5,823)
Gain on termination of hedging instruments	29	**(15,491)**	-
Impairment loss in relation to property, plant and equipment and goodwill	30.1	**(91,073)**	-
Gain recognised on loss of control in a subsidiary	34.2	**(401,701)**	(3,398)
Development cost, provision and write offs, net of reversals	11.3	**222,844**	69,582
Loss on disposal of an equity accounted investee		**-**	8,628
Finance income from shareholder loans and deposits		**(517,005)**	(441,479)
Gain on remeasurement of derivatives and options	29	**-**	(54,412)
		2,564,487	3,244,536
Changes in operating assets and liabilities:			
Accounts receivable, prepayments and other receivables		**(434,602)**	(559,721)
Inventories		**(109,891)**	(80,098)
Accounts payable, accruals and other liabilities		**758,402**	200,081
Due from related parties		**(13,424)**	289,919
Due to related parties		**(5,748)**	(61,749)
Net investment in finance lease		**723,868**	303,833
Deferred revenue		**30,320**	49,095
Net cash from operations		**3,513,412**	3,385,896
Payment of employees’ end of service benefits and long-term incentive	17.1, 24.3	**(58,501)**	(68,820)
Zakat and tax paid	21.3	**(152,611)**	(183,509)
Dividends received from equity accounted investees	7.1, 11	**171,235**	211,332
Net cash generated from operating activities		**3,473,535**	3,344,899
Cash flows from investing activities			
Addition to property, plant and equipment, and intangible assets		**(3,286,935)**	(3,682,008)
Funding in relation to construction activities		**(1,087,192)**	-
Proceeds on disposal of equity accounted investees, net of transaction cost		**-**	74,019
Proceeds on disposal of property, plant and equipment		**16,069**	58,147
Investments in equity accounted investees		**(1,406,165)**	(3,359,018)
Finance income from deposits		**317,271**	231,434
Short-term deposits with original maturities of more than three months	13	**936,991**	(1,017,793)
Cash deconsolidated on loss of control		**(313,050)**	(713,198)
Acquisition of subsidiary net of cash received	5.4	**(44,761)**	-
Net cash outflow from investing activities		**(4,867,772)**	(8,408,417)

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ACWA POWER Company

(Saudi Listed Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the year ended 31 December 2024	2023
Cash flows from financing activities			
Proceeds from financing and funding facilities, net of transaction cost		**2,283,772**	6,685,150
Repayment of financing and funding facilities		**(1,146,982)**	(827,934)
Proceeds on partial disposal of subsidiary without loss of control	15.2	**835,121**	-
Purchase of treasury shares	24.3	**(118,000)**	-
Proceeds from termination of hedge instruments		**343,423**	-
Financial charges paid		**(1,294,388)**	(1,575,310)
Dividends paid	14.3	**(450,307)**	(705,992)
Capital contributions from and other adjustments to non-controlling interest		**11,443**	182,209
Net cash increase from financing activities		**464,082**	3,758,123
Net (decrease) in cash and cash equivalents during the year		**(930,155)**	(1,305,395)
Cash and cash equivalents at beginning of the year		**4,740,941**	6,154,524
Cash and cash equivalents in relation to assets classified as held for sale		**-**	(100,281)
Net foreign exchange difference		**(7,791)**	(7,907)
Cash and cash equivalents at end of the year	12	**3,802,995**	4,740,941

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ACWA POWER Company

(Saudi Listed Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Share premium	Treasury shares	Statutory reserve	Retained earnings	Proposed dividends	Other Reserves (note 14.5)	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at 1 January 2023	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 year	-	-	-	-	1,661,714	-	-	1,661,714	109,615	1,771,329
Other comprehensive loss	-	-	-	-	-	-	(556,830)	(556,830)	(10,219)	(567,049)
Total comprehensive income / (loss)	-	-	-	-	1,661,714	-	(556,830)	1,104,884	99,396	1,204,280
Changes to non-controlling interests	-	-	-	-	-	-	-	-	182,209	182,209
Dividends (note 14.3)	-	-	-	-	-	(606,813)	-	(606,813)	(99,179)	(705,992)
Proposed dividends (note 14.3)	-	-	-	-	(328,995)	328,995	-	-	-	-
Transfer to statutory reserve	-	-	-	166,171	(166,171)	-	-	-	-	-
Balance at 31 December 2023	7,134,143	5,335,893	-	1,038,937	3,247,401	328,995	2,072,589	19,157,958	1,550,933	20,708,891
Balance at 1 January 2024	**7,134,143**	**5,335,893**	**-**	**1,038,937**	**3,247,401**	**328,995**	**2,072,589**	**19,157,958**	**1,550,933**	**20,708,891**
Profit for the year	-	-	-	-	1,757,057	-	-	1,757,057	230,779	1,987,836
Other comprehensive income	-	-	-	-	-	-	1,264,797	1,264,797	19,397	1,284,194
Total comprehensive income	-	-	-	-	1,757,057	-	1,264,797	3,021,854	250,176	3,272,030
Changes to non-controlling interests	-	-	-	-	-	-	-	-	11,443	11,443
Bonus share issued (note 14.4)	14,622	-	-	-	(14,622)	-	-	-	-	-
Purchase of treasury share (note 40.1)	-	-	(118,000)	-	-	-	-	(118,000)	-	(118,000)
Dividends (note 14.3)	-	-	-	-	-	(328,995)	-	(328,995)	(121,312)	(450,307)
Share-based payment transactions (note 14.5)	-	-	-	-	-	-	80,958	80,958	-	80,958
Settlement of treasury shares (note 14.5)	-	-	11,380	-	6,904	-	(18,284)	-	-	-
Divestment in subsidiary without loss of control (note 15.2)	-	-	-	-	51,255	-	(5,945)	45,310	755,887	801,197
Proposed dividends (note 14.3)	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	175,706	(175,706)	-	-	-	-	-
Balance at 31 December 2024	**7,148,765**	**5,335,893**	**(106,620)**	**1,214,643**	**4,872,289**	**-**	**3,394,115**	**21,859,085**	**2,447,127**	**24,306,212**

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ACWA POWER Company
(Saudi Listed Joint Stock Company)
NOTES TO THE 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. Shortly after its establishment in 2008, ACWA POWER (International Company for Water and Power) acquired ACWA Power Projects (APP), which had been active since 2004. The acquired entity notably secured its first major bid in 2005 to develop the Shuaibah Independent Water and Power Project (IWPP) and the Petro-Rabigh Independent Water, Steam, and Power Project (IWSPP).

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.

1.1 Information of the Group's direct subsidiaries/investees as of 31 December is included in the below table:

Entity name	Country of incorporation	Principal activities	Direct shareholding 2024	Direct shareholding 2023
ACWA Power Saudi Electricity and Water Development Company ***("APSE")***	Kingdom of Saudi Arabia	Investment in industrial and commercial enterprises and management; and managing office.	100.00%	100.00%
Kahromaa Company ***("KAHROMAA")***	Kingdom of Saudi Arabia	Installation, maintenance and operation contracting of electricity generation and desalination plants.	99.97%	99.97%
ACWA Power Reinsurance Co. Ltd. (captive insurance) ***("ACWA Re")***	United Arab Emirates (Dubai International Financial Centre – 'DIFC')	To effect and carry out contracts of insurance restricted to those of a Class 3 Captive Insurer. Under its captive license, ACWA Re can insure a part of its own affiliate's assets and that of related third party.	100.00%	100.00%
Multiple Shares Company ***("MSC")***	Kingdom of Saudi Arabia	Installation, maintenance and operation, contracting of electricity generation and desalination plants.	95.00%	95.00%
ACWA Power Bahrain Holdings W.L.L. ***("APBH")***	Kingdom of Bahrain	Installation, maintenance and operation contracting of electricity generation and desalination plants.	99.73%	99.73%
ACWA Power Global Services Ltd. (***"APGS"***)	United Arab Emirates (DIFC)	Own investments in group of companies, provide financial advisory, book-keeping and reporting, tax compliance and related services.	100.00%	100.00%
ACWA Power Management and Investments One Ltd. ***("APMI One")***	United Arab Emirates (DIFC)	Investment in industrial and commercial enterprises and management; and managing office.	100.00%	100.00%
ACWA Power Renewable Energy Holding Ltd. ***("APREH")***	United Arab Emirates (DIFC)	Power generation, water desalination and distribution or other business related to or ancillary thereto, development and management of such companies and provision of technical, commercial, administrative services.	51.00%	51.00%
First National Holding Company ***("NOMAC")***	Kingdom of Saudi Arabia	NOMAC is engaged in constructing, owning, buying, managing, operating and investing in industrial, services and construction projects of power stations, electricity, steam stations, water desalination plants and providing operation and maintenance (O&M) under long term contracts.	100.00%	100.00%
Nasamat for Energy Company (Formerly AIICO)	Kingdom of Saudi Arabia	Power generation, water desalination and distribution or other business related to or ancillary thereto.	100.00%	100.00%

ACWA POWER Company
(Saudi Listed Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in Saudi Riyals thousands unless otherwise stated)

1 ACTIVITIES (CONTINUED)

1.2 Information of the Group's material subsidiaries as of 31 December controlled, directly or indirectly, through its direct subsidiaries is included in the below table:

Entity name	Country of incorporation	Principal activities	Effective shareholding 2024	Effective shareholding 2023
Rabigh Arabian Water & Electricity Company ***("RAWEC")***	Kingdom of Saudi Arabia	RAWEC is a captive unit engaged in supplying power, water and steam under a 25-year Water and Energy Conversion Agreement with Rabigh Refining and Petrochemical Company. Its commercial operation commenced in June 2008 and June 2016 for phase 1 and phase 2 respectively.	69.00%	99.00%
Shuaibah 2 Water Development Project Company ***("SEPCO II")***	Kingdom of Saudi Arabia	SEPCO II is engaged in a 25-year Water Purchase Agreement ("WPA") with Water and Electricity Company ("WEC") for supply of desalinated water. Its commercial operations commenced in June 2019.	100.00%	100.00%
Rabigh Three Company ***("Rabigh III")***	Kingdom of Saudi Arabia	Rabigh III engaged in a 25-year Water Purchase Agreement ("WPA") with Water and Electricity Company ("WEC") for supply of desalinated water. Its commercial operations commenced in December 2021.	70.00%	70.00%
Sakaka Solar Energy Company ***("Sakaka")***	Kingdom of Saudi Arabia	Sakaka is engaged in generating renewable energy using Photovoltaics (PV). Sakaka commenced commercial operations in December 2020.	70.00%	70.00%
ACWA Power Ouarzazate S.A. ***("APO I")***	Kingdom of Morocco	APO1 is engaged in generating renewable energy using Concentrated Solar Power (CSP) technology. Its commercial operations commenced in January 2016.	73.13%	73.13%
ACWA Power Ouarzazate II S.A. ***("APO II")***	Kingdom of Morocco	APO II is engaged in generating renewable energy using Concentrated Solar Power (CSP) technology. Its commercial operations commenced in 2018.	75.00%	75.00%
ACWA Power Ouarzazate III S.A. ***("APO III")***	Kingdom of Morocco	APO III is engaged in generating renewable energy using Concentrated Solar Power (CSP) technology. Its commercial operations commenced in 2018.	75.00%	75.00%
Barka Water and Power Company SAOG ***("Barka")***	Sultanate of Oman	Barka is a listed company on the Muscat Securities Market ("MSM"). It is engaged in operating a power and water desalination plant. Its commercial operations commenced in June 2003.	41.91%	41.91%
Central Electricity Generating Company ***("CEGCO")***	Jordan	CEGCO is engaged in generation of power and supply to National Electric Power Company ("NEPCO") under various power purchase agreements. Its commercial operations commenced in January 1999. CEGCO also provides operation and maintenance services to some other investees of the Group including Zarqa and Mafraq.	40.93%	40.93%
Al Zarqa Power Plant for Energy Generation ***("Zarqa")***	Jordan	Zarqa is engaged in generation of power. Zarqa achieved commercial operations in 2018.	60.00%	60.00%

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 ACTIVITIES (CONTINUED)

Entity name	**Country of incorporation**	**Principal activities**	**Effective shareholding 2024**	**Effective shareholding 2023**
First National Operations & Maintenance Company Limited ***("NOMAC O&M")***	Kingdom of Saudi Arabia	NOMAC is engaged in providing Operation and Maintenance (O&M) under long term contracts, (direct or as a sub-contractor) to various of the Group's subsidiaries and equity accounted investees.	100.00%	100.00%
Rabigh Power Company Limited ***("RPC")***	Kingdom of Saudi Arabia	Management, operation and maintenance of power plants including the provision of specialised refurbishment and repair services.	100.00%	100.00%
First National Company for Operation & Maintenance Services LLC ***("NOMAC Oman")***	Sultanate of Oman	Management, operation, maintenance and investment in power stations and desalination plants.	100.00%	100.00%
Rabigh Operation and Maintenance Company ***("ROMCO")***	Kingdom of Saudi Arabia	Management, operation and maintenance of power plants including the provision of specialised refurbishment and repair services.	60.00%	60.00%
NOMAC Maroc SARLAU ***("NOMAC Maroc")***	Kingdom of Morocco	Operation and maintenance of power projects in the Kingdom of Morocco.	100.00%	100.00%
NOMAC Gulf O&M LLC ***("NOMAC Gulf")***	United Arab Emirates	Operation and maintenance of power projects in the United Arab Emirates.	100.00%	100.00%
NOMAC Gulf Coal Energy LLC ***("NOMAC Gulf Coal")***	United Arab Emirates	Operation and maintenance of the Hassyan Coal Project in the United Arab Emirates.	100.00%	100.00%

Information of the Group's equity accounted investees is included in note 7 of these consolidated financial statements.

2 BASIS OF PREPARATION AND CONSOLIDATION

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"); and IFRS issued by IASB as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), (collectively referred as "IFRS as endorsed in KSA"). The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.1 Basis of preparation

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

i) Derivative financial instruments including options and hedging instruments which are measured at fair value;
ii) Employee end of service benefits' liability is recognised at the present value of future obligations using the Projected Unit Credit method; and
iii) Assets held for sale which are measured at the lower of their carrying amount and fair value less costs to sell.

These consolidated financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency of the Company. All values are rounded to the nearest thousand (SR'000), except when otherwise indicated.

2.2 Basis of consolidation

These consolidated financial statements comprise the assets, liabilities and the results of operations of the Group. Subsidiaries are entities that are controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances including Board and shareholders reserve matters in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- the contractual arrangement with other vote holders of the investee;
- rights arising from other contractual arrangements including Board and Shareholders' reserved matters as included in the shareholder agreement; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2 BASIS OF PREPARATION AND CONSOLIDATION (CONTINUED)

2.2 Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Consistent accounting policies are used across the Group and if required, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in ownership interest in subsidiaries
Changes in Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e., transactions with owners in their capacity as owners). In such circumstances the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the shareholders of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. Any retained investment is recorded at fair value.

3 MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following material accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

The material accounting policies adopted are as follows:

Cash and cash equivalents
For the purposes of the consolidated statement of cash flows, cash and cash equivalents consists of bank balances, cash on hand and short-term bank deposits that have an original maturity of three months or less and excludes restricted cash deposit.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition
The Group records a financial asset or a financial liability in its consolidated statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument.

At initial recognition, financial assets or financial liabilities are measured at their fair values. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss. In the case of financial assets or financial liabilities not at fair value through profit or loss, its fair value including transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)
Classification

The Group classifies its financial assets under the following categories:
- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVTOCI); and
- Amortised cost.

These classifications are on the basis of business model of the Group for managing the financial assets, and contractual cash flow characteristics.

The Group measures a financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group classifies all non-derivative financial liabilities as subsequently measured at amortised cost using the effective interest method except for financial liabilities at fair value through profit or loss.

The Group designates a non-derivative financial liability at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistency or where a group of financial liabilities is managed, and its performance is evaluated on a fair value basis.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When the Group has neither transferred substantially all of the risks and rewards of the asset, nor transferred control of the asset, it continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial instruments (continued)
Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured for any changes in their fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from the changes in the fair value of derivatives are taken directly to the consolidated statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in the consolidated statement of other comprehensive income and later reclassified to the consolidated statement of profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e., rebalances the hedge) so that it meets the qualifying criteria again.

When the Group discontinues hedge accounting for a cash flow hedge, the amount that has been accumulated in the cash flow hedge reserve remains in the consolidated statement of other comprehensive income if the hedged future cash flows are still expected to occur, until such cash flows occur. If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified to the consolidated statement of profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised without replacement or rollover (as part of the hedging strategy), or when the hedge no longer meets the criteria for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument previously recognised in the consolidated statement of other comprehensive income is retained separately in the consolidated statement of other comprehensive income until the forecasted transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in the consolidated statement of other comprehensive income is transferred to the consolidated statement of profit or loss for the period.

Accounts receivable
After initial recognition, accounts receivable are stated at amortised cost less allowance for any impairment. The Group recognises an allowance for impairment for expected credit losses. Such impairment allowances are charged to profit or loss and reported under "General and administration expenses". When an account receivable is uncollectible, it is written-off against the impairment allowance. Any subsequent recoveries of amounts previously written-off are credited against "General and administration expenses" in the consolidated statement of profit or loss.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Development cost

Costs incurred on projects under development, which are considered as feasible, are recognised as an asset in the consolidated statement of financial position to the extent they are assessed to be recoverable. If a project is no longer considered feasible, the accumulated costs relating to that project are expensed to the profit or loss in the period in which the determination is made. The Group makes provision against these projects based on expected project success outcomes.

Development costs reimbursed by successful projects are recognised as a deduction from deferred costs in the consolidated statement of financial position.

Investments in associates and joint ventures – equity accounted investees

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in its associates and joint ventures are accounted for using the equity method of accounting from the date that the significant influence or joint-control commences until the date that such influence or joint-control ceases. Under the equity method of accounting, investments in associates and joint ventures are carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the associates and joint ventures. The Group's profit or loss reflects the Group's share of the profit or loss of the associates and joint ventures. Where there has been a change recognised directly in the other comprehensive income of the associates and joint ventures, the Group recognises its share of such changes in its consolidated statement of other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate or joint ventures ("upstream and downstream") are eliminated to the extent of the Group's interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of associates and joint ventures is shown separately in the consolidated statement of profit or loss under operating income and represents profit or loss after tax and non-controlling interest in the subsidiaries of the associate or joint venture.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring their accounting policies in line with those of the Group.

After application of the equity method of accounting, the Group determines whether it is necessary to recognise an impairment loss on its investment in associates or joint ventures. At each reporting date the Group determines whether there is objective evidence that the investment in an associate or a joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in associate or joint venture and its carrying value, then recognises the loss within 'Share in results of associates and joint ventures' in the consolidated statement of profit or loss.

When the Group's share of losses exceeds its interest in associates or joint ventures, the Group's carrying amount of investments in associate or joint venture is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of such investee companies.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of profit or loss.

When the Group increases its ownership interest in an existing associate / joint venture which remains an associate / joint venture after that increase, the purchase price paid for the additional interest is added to the existing carrying amount of the associate / joint venture and the existing share in net assets of the associate or joint venture is not re-measured. The cost of additional investment is allocated between the share of the fair value of net assets and goodwill. Any excess of the additional share in fair value of net assets acquired over the purchase price is recognised as a gain in profit or loss.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures – equity accounted investees (continued)

Appropriate adjustments are recognised in the Group's share of the associate's / joint venture's profit or loss after additional acquisition in order to reflect the Group's share in fair value of net assets at the acquisition date, arising from the additional acquisition.

Property, plant and equipment
Property, plant and equipment, except for land and capital work in progress, is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and capital work in progress are stated at cost less accumulated impairment loss, if any. Capital work in progress represents all costs relating directly or indirectly to the projects in progress and will be accounted for under relevant category of property, plant and equipment upon completion.

The cost less estimated residual value of other items of property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

Business combinations
Business combinations, excluding business combinations involving entities under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administration expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Subsequently, for the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group of cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed off in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

For business combinations involving entities under common control the assets and liabilities of the combining entities are reflected at their carrying amounts. Adjustments are made to the carrying amounts in order to incorporate any differences arising due to differences in accounting policies used by the combining entities. No goodwill or gain is recognised as a result of the combination and any difference between the consideration paid/transferred and the equity acquired is reflected within the equity of the Group. The consolidated statement of profit or loss and other comprehensive income reflects the results of the combining entities from the date when the combination took place.

Non-current assets held for sale and discontinued operations
The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and which:

- represents a separate major line of business or geographical area of operations;
- is a part of single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resell.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

When an operation is classified as a discontinued operation, the comparative statement of consolidated profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from start of the comparative year.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment
Financial assets
The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at fair value through profit or loss (FVTPL):

- trade receivables and contract assets;
- lease receivables;
- cash at bank;
- related parties;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognises on equity investments. The Group measures impairment allowances using the general approach for all financial assets except for trade receivables including short term related party receivables which follows the simplified approach.

Under the general approach, the Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Under the simplified approach, impairment allowances are always measured at an amount equal to lifetime ECL. The Group applies the simplified approach to measure the ECL on trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD)

The Group categorises its financial lease receivable into following three stages in accordance with the IFRS 9 methodology:

- Stage 1 – financial assets that are not significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on 12 months ECL.
- Stage 2 – financial assets that has significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on lifetime ECL. The impairment allowance is recorded based on lifetime PD.
- Stage 3 – for financial assets that are impaired, the Group recognises the impairment allowance based on lifetime ECL.

The Group also considers the forward-looking information in its assessment of significant deterioration in credit risk since origination as well as the measurement of ECLs.

The forward-looking information will include the elements such as macroeconomic factors (e.g., unemployment, GDP growth, inflation, profit rates and house prices) and economic forecasts obtained through internal and external sources.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment (continued)
Financial assets (continued)
ECL represent probability-weighted estimates of credit losses. These are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the net carrying amount and the present value of estimated future cash flows, which includes amounts recoverable from guarantees and collateral;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less cash flows that the Group expects to receive any.

Expected credit losses are discounted to the reporting date at the effective interest rate (EIR) determined at initial recognition or an approximation thereof and consistent with income recognition.

Non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

The Group's impairment calculation is based on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. Except for goodwill, a previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in profit or loss. Impairment loss recorded against the carrying value of goodwill is not reversed in subsequent periods.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. These are initially recognised at fair value and subsequently re-measured at amortised cost.

Statutory reserve
In accordance with the Company's By-Laws, the Company must set aside 10% of its income after zakat and tax in each year until it has built up a reserve equal to 30% of its capital. The reserve is not available for distribution.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessor
The Group's leasing activities includes provision of desalinated water and power under long-term Water / Power purchase agreements. Revenue in relation to these activities is disclosed in note 25.

Where the Group determines a long-term power / water supply arrangement to be, or to contain, a lease and where the Group transfers substantially all the risks and benefits incidental to ownership of the leased item, the arrangement is considered as a finance lease. A finance lease is presented as net investment in finance lease and is recognised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments received are apportioned between finance income and the reduction of the net investment in finance lease so as to achieve a constant rate of return on the remaining balance of the asset. The amount of net investment in finance lease is recorded in the consolidated statement of financial position as an asset at the gross amount receivable under the finance lease less unearned finance income.

Asset retirement obligation
The Group records the present value of estimated costs of legal decommissioning obligations required to restore the site to its original condition in the period in which the obligation is incurred. The nature of these activities includes dismantling and removing structures, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related property, plant and equipment to the extent that it was incurred as a result of the development/construction of the asset.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit or loss as part of finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes if any, in the estimated future costs or in the discount rate applied are added or deducted from the cost of the asset.

Revenue recognition
When the Group enters into an agreement with a customer, goods and services deliverable under the contract are identified as separate performance obligations to the extent that the customer can benefit from the goods or services on their own and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate performance obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified. The performance obligations identified will depend on the nature of individual customer contracts.

The Group determines the transaction price to which it expects to be entitled in return for providing the promised performance obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. The transaction price is allocated between the identified performance obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each performance obligation deliverable in the contract is determined according to the prices that the Group would achieve by selling the same goods and/or services included in the performance obligation to a similar customer on a standalone basis.

Revenue is recognised when the respective performance obligations in the contract are delivered to the customer and payment remains probable. Revenue is measured as the fair value of the consideration received or receivable for the provision of services in the ordinary course of business and sales taxes excluding amounts collected on behalf of third parties. Payment is typically due within 10-45 days from the invoice date depending on the specific terms of the contract.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)
Revenue from supply of desalinated water and power is recognised upon satisfaction of performance obligation which in general happens upon delivery of desalinated water and power to the customer. Capacity charge income (excluding receipts for services provided, such as insurance and maintenance) under Power and Water Purchase Agreements ("PWPA") or Power Purchase Agreements ("PPA") or Water Purchase Agreements ("WPA") for each hour during which the plant is available for power generation and/or water desalination is recognised over the lease term or upon actual billing period as appropriate considering the terms of each PWPA or PPA or WPA.

Where the Group acts as a lessor, (see 'Leases' above), at the inception of the lease, the total unearned finance income i.e. the excess aggregate minimum lease payments plus residual value (guaranteed and unguaranteed), if any, over the cost of the leased assets, is amortised over the term of the lease, and finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding with respect to the lease.

Revenue from the rendering of technical, operation and maintenance services ("O&M") are recognised over time or at a point in time with the satisfaction of performance obligations in the related contract.

Revenue earned by the Group for project development services provided in relation to the development of projects is typically recognised upon financial close of the project (being the point in time at which committed funding for the project has been achieved). Any excess reimbursement of development cost against the carrying value of capitalised project development cost is recognised as revenue upon financial close of the project.

Revenue from construction and project management services provided in relation to the construction of power and/or water plants and revenue from various consultancy and advisory services provided by the Group is recognised over time or at a point in time with the satisfaction of performance obligations in the related contract. Revenue is recognised over time when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Company performs. Otherwise, revenue is recognised at a point in time upon satisfaction of performance obligations and once any contingent events have been achieved.

Any amount collected from the customers for which the revenue recognition criteria have not been met during the period reported, is recognised as a contract liability and recorded as deferred revenue in the consolidated statement of financial position.

Customers are typically billed monthly in the same month services are rendered; however, this may be delayed. Accrued revenue is recognised in trade and other receivables in the consolidated statement of financial position, for any services rendered where customers have not yet been billed.

Zakat and taxation
Zakat and taxation is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority (the "ZATCA") in the Kingdom of Saudi Arabia and on an accruals basis. Zakat and income tax related to the Company and its subsidiaries is charged to profit or loss. Differences, if any, resulting from final assessments are adjusted in the period of their finalisation.

For subsidiaries outside the Kingdom of Saudi Arabia, provision for tax is computed in accordance with tax regulations of the respective countries.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Zakat and taxation (continued)
Deferred tax (continued)
Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Foreign currencies
Transactions in foreign currencies are recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated in the functional currency at the rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary assets and liabilities are taken to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

On consolidation, assets and liabilities of foreign operations are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date and their statements of income or expense are translated in Saudi Riyals at average exchange rates prevailing during the reporting period of related transactions. Exchange differences arising on translation for consolidation, if material, are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income for exchange differences relating to that particular foreign operation is recognised in profit or loss.

Value added tax ("VAT")
VAT receivable represents input tax paid on purchases including purchase of property, plant and equipment. VAT receivable is presented on an undiscounted basis net of any output tax collected on revenue.

Dividends
Final dividends are recognised as a liability at the time of their approval by the General Assembly. Interim / proposed dividends are recorded as and when approved by the Board of Directors.

Earnings per share
Earnings per share are calculated by dividing profit for the period attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Onerous contracts
If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

New standards, amendments and interpretations adopted by the Group
The Group has applied the following standards and amendments, where applicable, for the first time for their annual reporting period commencing 1 January 2024.

Leases on sale and leaseback (Amendments to IFRS 16)
These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Non-current liabilities with covenants & classification of liabilities as current or noncurrent (Amendments to IAS 1):
These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Supplier finance arrangements (Amendments to IAS 7 and IFRS 7):
These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of above amendments does not have any material impact on the Consolidated Financial Statements during the year.

Standards issued but not yet effective
Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted for certain new standards and amendments; however, the Group has not early adopted them in preparing these Consolidated Financial Statements. The Group is currently evaluating the impact of the adoption of these standards on the Consolidated Financial Statements.

Presentation and disclosure in financial statements (IFRS 18)
IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.
- In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Standards issued but not yet effective (continued)

Lack of exchangeability (Amendments to IAS 27)

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

Classification and measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
  add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

4 USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with IFRS as endorsed in KSA and IFRS 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 reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may differ from the related actual results.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

(i) Impairment of property, plant and equipment and equity accounted investees

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model of underlying assets including cash inflows from operation and maintenance (O&M) to the Group. The cash flows are derived from the approved financial model / budget for the projects' useful lives and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the asset or cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The group continues to monitor impact of climate changes on its operating assets including property, plant and equipment and its equity accounted investees, including in its assessment of residual value risk and impairment assessments. The Group has a mix of renewable and thermal assets and currently no material impact is expected to emanate due to climate change considerations.

(ii) Impairment of goodwill

The management monitors Goodwill at an operating segment level i.e., at group of cash generating units (CGUs) included within an operating segment. The performance of an individual asset is assessed based on total returns (i.e. returns associated with investment, development, operation and optimisation) which is usually spread across various CGUs within an operating segment. Accordingly, for the purpose of impairment testing, the management believe that it is more appropriate to consider total cash flows that are relevant for operating segments (i.e., group of CGUs). For the purpose of impairment testing, cash flow projections are used from the approved financial models including cash inflows from operation and maintenance (O&M) to the Group. Impairment calculations are usually sensitive to the discount rate and the internal rate of return ("IRR") achieved on projects. However, a reasonably possible change in discount rate and IRR will not cause the carrying amount of goodwill to exceed its recoverable amount due to availability of significant headroom.

4 USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (CONTINUED)

(iii) Impairment of accounts receivable
An estimate of the collectible amount of accounts receivable is made using an expected credit loss model which involves evaluation of credit rating and days past due information.

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

(v) Useful lives of property, plant and equipment
The Group's management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

(vi) Fair value of unquoted financial instruments
When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, the fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forward contracts and call options. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates and interest rate curves.

(vi) Fair value of unquoted financial instruments (continued)
Pursuant to certain shareholder agreements, the Group has written put options on non-controlling interests in subsidiaries and on counterparty's ownership interest in an equity accounted investee. The fair values of these put options are derived from discounted projected cash flow analysis of the respective entities and the redemption amount determined pursuant to contractual agreements. The fair value measurements are performed at each reporting date. Also, refer to note 38.

(vii) Lease classification and subsequent remeasurement
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Where an arrangement is determined to contain a lease, the arrangement is accounted for as either an operating or a finance lease.

The following are the critical assumptions that have been made in the process of applying the Group's accounting policies for determining whether an arrangement contains a lease and have a significant effect on the amounts recognised in the consolidated financial statements:

- The Power and Water Purchase Agreements ("PPA" or "WPA" or "PWPA") are not from public-to-private and the Group does not have any direct responsibility towards the public, and accordingly management believes that this should not be accounted for as "Service Concession Arrangements".
- The price that the off-taker will pay for the output is neither contractually fixed per unit of output nor is equal to the current market price per unit of output at the time of delivery of the output and accordingly management believes that the arrangement contains a lease.
- If at the end of the term of the PPA or WPA or PWPA, the ownership of the Plant is transferred to the off-taker, the lease is classified as finance lease otherwise other factors are considered by management which affect the classification of lease as a finance or operating lease.

4 USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (CONTINUED)

(vii) Lease classification and subsequent remeasurement (continued)

After lease commencement, the net investment in a lease is remeasured when the following occurs:

- The lease is modified (i.e., a change in the scope of the lease, or the consideration for the lease, that was not part of its original terms and conditions), and the modified lease is not accounted for as a separate contract.
- The lease term is revised when there is a change in the non-cancellable period of the lease.
- There is a change in the estimated unguaranteed residual value.

(viii) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. For this purpose, the management takes into account various factors including Board approval, availability of share purchase agreement, conditions precedent in the share purchase agreement, asset's availability for immediate sale, expected period to complete the sale etc.

(ix) Classification of joint arrangements

Classifying a joint arrangement requires the Group to use its judgment to determine whether the entity in question is a joint venture or a joint operation. IFRS 11 requires an analysis of "other facts and circumstances" when determining the classification of jointly controlled entities. For an entity to be classified as a joint operation, the terms of the arrangements including other facts and circumstances must give rise to the Group's rights to the assets, and obligations for the liabilities, of the joint arrangement. While in case of joint venture, the Group has rights to the net assets of the arrangement ("Project" or "Entity"). Considering the contractual terms of joint arrangements including other facts and circumstances, all of the Group's joint arrangements qualify as joint ventures and are accordingly equity accounted.

(x) Control Assessment

The consolidated financial statements of the Group are prepared under IFRS 10, including all subsidiaries controlled by the Group. Management assesses its control over underlying investee and conclude that control exists when the Group:

- Has power over the investee,
- Is exposed to variable returns, and
- Can influence returns through its power.

The assessment considers voting rights, contractual arrangements, and decision-making authority. Changes in control, including acquisitions or disposals, are reflected in the financial statements.

In certain circumstances, despite owning more than 50% of the voting rights or equity interests in an investee, the Group may not consolidate the investee. This occurs when the definition of control under IFRS 10 is not met due to specific joint ownership structures or contractual arrangements between the partners. When such joint ownership or contractual arrangements prevent the Group from having full control, the investee is accounted for using the equity method rather than consolidation.

Conversely, in certain circumstances, the Group may have control over an entity even if it holds less than 50% of the voting rights. Such control may be considered de facto control, where the Group has the power to direct the relevant activities of an investee and the ability to affect its returns, even though it does not hold a majority of voting rights.

The determination of control is made on an investee-by-investee basis, and the results of this assessment are reviewed regularly to ensure that the Group maintains an appropriate level of control for consolidation purposes.

ACWA POWER Company
(Saudi Listed Joint Stock Company)

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

5 PROPERTY, PLANT AND EQUIPMENT

The following rates are used for calculation of depreciation:

Buildings	2% - 7%	Plant, machinery and equipment	2.5% - 25%
Furniture, fixtures and office equipment	10% - 33.3%	Motor vehicles	20% - 25%
Capital spares	3.3% - 12.5%		

	Land and Buildings *	Plant, machinery, and equipment**	Furniture, fixtures, and office equipment	Capital Spares	Motor vehicles	Capital work in progress (CWIP)	Total
Cost:							
At 1 January 2024	**915,845**	**14,544,681**	**124,642**	**71,899**	**41,584**	**977,329**	**16,675,980**
Additions (note 5.2, 5.4)	**16,218**	**1,188,795**	**20,855**	**14,980**	**1,370**	**2,374,020**	**3,616,238**
Adjustment for revision of asset retirement obligation	**-**	**(28,168)**	**-**	**-**	**-**	**-**	**(28,168)**
Disposals	**(2,438)**	**(1,799)**	**(1,030)**	**(2,430)**	**(1,050)**	**-**	**(8,747)**
De-recognition on loss of control of subsidiaries (note 34.2)	**-**	**-**	**-**	**-**	**-**	**(1,393,299)**	**(1,393,299)**
Foreign currency translation	**(188)**	**(79)**	**(1,134)**	**(178)**	**(242)**	**(8,568)**	**(10,389)**
At 31 December 2024	**929,437**	**15,703,430**	**143,333**	**84,271**	**41,662**	**1,949,482**	**18,851,615**
Accumulated depreciation and impairment							
At 1 January 2024	**539,231**	**5,852,387**	**112,864**	**46,217**	**35,037**	**-**	**6,585,736**
Depreciation charge for the year (note 5.3)	**28,770**	**432,962**	**16,389**	**10,952**	**3,209**	**-**	**492,282**
Impairment reversal (note 30.1)	**-**	**(282,735)**	**-**	**-**	**-**	**-**	**(282,735)**
Relating to disposals	**-**	**-**	**(616)**	**(1,184)**	**(1,052)**	**-**	**(2,852)**
Foreign currency translation	**(172)**	**(40)**	**(847)**	**(132)**	**(154)**	**-**	**(1,345)**
At 31 December 2024	**567,829**	**6,002,574**	**127,790**	**55,853**	**37,040**	**-**	**6,791,086**
Carrying amount as of 31 December 2024	**361,608**	**9,700,856**	**15,543**	**28,418**	**4,622**	**1,949,482**	**12,060,529**

ACWA POWER Company
(Saudi Listed Joint Stock Company)

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

5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and Buildings *	Plant, machinery and equipment**	Furniture, fixtures and office equipment	Capital spares	Motor vehicles	Capital work in progress (CWIP)	Total
Cost:							
At 1 January 2023	917,485	14,531,391	109,807	61,132	39,116	412,588	16,071,519
Additions (note 5.2)	908	63,396	21,068	12,085	6,507	4,048,709	4,152,673
Disposals	(2,198)	(49,955)	(4,291)	(1,067)	(3,958)	-	(61,469)
De-recognition on loss of control of a subsidiary (note 34.3)	-	-	-	-	-	(1,286,738)	(1,286,738)
Reclassified as held for sale (note 34.2)	-	-	-	-	-	(2,197,230)	(2,197,230)
Foreign currency translation	(350)	(151)	(1,942)	(251)	(81)	-	(2,775)
At 31 December 2023	915,845	14,544,681	124,642	71,899	41,584	977,329	16,675,980
Accumulated depreciation and impairment							
At 1 January 2023	513,029	5,481,431	102,664	36,067	34,831	-	6,168,022
Depreciation charge for the year (note 5.3)	26,539	375,924	11,929	11,277	3,200	-	428,869
Relating to disposals	(24)	(4,869)	(312)	(974)	(2,966)	-	(9,145)
Foreign currency translation	(313)	(99)	(1,417)	(153)	(28)	-	(2,010)
At 31 December 2023	539,231	5,852,387	112,864	46,217	35,037	-	6,585,736
Carrying amount as of 31 December 2023	376,614	8,692,294	11,778	25,682	6,547	977,329	10,090,244

** Cost of land as of 31 December 2024 amounts to SR 130.5 million (31 December 2023: SR 120.2 million).*
*** This primarily represents property, plant and equipment under the operating lease arrangements of the Group entities (note 8).*

5.1 CWIP as of 31 December 2024 and 31 December 2023 primarily relates to certain of the Group's under construction projects in Kingdom of Saudi Arabia, Egypt, Uzbekistan, Azerbaijan and China.

5.2 Borrowing costs capitalised during the year amounted to SR 91.4 million (2023: SR 141.4 million) which represents the borrowing cost incurred during construction phase of qualifying assets.

5.3 Depreciation reflected in profit or loss account is as follows:

	2024	2023
Depreciation charge for the year ended 31 December	**492,282**	428,869
Depreciation charge in relation to right of use asset	**21,680**	18,376
Depreciation charge for the year ended 31 December – (refer note 26 & 27)	**513,962**	447,245

(All amounts in Saudi Riyals thousands unless otherwise stated)

5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

5.4 On 27 Dec 2024, the Group completed the acquisition of 100% shares in Xinyang Mingxi new energy Co. (the "Target"), Ltd., the owner of 100 MW operational wind power plant in China, for a total consideration of SR 80.9 million. Management assessed the transaction and concluded that it qualifies as an asset acquisition rather than a business combination as defined by IFRS 3. The acquisition has been accounted for in accordance with IFRS standards applicable to asset acquisitions. The carrying value of the identifiable assets acquired, and liabilities assumed as of the acquisition date are as follows:

- Assets: SR 400.7 million (incl. SR 7.2 million cash and bank balance)
- Liabilities: SR 319.8 million
- Net Assets Value: SR 80.9 million

The consideration paid so far is SR 51.4 million, and the remaining SR 29.5 million will be settled upon completion of certain conditions specified in the Share Purchase Agreement (SPA).

The Property, Plant, and Equipment, being the primary component of the acquisition, will be measured at cost less accumulated depreciation and impairment losses, in accordance with the Group's accounting policies.

This acquisition is expected to contribute positively to the Group's operational capabilities and future cash flows.

6 INTANGIBLE ASSETS AND GOODWILL

	Note	**As of 31 Dec 2024**	As of 31 Dec 2023
Goodwill	6.1	**1,887,227**	1,915,527
Other intangible assets	6.2	**125,134**	131,847
		2,012,361	2,047,374

6.1 Goodwill

Intangible assets include goodwill which represents the excess of the aggregate of the consideration transferred and the amount recognised for minority interests over fair value of identifiable assets acquired and liabilities assumed by the Group on acquisition.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

This goodwill arose on acquisition of 100% equity stake, in the share capital of ACWA Power Projects. This goodwill is allocated to the Group's operating segments, as follows, for the purpose of impairment testing:

	As of 31 Dec 2024	As of 31 Dec 2023
Thermal and water desalination	**734,015**	762,315
Renewables	**1,153,212**	1,153,212
	1,887,227	1,915,527

Management monitors goodwill at an operating segment level i.e., at group of cash generating units (CGUs) included within an operating segment. The performance of an individual asset is assessed based on total returns (i.e. returns associated with investment, development, operation and optimisation) which is usually spread across various CGUs within an operating segment. Accordingly, for the purpose of impairment testing, the management believe that it is more appropriate to consider total cash flows that are relevant for operating segments (i.e., group of CGUs). However, when a particular asset within an operating segment is disposed-off, the Management allocates a portion of goodwill to the asset (based on the relative fair values) for the purpose of computing gain or loss on disposal.

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

At the reporting date, management has determined that the recoverable amount of this goodwill is higher than the carrying amount of goodwill. The recoverable amount was determined on the basis of using discounted cash flow approach. These calculations use cash flow projections based on financial models approved by management. Cash flows are estimated over the expected period of the relevant projects' lives, which ranges from 15 to 50 years, and discounted using a pre-tax discount rate of 7.70% (31 December 2023: 7.60%.) The discount rate used represents the current market assessment of the risks specific to the cash generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The approach is sensitive to the discount rate and the internal rate of return ("IRR") achieved on projects. However, a reasonably possible change in discount rate and IRR is not expected to result in impairment.

6.2 Other intangible assets

Other intangible assets includes:

- computer software which is amortised at the rate of 25% - 33.33% per annum; and
- other intangibles are amortised over the period of the contract.

	2024	2023
Cost:		
At 1 January	**219,434**	175,834
Additions	**2,283**	43,600
At 31 December	**221,717**	219,434

	2024	2023
Accumulated amortisation:		
At 1 January	**87,587**	71,691
Amortisation charge for the year (refer to note 27)	**8,996**	15,896
At 31 December	**96,583**	87,587
Carrying amount as of 31 December	**125,134**	131,847

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 EQUITY ACCOUNTED INVESTEES

7.1 Contribution from equity accounted investees

The table below shows the contribution of each equity accounted investees (joint ventures) in the consolidated statement of financial position, income statement, other comprehensive income ("OCI"), and the "Dividends received from equity accounted investees" line of the statement of cash flows.

	% of effective ownership	Country of domicile	Opening balance	Additions / (disposals) / other adjustments	Share in net income / (loss)	Dividends received	Share in OCI	Closing balance
31 December 2024								
SGA/NOVA SGA Marafiq Holdings	33.3%	Bahrain / UAE	566,879	* (33,956)	27,366	-	(8,047)	552,242
Saudi Malaysian Water and Electricity Company Limited	50.0%	Saudi Arabia	1,212,637	-	54,221	(96,223)	(4,993)	1,165,642
Suez Nomac O&M Holdings Company W.L.L.	40.0%	Bahrain	25,229	-	17,772	(15,827)	-	27,174
Jubail Operations Holdings Company W.L.L.	40.0%	Bahrain	25,258	-	17,777	(15,827)	-	27,208
Qurayyah Investment Company	45.0%	Saudi Arabia	605,882	-	9,907	(3,232)	(10,300)	602,257
Rabigh Electricity Company	40.0%	Saudi Arabia	569,676	-	(1,557)	(28,222)	(38,940)	500,957
Al Mourjan for Electricity Production Company	50.0%	Saudi Arabia	522,029	-	22,103	-	(28,275)	515,857
Dhofar Generating Company	27.0%	UAE	99,603	-	3,846	-	(369)	103,080
Hassyan Energy Phase 1 P.S.C	27.0%	UAE	1,846,128	** 34,793	39,503	-	31,017	1,951,441
MAP Inland Holdings Ltd. (JAFZA)	47.3%	UAE	565,059	** 11,635	(26,921)	-	(368)	549,405
MAP Coastal Holding Company Limited (JAFZA)	47.3%	UAE	458,624	** 10,002	(35,334)	-	(78)	433,214
Haya Power & Desalination Company B.S.C	60.0%	Bahrain	684,173	-	(324)	-	13,663	697,512
Noor Energy 1 P.S.C.	25.0%	UAE	419,695	-	(137,403)	-	59,360	341,652
Dhofar Desalination Co. SAOC	50.1%	Oman	58,518	-	(54,455)	-	2,185	6,248
Taweelah RO Desalination Company LLC	40.0%	UAE	187,623	-	52,404	-	(28,189)	211,838
Naqa'a Desalination Plant LLC	40.0%	UAE	427,033	-	26,076	-	26,229	479,338
ACWA Power Renewable Energy Holding Ltd (refer note 7.2.1)	51.0%	UAE	451,728	-	(2,626)	(6,807)	(9,373)	432,922
Shams Ad-Dhahira Generating Company SAOC	50.0%	Oman	255,147	-	(10,078)	-	5,663	250,732
Dhofar O&M Company LLC	35.0%	Oman	3,919	-	1,072	(3,649)	-	1,342
Shuaa Energy 3 P.S.C. (refer note 40)	24.0%	UAE	52,574	**1,962	(4,805)	-	6,787	56,518
Water consortium Holding Company	40.0%	Saudi Arabia	333,016	-	(15,172)	-	12,767	330,611
ACWA Power Solarreserve Redstone Solar TPP	36.0%	South Africa	373,977	**8,565	(19,608)	-	3,505	366,439
Sudair one Holding Company	35.0%	Saudi Arabia	165,432	**38,142	3,396	-	2,017	208,987
Renewable Energy for Morocco	49.0%	Morocco	1,009	**1,163	(52)	-	-	2,120
ACWA GUC Elektrik Isletme Ve Yonetim Sanayi Ve Ticaret A.S. ("ACWA GUC") (refer note 7.1.3)	73.0%	Turkey	-	** 438,380	456,039	-	(30,545)	863,874
Jazan Integrated Gasification and Power Company	21.25%	Saudi Arabia	4,685,436	*(222,231)	335,581	-	19,955	4,818,741
Amwaj International Co. Ltd	50.1%	Saudi Arabia	200,747	-	7,936	-	48,710	257,393
Veolia First National Water Service Co	35.0%	Oman	(531)	-	1,487	-	-	956

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7 EQUITY ACCOUNTED INVESTEES (CONTINUED)

7.1 Contribution from equity accounted investees (continued)

	% of effective ownership	Country of domicile	Opening balance	Additions / (disposals) / other adjustments	Share in net income / (loss)	Dividends received	Share in OCI	Closing balance
31 December 2024								
Shuqaiq Services Company for Maintenance	68.0%	Saudi Arabia	150,409	-	(5,848)	-	129	144,690
NEOM Green Hydrogen Co. Ltd (refer note 7.1.2)	33.3%	Saudi Arabia	959,111	**1,068,930	-	-	259,918	2,287,959
Dhafra Water Desalination Company	47.5%	Saudi Arabia	(57,184)	-	(17)	-	62,869	5,668
ACWA Power Uzbekistan Project Holding Co	51.0%	Uzbekistan	9,108	**508,193	(24,302)	-	30,298	523,297
Oasis Holding Company	66.7%	Saudi Arabia	8,322	*(957)	(13,103)	-	28,591	22,853
ACWA Power Uzbekistan Wind Project Holding Company (Dzhankeldy)	65.0%	Uzbekistan	-	**34,982	(1,510)	-	(2,263)	31,209
ACWA Power Bash Wind Project Holding Company	65.0%	Uzbekistan	-	**13,960	826	-	(3,094)	11,692
Qudra One Holding Company	40.0%	Saudi Arabia	-	*(17,746)	(8)	-	18,699	945
Sidra One Holding Company	40.0%	Saudi Arabia	-	*(17,746)	(26)	-	20,054	2,282
Buraiq Holding Company	35.1%	Saudi Arabia	-	*(19,351)	(16)	-	75,589	56,222
Moya Holding Company	35.1%	Saudi Arabia	-	*(19,858)	(16)	-	74,448	54,574
Nabah Holding Company	35.1%	Saudi Arabia	-	*(16,612)	-		59,413	42,801
Equity accounted investees			15,866,266	1,822,250	724,131	(169,787)	697,032	18,939,892

** These represents repayment of shareholder loan / other group level adjustments during the year ended 31 December 2024.*
*** These represents additional investment during the year ended 31 December 2024.*

	% of effective ownership	Country of domicile	Opening balance	Additions / (disposals) / other adjustments	Share in net income / (loss)	Dividends received	Share in OCI	Closing balance
31 December 2024								
Noor Al Shuaibah Holding Company	35.0%	Saudi Arabia	(101,270)	-	(29,831)	-	95,484	(35,617)
Wafra Holding Company	45.0%	Saudi Arabia	(86,544)	(3,964)	(74)	-	47,935	(42,647)
Ishaa holding Company	50.1%	Saudi Arabia	(119,444)	(8,495)	-	-	83,275	(44,664)
Nawwar holding Company	50.1%	Saudi Arabia	(164,880)	(9,756)	-	-	110,830	(63,806)
Saad 2 holding Company	50.1%	Saudi Arabia	(93,276)	(6,618)	-	-	62,363	(37,531)
Hassyan Water 1 Holding Company	20.4%	UAE	2,042	(10,837)	(63)	-	(4,890)	(13,748)
Obligation for equity accounted investees			(563,372)	(39,670)	(29,968)	-	394,997	(238,013)
Net equity accounted investees			15,302,894	1,782,580	694,163	(169,787)	1,092,029	18,701,879

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(All amounts in Saudi Riyals thousands unless otherwise stated)

7 EQUITY ACCOUNTED INVESTEES (CONTINUED)

7.1 Contribution from equity accounted investees (continued)

	% of effective ownership	Country of domicile	Opening balance	Additions / (disposals) / other adjustments	Share in net income / (loss)	Dividends received	Share in OCI	Closing balance
31 December 2023								
SGA/NOVA SGA Marafiq Holdings (“SGA Marafiq”)	33.3%	Bahrain	588,391	*(34,223)	24,231	-	(11,520)	566,879
Saudi Malaysian Water and Electricity Company Limited (“SAMAWEC”)	50.0%	Saudi Arabia	1,285,475	-	58,524	(130,333)	(1,029)	1,212,637
Suez Nomac O&M Holdings Company W.L.L.	40.0%	Bahrain	27,281	-	15,198	(17,250)	-	25,229
Jubail Operations Holdings Company W.L.L.	40.0%	Bahrain	27,297	-	15,211	(17,250)	-	25,258
Qurayyah Investment Company (“QIC”)	44.9%	Saudi Arabia	582,036	46,875	(4,249)	(8,037)	(10,743)	605,882
Rabigh Electricity Company	40.0%	Saudi Arabia	657,426	-	(50,601)	(23,536)	(13,613)	569,676
Al Mourjan for Electricity Production Company	50.0%	Saudi Arabia	544,166	-	(15,211)	-	(6,926)	522,029
Dhofar Generating Company	27.0%	Oman	97,000	-	4,283	-	(1,680)	99,603
MAP Inland Holdings Ltd. (JAFZA)	47.3%	UAE	588,051	22,447	(34,675)	-	(10,764)	565,059
MAP Coastal Holding Company Limited (JAFZA)	47.3%	UAE	475,051	16,967	(23,844)	-	(9,550)	458,624
ACWA Power Renewable Energy Holding Ltd (“APREH”)	51.0%	UAE	480,778	-	(22,301)	(4,578)	(2,171)	451,728
Dhofar O&M Company LLC	35.0%	Oman	3,070	-	849	-		3,919
Hassyan Energy Phase 1 P.S.C.	26.9%	UAE	1,631,517	**211,829	25,726	-	(22,944)	1,846,128
Dhofar Desalination Co. SAOC	50.1%	Oman	71,556	-	(11,629)	-	(1,409)	58,518
Taweelah RO Desalination Company LLC	40.0%	UAE	201,531	5,072	12,026	-	(31,006)	187,623
Water Consortium Holding Company	40.1%	Saudi Arabia	99,373	**254,876	(9,661)	-	(11,572)	333,016
Renewable Energy for Morocco (O&M) Company	49.0%	Morocco	714	-	295	-	-	1,009
ACWA Power Solarreserve Redstone Solar Thermal Power Plant (Pty) Ltd	36.0%	South Africa	284,426	**116,112	(961)	-	(25,600)	373,977
Jazan Integrated Gasification and Power Company (“Jazan”)	25.0%	Saudi Arabia	2,949,102	**1,387,173	368,928	-	(19,767)	4,685,436
Shuqaiq Services Company for Maintenance	68.0%	Saudi Arabia	170,179	-	2,274	(20,696)	(1,348)	150,409
Neom Green Hydrogen Company	33.3%	Saudi Arabia	841,120	**62,010	(2,394)	-	58,375	959,111
ACWA Power Uzbekistan Project Holding Company	51.0%	Uzbekistan	48	(19,772)	2,505	-	26,327	9,108
Amwaj International Company Ltd	49.9%	Saudi Arabia	241,294	-	8,411	-	(48,958)	200,747
Haya Power & Desalination Company	60.0%	Bahrain	210,003	**532,080	(22,952)	-	(34,958)	684,173
Noor Energy 1 P.S.C.	24.9%	UAE	128,111	**439,805	(124,801)	-	(23,420)	419,695
Naqa’a Desalination Plant LLC	40.0%	UAE	239,986	**178,449	24,605	-	(16,007)	427,033
Shams Ad-Dhahira Generating Company SAOC	50.0%	Oman	31,341	**240,293	(12,073)	-	(4,414)	255,147
Sudair One Holding Company	35.0%	Saudi Arabia	168,195	-	15,444	-	(18,207)	165,432
Oasis Holding Company	66.7%	Saudi Arabia	-	8,421	(118)	-	19	8,322
Hassyan Water Company A P.S.C	40.0%	UAE	-	2,042	-	-	-	2,042
Equity accounted investees			12,624,518	3,470,456	243,040	(221,680)	(242,885)	15,873,449

** These represents repayment of shareholder loan / other group level adjustments during the year ended 31 December 2023.*
*** These represents additional investment during the year ended 31 December 2023.*

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 EQUITY ACCOUNTED INVESTEES (CONTINUED)

7.1 Contribution from equity accounted investees (continued)

	% of effective ownership	Country of domicile	Opening balance	Additions / (disposals) / other adjustments	Share in net income / (loss)	Dividends received	Share in OCI	Closing balance
31 December 2023								
Dhafra Water Desalination Company	47.5%	Saudi Arabia	(66,800)	-	(46)	-	9,662	(57,184)
Veolia First National Water Service Company	35.0%	Oman	(1,570)	-	1,039	-	-	(531)
Noor Al Shuaibah Holding Company	35.0%	Saudi Arabia	-	(31,792)	(176)	-	(69,302)	(101,270)
Wafra Holding Company	45.0%	Saudi Arabia	-	(14,563)	-	-	(71,981)	(86,544)
Ishaa holding company	50.1%	Saudi Arabia	-	(19,884)	83	-	(99,643)	(119,444)
Nawwar holding company	50.1%	Saudi Arabia	-	(28,448)	368	-	(136,800)	(164,880)
Saad 2 holding company	50.1%	Saudi Arabia	-	(16,020)	263	-	(77,519)	(93,276)
ACWA GUC Elektrik Isletme Ve Yonetim Sanayi Ve Ticaret A.S. ("ACWA GUC") (note 7.1.2 , 7.1.3)	70.0%	Turkey	-	-	-	-	-	-
Obligation for equity accounted investees			(68,370)	(110,707)	1,531	-	(445,583)	(623,129)
Total continued operations			12,556,148	3,359,749	244,571	(221,680)	(688,468)	15,250,320
Shuaa Energy 3 P.S.C.	24.0%	UAE	62,609	-	(2,900)	-	(7,135)	52,574
Vinh Hao 6 Power Joint Stock	60.0%	Vietnam	77,354	(73,487)	(3,867)	-	-	-
Total discontinued operations			139,963	(73,487)	(6,767)	-	(7,135)	52,574

7.1.1 Bifurcation of the Group's share in net results from continued and discontinued operations is as follows:

	Note	**2024**	2023
Group's share in net results of equity accounted investees – Continued operations		**694,163**	241,671
Group's share in net results of equity accounted investees – Discontinued operations	*34.3*	**-**	(3,867)
Group's share in net results of equity accounted investees – Total		**694,163**	237,804

7.1.2 The major additions made during the year is in relation to the Group's investment in Neom Green Hydrogen Company and ACWA GUC, amounting to SR 1,068.9 million and SR 438.4 million respectively. Additionally, the Group partially divested its shareholding and relinquished control in Bash Wind and Dzhankeldy Wind projects in Uzbekistan, which have now been included in the equity accounted investees.

7 EQUITY ACCOUNTED INVESTEES (CONTINUED)

7.1 Contribution from equity accounted investees (continued)

7.1.3 ACWA GUC (the "Project Company") is a 950 MW combined-cycle gas turbine power plant (the "Plant") situated in Kirikkale, Turkey (hyperinflationary economy), 100% owned and fully consolidated by ACWA Power (the "Group") until 2018. The Plant achieved Commercial Operation Date ("COD") in 2017 and operates on a merchant basis, selling electricity and capacity through bilateral contracts and participation in the balancing/day-ahead market.

After reaching COD, the Plant experienced significant operational and currency exchange losses due to project debts being denominated in USD while the functional currency was Turkish Lira, aggravated by a downturn in the Turkish economy and the depreciation of the Turkish Lira against the US Dollar. In 2018, the Group restructured this investment and divested 30% of its shareholding in the Project Company and fully impaired its investment which resulted in recognised losses of SR 1.5 billion. This restructuring led the Group losing control over the Project Company and, according to accounting standards, it ceased to recognise its share of profits or losses from the Project Company thereafter.

In recent developments, the Group entered into negotiations with the Project Company's lenders and in August 2024, an agreement was signed to settle the outstanding debt of approximately SR 2,317.0 million for a purchase price of SR 731.0 million, of which the Group's share after sharing preferential cash flows with co-investor amounting to SR 496.7 million. As part of the restructuring, one lender converted its debt into equity, obtaining an effective 27% shareholding in the Project Company, along with 10% of service cash flows and a put option exercisable any time after 8 years. The put option allows the lender to sell its shares at a price equivalent to their Fair Value at the exercise date.

As a result of the restructuring, the Group's effective shareholding in the Project Company has marginally increased to 73.0%. Based on the board reserved matters in the new shareholder agreement, the Group continues to hold joint control in the plant and to equity account for its interest in the Project Company.

This restructuring improved the Project Company's net asset position due to its liability obligations being converted to equity and resulted in a gain, and reinstatement of net investment in the Project Company by approximately SR 1.2 billion at the Group level due to equity accounting of Project Company's net assets. However, concurrently the Group conducted a recoverability assessment of its net investment in the Project Company and after considering various factors affecting the recoverability have written down the investment in the Project Company to SR 0.9 billion. The net impact has been reflected within the share of net results of equity accounted investees in these consolidated financial statements.

7.1.4 Due to the rising interest rates, the Group conducted certain impairment testing on their equity accounted investees' assets under construction. The impairment test concluded that no impairment was necessary for 2024. The assessment's outcomes are particularly sensitive to changes in the discount rate and technological advancements that could impact operating cost projections. In light of these sensitivities, management remains committed to continue monitoring of both the discount rate and underlying cashflow assumptions. Appropriate impairment adjustments will be recorded if required.

7.1.5 One of the Group's equity accounted investee, has faced delays in meeting key milestones, including the Project Commercial Operation (PCOD), due to the COVID-19 pandemic, regulatory changes, and project variations. The lenders granted extensions during the year until 30 September 2024. Furthermore, there were delays on the part of the Offtaker in providing commercial licenses to the project company. Revised consents have been submitted to extend the deadlines to 27 September 2025, awaiting Senior Lender approval. The Group continues to commit its financial and operational support towards this project.

ACWA POWER Company

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7 EQUITY ACCOUNTED INVESTEES (CONTINUED)

7.2 Financial information regarding equity accounted investees

Information on statement of financial position of the Projects under equity accounted investees:

	Non-current assets	Cash and cash equivalents	Other current assets	Short-term financing and funding facilities	Other current liabilities	Long-term financing and funding facilities	Other non-current liabilities	Total equity	Group's effective holding	Total equity attributable to the Group	Other long-term interest in investees*	Other adjustments**	Carrying amount
31 December 2024													
Shuaibah Water & Electricity Company ("SWEC") – a project under SAMAWEC	4,185,453	272,760	896,161	(511,508)	(142,163)	(1,349,378)	(5,845)	3,345,480	30.00%	1,003,644			
Shuaibah Expansion Project Company ("SEPCO") – a project under SAMAWEC	515,498	1,855	34,003	(55,829)	(28,284)	(91,399)	(75,728)	300,116	30.00%	90,035			
Total for SAMAWEC										1,093,679	-	71,963	1,165,642
Hajr for Electricity Production Company ("HEPCO") – a project under QIC	7,697,405	188,683	173,881	(333,280)	(536,032)	(4,311,849)	(360,910)	2,517,898	22.49%	566,275	46,875	(10,893)	602,257
Jubail Water and Power Company – a project under SGA Marafiq	5,841,526	108,366	423,072	(733,128)	(161,592)	(2,939,008)	(27,695)	2,511,541	20.00%	502,308	80,362	(30,428)	552,242
Rabigh Electricity Company	6,435,507	184,983	154,270	(394,061)	(243,837)	(3,577,122)	(571,110)	1,988,630	40.00%	795,452	-	(294,495)	500,957
Dhofar Generating Company	1,698,387	32,734	143,655	(78,499)	(83,738)	(983,776)	(192,105)	536,658	27.00%	144,898	-	(41,818)	103,080
Al Mourjan for Electricity Production Company	4,733,575	8,750	134,426	(149,627)	(237,387)	(3,203,656)	(113,759)	1,172,322	50.00%	586,161	-	(70,304)	515,857
Hassyan Energy Phase 1 P.S.C	11,667,053	113,682	1,452,957	(344,483)	(2,300,434)	(7,644,601)	(198,471)	2,745,703	26.95%	739,967	1,133,847	77,627	1,951,441
Ad-Dhahirah Generating Company S.A.O.C	3,262,018	120,057	272,488	(121,204)	(360,283)	(1,649,804)	(1,216,234)	307,038	44.90%	137,860	391,215	20,330	549,405
Shinas Generating Company S.A.O.C.	3,281,556	11,737	318,705	(107,694)	(451,154)	(1,748,766)	(1,135,265)	169,119	44.90%	75,934	348,919	8,361	433,214
Haya Power & Desalination Company	4,058,948	4,327	113,835	(115,355)	(161,469)	(2,549,935)	(788,593)	561,758	60.00%	337,055	399,060	(38,603)	697,512
Noor Energy 1 P.S.C.	14,967,354	207,565	1,289,012	(1,771,916)	(583,257)	(9,564,628)	(4,411,677)	132,453	24.99%	33,100	502,057	(193,505)	341,652
Projects under APREH (note 7.2.1)	4,061,674	127,515	180,705	(122,055)	(321,870)	(2,458,548)	(612,148)	855,273	51.00%	436,189	-	(3,267)	432,922
ACWA GUC Elektrik Isletme Ve Yonetim Sanayi Ve Ticaret A.S. ("ACWA GUC") (note 7.1.3)	1,269,942	127,537	73,651	-	(130,672)	-	(1,213)	1,339,245	73.00%	977,649	-	(113,775)	863,874
Jazan Integrated Gasification and Power Company ("Jazan)	42,371,090	149,288	3,425,519	-	(1,007,599)	(40,137,822)	(82,209)	4,718,267	25.00%	1,179,567	3,655,473	(16,299)	4,818,741
Dhofar Desalination Co. SAOC	598,036	278	10,630	-	(149,663)	(395,429)	(36,743)	27,109	50.10%	13,582	-	(7,334)	6,248
Shams Ad-Dhahira Generating Company SAOC	1,520,862	7,045	16,220	(94,513)	(44,045)	(739,726)	(110,260)	555,583	50.00%	277,792	-	(27,060)	250,732
Taweelah RO Desalination Company LLC	3,133,718	67,635	377,419	(61,290)	(2,736,461)	-	(32,997)	748,024	40.00%	299,210	89,485	(176,857)	211,838
Naqa'a Desalination Plant LLC	3,309,366	252,726	173,315	(80,505)	(116,337)	(2,279,979)	(63,652)	1,194,934	40.00%	477,974	-	1,364	479,338
Shuaa Energy 3 P.S.C.	2,093,267	19,658	135,428	(66,897)	(147,434)	(1,762,611)	(41,505)	229,906	24.00%	55,178	1,962	(622)	56,518
Marafiq Red Sea for Energy	6,783,766	263,807	685,033	(4,885,104)	(461,233)	(1,506,290)	(380,581)	499,398	50.10%	250,198	-	7,195	257,393
Neom Green Hydrogen Company	20,280,405	90,207	1,357,803	-	(1,252,220)	(13,189,395)	(124,795)	7,162,005	33.33%	2,387,096	-	(99,137)	2,287,959
Shuaibah Three Water Desalination Company	2,885,220	16,378	24,261	-	(25,693)	(2,711,974)	(89,039)	99,153	47.50%	47,078	-	(41,410)	5,668
ACWA Power Sirdarya	4,183,157	67,198	206,696	-	(452,702)	(2,588,955)	(1,054,229)	361,165	51.00%	184,194	520,568	(181,465)	523,297

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 EQUITY ACCOUNTED INVESTEES (CONTINUED)

7.2 Financial information regarding equity accounted investees (continued)

Information on statement of financial position of the Projects under equity accounted investees(continued):

31 December 2023	Non-current assets	Cash and cash equivalents	Other current assets	Short-term financing and funding facilities	Other current liabilities	Long-term financing and funding facilities	Other non-current liabilities	Total equity	Group's effective holding	Total equity attributable to the Group	Other long-term interest in investees*	Other adjustments**	Carrying amount
Shuaibah Water & Electricity Company ("SWEC") – a project under SAMAWEC	4,830,737	324,294	785,659	(575,992)	(141,099)	(1,845,428)	(7,094)	3,371,077	30.00%	1,011,323			
Shuaibah Expansion Project Company ("SEPCO") – a project under SAMAWEC	768,135	11,440	30,802	(50,836)	(34,966)	(148,652)	(78,409)	497,514	30.00%	149,254			
Total for SAMAWEC										1,160,577	-	52,060	1,212,637
Hajr for Electricity Production Company ("HEPCO") – a project under QIC	8,219,157	51,212	311,892	(299,617)	(511,663)	(4,637,360)	(569,730)	2,563,891	22.49%	576,619	46,875	(17,612)	605,882
Jubail Water and Power Company – a project under SGA Marafiq	6,641,785	106,156	440,251	(693,723)	(192,288)	(3,672,136)	(31,984)	2,598,061	20.00%	519,612	114,318	(67,051)	566,879
Rabigh Electricity Company	6,963,796	150,363	320,097	(377,574)	(316,109)	(3,974,826)	(720,583)	2,045,164	40.00%	818,066	-	(243,302)	574,764
Dhofar Generating Company	1,765,255	45,914	126,659	(74,950)	(65,138)	(1,084,150)	(189,855)	523,735	27.00%	141,408	-	(41,805)	99,603
Al Mourjan for Electricity Production Company	4,937,737	9,509	191,084	(149,166)	(254,922)	(3,353,311)	(191,980)	1,188,951	50.00%	594,476	-	(72,447)	522,029
Hassyan Energy Phase 1 P.S.C	11,877,233	306,404	1,053,740	(317,433)	(1,188,783)	(7,962,861)	(1,305,360)	2,462,940	26.95%	663,762	1,108,430	73,936	1,846,128
Ad-Dhahirah Generating Company S.A.O.C	3,403,753	129,244	205,069	(122,079)	(274,994)	(1,764,651)	(1,547,682)	28,660	44.90%	12,868	606,982	(54,791)	565,059
Shinas Generating Company S.A.O.C.	3,363,369	21,000	312,158	(103,646)	(421,019)	(1,855,290)	(1,299,178)	17,394	44.90%	7,810	521,718	(70,904)	458,624
Haya Power & Desalination Company	4,153,725	4,057	97,903	(103,237)	(157,728)	(2,665,940)	(785,505)	543,275	60.00%	325,965	532,080	(173,872)	684,173
Noor Energy 1 P.S.C.	15,455,347	703,108	327,041	(194,203)	(373,805)	(14,938,234)	(524,829)	454,425	24.99%	113,561	502,057	(195,923)	419,695
Projects under APREH (note 7.2.1)	2,547,701	98,424	211,474	(164,971)	(155,081)	(1,483,528)	(216,498)	837,521	51.00%	427,136	-	24,592	451,728
ACWA GUC Elektrik Isletme Ve Yonetim Sanayi Ve Ticaret A.S. ("ACWA GUC") (note 7.1.3)	1,317,172	170,910	99,751	(2,139,285)	(166,560)	(2,565,295)	(81)	(3,283,388)	70.00%	(2,298,372)	-	2,298,372	-
Jazan Integrated Gasification and Power Company ("Jazan)	42,608,422	599,916	2,203,085	-	(1,014,629)	(37,132,806)	(3,939,155)	3,324,833	25.00%	831,208	3,877,703	(23,475)	4,685,436
Dhofar Desalination Co. SAOC	606,107	9,870	20,482	-	(67,698)	(410,108)	(31,807)	126,846	50.10%	63,550	-	(5,032)	58,518
Shams Ad-Dhahira Generating Company SAOC	1,554,474	5,199	22,674	(67,438)	(56,888)	(815,338)	(86,343)	556,340	50.00%	278,170	-	(23,023)	255,147
Taweelah RO Desalination Company LLC – *(restated)*	3,095,832	92,625	437,726	(2,837,063)	(64,916)	-	(1,170)	723,034	40.00%	289,214	89,485	(191,076)	187,623
Naqa'a Desalination Plant LLC	3,259,123	256,529	191,449	(77,966)	(143,504)	(2,358,099)	(495,094)	632,438	40.00%	252,975	178,449	(4,391)	427,033
Shuaa Energy 3 P.S.C.	2,127,044	14,660	151,175	(65,257)	(130,560)	(1,826,672)	(40,847)	229,543	24.00%	55,090	-	(2,516)	52,574
Marafiq Red Sea for Energy	5,991,794	591,594	508,096	(33,749)	(412,792)	(6,225,019)	(28,891)	391,033	50.10%	195,908	-	4,839	200,747
Neom Green Hydrogen Company	6,976,648	1,508,231	2,214,399	-	(714,961)	(6,703,548)	(60,066)	3,220,703	33.33%	1,073,460	-	(114,349)	959,111
Shuaibah Three Water Desalination Company	1,826,599	27,224	68,614	-	(198,883)	(1,637,347)	(118,990)	(32,783)	47.50%	(15,572)	-	(41,612)	(57,184)
ACWA Power Sirdarya	3,917,289	87,688	84,720	-	(197,684)	(2,948,525)	(535,372)	408,116	51.00%	208,139	12,375	(211,406)	9,108

** Other long-term interest in investees represents advances to the investee by the Group against its equity commitments.*
*** Other adjustments includes net assets or liabilities of holding companies, downstream / upstream consolidation adjustments and other group level consolidation adjustments.*

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7 EQUITY ACCOUNTED INVESTEES (CONTINUED)

7.2 Financial information regarding equity accounted investees (continued)

Information on statement of profit or loss and other comprehensive income of equity accounted projects:

	Revenues (note 7.2.2)	Operating profit / (loss) before depreciation	Depreciation	Finance Charges	Finance Income	Net profit / (loss) *	Other comprehensive income / (loss) *	Total comprehensive income / (loss) *
For year ended 31 December 2024								
Jubail Water and Power Company – a project under SGA Marafiq	1,004,284	452,538	(32,579)	(185,859)	6,575	226,345	(40,241)	186,104
Shuaibah Water & Electricity Company ("SWEC") – a project under SAMAWEC	551,229	392,909	(541)	(132,194)	6,624	249,658	(22,109)	227,549
Shuaibah Expansion Project Company ("SEPCO") – a project under SAMAWEC	157,960	86,085	(28,696)	(14,866)	542	39,875	4,670	44,545
Hajr for Electricity Production Company ("HEPCO") – a project under QIC	1,029,792	564,723	(273,810)	(244,593)	1,365	39,422	306,196	345,618
Rabigh Electricity Company	972,950	781,613	(328,298)	(278,949)	9,383	174,068	(88,885)	85,183
Al Mourjan for Electricity Production Company	633,553	399,608	(162,577)	(197,571)	1,495	39,923	(56,551)	(16,628)
Dhofar Generating Company	583,339	122,363	(39,116)	(64,233)	1,741	14,289	(1,366)	12,923
Hassyan Energy Phase 1 P.S.C.	1,205,306	707,129	(95)	(558,437)	7,760	146,578	115,090	261,668
Ad-Dhahirah Generating Company S.A.O.C	1,051,717	182,156	(87,895)	(139,606)	673	(64,679)	(819)	(65,498)
Shinas Generating Company S.A.O.C.	974,340	168,187	(94,069)	(139,958)	1,128	(83,400)	(175)	(83,575)
Haya Power & Desalination Company	1,267,592	275,070	(115,073)	(164,418)	131	(4,289)	22,772	18,483
Noor Energy 1 P.S.C.	580,555	1,942,416	(397,946)	(1,009,130)	224,315	(559,506)	237,533	(321,973)
Dhofar Desalination Co. SAOC	87,266	(57,638)	(14,911)	(26,147)	-	(104,098)	4,361	(99,737)
Taweelah RO Desalination Company LLC	179,561	67,462	(1,323)	(52,155)	-	47,021	(70,473)	(23,452)
Naqa'a Desalination Plant LLC	634,492	151,432	(906)	(98,616)	10,977	64,934	51,440	116,374
ACWA GUC Elektrik Isletme Ve Yonetim Sanayi Ve Ticaret A.S. ("ACWA GUC") (note 7.1.3)	1,254,601	(723,342)	(359,501)	(591,214)	43,197	(936,648)	-	(936,648)
Projects/Entities under APREH (note 7.2.1)	542,075	389,528	(124,351)	(268,107)	103,239	65,899	(83,333)	(17,434)
Shams Ad-Dhahira Generating Company SAOC	133,247	102,455	(52,389)	(46,840)	-	(12,084)	11,327	(757)
Dhofar O&M Company LLC	338,900	(54,975)	-	(40)	-	3,062	-	3,062
Shuaa Energy 3 P.S.C.	144,820	120,457	(77,899)	(132,321)	66,542	(21,242)	28,280	7,038
Jazan Integrated Gasification and Power Company	6,889,851	3,972,817	(11,381)	(2,122,584)	48,229	1,579,206	93,908	1,673,114
Neom Green Hydrogen Company	-	-	-	-	-	-	727,896	727,896
ACWA Power Sirdarya	244,373	87,877	(358)	(133,605)	-	(46,627)	59,408	12,781
Marafiq Red Sea for Energy	397,365	284,893	-	(117,113)	-	17,959	90,406	108,365
Other projects	787,928	387,679	(178,676)	(288,229)	2,329	165,111	105,064	270,175
Total		10,803,442				1,040,777	1,494,399	2,535,176
Total (ACWA Power share)		3,124,223				694,163	1,092,029	1,786,192

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7 EQUITY ACCOUNTED INVESTEES (CONTINUED)

7.2 Financial information regarding equity accounted investees (continued)

Information on statement of profit or loss and other comprehensive income of equity accounted projects (continued):

	Revenues (note 7.2.2)	Operating profit / (loss) before depreciation	Depreciation	Finance Charges	Finance Income	Net profit / (loss) *	Other comprehensive income / (loss) *	Total comprehensive income / (loss) *
For year ended 31 December 2023								
Jubail Water and Power Company – a project under SGA Marafiq	1,034,304	491,988	(32,204)	(210,206)	7,168	237,215	(57,513)	179,702
Shuaibah Water & Electricity Company ("SWEC") – a project under SAMAWEC	580,594	420,992	(1,010)	(147,626)	20,750	268,860	(9,585)	259,275
Shuaibah Expansion Project Company ("SEPCO") – a project under SAMAWEC	154,420	87,073	(28,628)	(19,875)	325	36,044	2,945	38,989
Hajr for Electricity Production Company ("HEPCO") – a project under QIC	982,209	528,452	(272,842)	(253,729)	3,053	(24,532)	(54,143)	(78,675)
Rabigh Electricity Company	875,779	692,996	(221,274)	(313,451)	7,237	148,426	(32,223)	116,203
Al Mourjan for Electricity Production Company	586,818	355,252	(161,904)	(228,234)	1,658	(34,900)	(14,281)	(49,181)
Dhofar Generating Company	512,784	128,143	(39,387)	(67,214)	1,725	15,909	(6,223)	9,686
Hassyan Energy Phase 1 P.S.C.	1,181,389	480,367	(16)	(568,397)	172,589	95,459	(85,135)	10,324
Ad-Dhahirah Generating Company S.A.O.C	939,704	161,054	(87,222)	(150,881)	-	(109,103)	72,926	(36,177)
Shinas Generating Company S.A.O.C.	1,039,619	192,864	(93,787)	(147,235)	-	(77,261)	104,114	26,853
Haya Power & Desalination Company	1,156,696	263,316	(115,047)	(196,012)	100	(47,644)	(58,264)	(105,908)
Noor Energy 1 P.S.C.	278,554	160,781	(231,850)	(559,326)	130,990	(499,405)	(93,718)	(593,123)
Dhofar Desalination Co. SAOC	82,299	27,675	(14,936)	(26,003)	-	(18,618)	(2,812)	(21,430)
Vinh Hao 6 Power Joint Stock	6,104	4,781	(12)	(3,011)	131	1,889	-	1,889
Taweelah RO Desalination Company LLC	179,304	122,164	(536)	(91,564)	-	30,064	(77,516)	(47,452)
Naqa'a Desalination Plant LLC	552,832	153,781	(1,164)	(98,901)	7,734	61,449	(40,017)	21,432
ACWA GUC Elektrik Isletme Ve Yonetim Sanayi Ve Ticaret A.S. ("ACWA GUC") (note 7.1.3)	1,526,898	(115,452)	32,692	(1,652,138)	45,511	(1,391,852)	-	(1,391,852)
Projects/Entities under APREH (note 7.2.1)	509,188	348,839	(121,508)	(236,545)	30,463	(6,322)	(18,366)	(24,688)
Shams Ad-Dhahira Generating Company SAOC	132,575	95,688	(52,389)	(49,147)	74	(18,646)	(8,828)	(27,474)
Dhofar O&M Company LLC	315,245	2,439	-	(11)	-	2,426	-	2,426
Shuaa Energy 3 P.S.C.	133,198	110,163	(67,554)	(116,377)	61,683	(12,085)	(29,729)	(41,814)
Jazan Integrated Gasification and Power Company	6,413,184	4,047,749	(13,189)	(2,042,011)	47,473	1,736,133	(93,025)	1,643,108
Other projects	509,024	186,089	(3,657)	(52,398)	6,817	177,793	(383,106)	(205,313)
Total		8,947,194				571,299	(884,499)	(313,200)
Total (ACWA Power share)		2,601,592				237,804	(695,603)	(457,799)

** Profit or loss, other comprehensive income and total comprehensive income included in the above table are before any intra-group transaction elimination or other group level adjustments.*

7.2.1 The results of APREH comprise of the consolidated results of a portfolio of renewable project companies located in South Africa, Egypt, Morocco, Jordan and the United Arab Emirates.

7.2.2 Revenues figures are net of principal lease amortisation, wherever applicable. Impact of the Group's share in principal lease amortisation for these projects amounts to SR 502.3 million (31 December 2023: SR 398.4 million).

(All amounts in Saudi Riyals thousands unless otherwise stated)

8 NET INVESTMENT IN FINANCE LEASE

In relation to certain Power Purchase Agreements ("PPA") or Water Purchase Agreements ("WPA") between the Group's subsidiaries and their off-taker, the Group management has concluded that the PPA or WPA are within the scope of IFRS 16, "Leases". Further, management has assessed the lease classification and where the arrangements are concluded as finance leases, a finance lease receivable has been recognised in the consolidated financial statements. Property, plant and equipment in relation to operating lease arrangements of the Group entities are disclosed in note 5.

For certain finance lease arrangements, the lease cash flows are denominated in multiple currencies. Accordingly, the minimum lease payments are determined separately for each currency involved using the interest rate implicit in the lease for each respective currency. The total finance lease income in each respective currency is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in each currency respectively with respect to the lease.

The lease receivables under the finance lease terms are detailed as follows:

	As of 31 Dec 2024	As of 31 Dec 2023
a) Net investment in finance leases consist of:		
Gross investment in finance leases (see (b) below)	**16,465,287**	17,705,171
Less: Unearned finance income (see (c) below)	**(5,340,286)**	(5,886,279)
	11,125,001	11,818,892
Analysed as:		
Current portion of net investment in finance lease	**328,163**	382,185
Non-current portion of net investment in finance lease	**10,796,838**	11,436,707
b) The undiscounted value of future minimum lease payments to be received consist of:		
Less than one year	**815,107**	891,110
One to two years	**911,972**	916,143
Two to three years	**891,328**	910,269
Three to four years	**898,081**	907,832
Four to five years	**876,561**	908,815
More than five years	**12,072,238**	13,171,002
	16,465,287	17,705,171
c) The maturity of unearned finance income are as follows:		
Less than one year	**486,944**	508,925
One to two years	**469,457**	492,008
Two to three years	**451,296**	474,248
Three to four years	**432,539**	455,817
Four to five years	**412,156**	436,802
More than five years	**3,087,894**	3,518,479
	5,340,286	5,886,279

8.1 The periodic rate of return used by the Group ranges from 2.04% to 10.21% (2023: 2.04% to 10.21%) per annum. During the year the Group recognised a finance lease income of SR 427.6 million (2023: SR 459.5 million) (note 25).

The finance lease income is presented net of energy generation shortfall amounting to SR 80.5 million for the year ended 31 December 2024 (31 December 2023: shortfall amounting to SR 55.1 million). Energy generation shortfalls represent lower production as compared to original estimated production levels due to non-operational periods of certain plants accounted for as finance leases.

Finance lease principal amortisation for the year ended 31 December 2024 is SR 408.1 million (31 December 2023: SR 385.3 million).

(All amounts in Saudi Riyals thousands unless otherwise stated)

9 OTHER ASSETS

	Note	**As of 31 Dec 2024**	As of 31 Dec 2023
Advance fee to customer	9.1	**170,941**	187,381
Value Added Tax ("VAT") receivable		**114,578**	78,999
Right of use assets	9.2	**85,852**	77,733
Strategic fuel inventories	9.3	**25,502**	25,518
Others		**4,044**	10,181
		400,917	379,812

9.1 Advance fee paid to the off taker of a project company against the future revenues of the project.

9.2 Right-of-use assets are depreciated on a straight-line basis to be amortised over the shorter of the lease term and the estimated useful lives of the assets that is 2 - 40 years.

9.3 A subsidiary of the Group is required to maintain sufficient quantities of fuel (termed as "Strategic fuel inventories") in the power generating stations, for the periods stated in a Power Purchase Agreement, to enable the stations to operate continuously. As of 31 December 2024, strategic fuel inventories amounting to SR 25.5 million (31 December 2023: SR 25.5 million) were maintained at the station and classified as non-current other assets in the consolidated statement of financial position.

10 INVENTORIES

	As of 31 Dec 2024	As of 31 Dec 2023
Spare parts and consumables	**549,032**	453,997
Chemicals	**20,114**	18,556
Diesel	**12,380**	5,972
Goods in transit	**-**	797
	581,526	479,322

10.1 A portion of the inventory purchased amounting to SR 17.2 million (2023: SR 23.7 million) was impaired / written down to its net realisable value. Also refer to note 27.1.

11 ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER RECEIVABLES

	Note	**As of 31 Dec 2024**	As of 31 Dec 2023
Trade accounts receivable*		**2,313,200**	1,692,851
Less: Allowance for impaired receivables	11.1	**(291,567)**	(144,513)
Net trade accounts receivable		**2,021,633**	1,548,338
Advances to suppliers		**675,861**	437,278
Prepayments and other receivables		**624,543**	381,722
Reinsurance assets	11.2	**345,859**	325,206
Project development cost	11.3	**329,601**	324,891
Value added tax and other receivables from authorities	11.4	**55,703**	143,732
Advances to employees		**49,594**	30,598
Dividend receivable		**8,900**	10,348
Others		**21,060**	12,467
		4,132,754	3,214,580

**Trade receivable balances due from related parties are disclosed in note 23.*

11.1 Allowance for impaired receivables is calculated using the expected credit loss approach specified in IFRS 9. To measure the expected credit losses, trade receivables are evaluated based on customer credit rating and expected probability of defaults. Movement in allowance for impaired receivables is disclosed in note 37.1 (c).

(All amounts in Saudi Riyals thousands unless otherwise stated)

11 ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

11.2 The balance represents reinsurance assets of a fully owned subsidiary (ACWA Power Reinsurance) of the Group. Related insurance liabilities are included in accrued expenses and other liabilities (note 19.1).

11.3 Project development cost represents costs incurred on projects under development which are considered feasible as of the reporting date. A provision is made against the project development costs based on an average project success rate and management's best estimates. During 2024, SR 222.8 million (2023: SR 69.6 million) were recorded in profit or loss on account of impairments and write-offs.

11.4 VAT receivables have been paid on purchases of goods and services and will be utilised against VAT liabilities for future periods.

12 CASH AND CASH EQUIVALENTS

	As of 31 Dec 2024	As of 31 Dec 2023
Cash at bank and cash in hand	**1,780,371**	1,300,863
Short-term deposits with original maturities of less than three months*	**2,022,624**	3,440,078
Cash and cash equivalents	**3,802,995**	4,740,941

These short-term deposits primarily carry rate of return between 3.20% to 5.45% (2023: 4.80% to 6.27%) per annum.

13 SHORT TERM INVESTMENTS

	As of 31 Dec 2024	As of 31 Dec 2023
Short term deposits with original maturities of more than three months*	**280,800**	1,217,791

These short-term deposits carry rate of return between 4.40% to 5.08% (2023: 5.40% to 6.27%) per annum.

14 SHARE CAPITAL AND RESERVES

14.1 Share capital

The Company's authorised and fully paid-up share capital consists of 732,561,928 shares (31 December 2023: 731,099,729 shares) of SR 10 each.

Transaction cost incurred on issuance of shares is recognised in equity.

	As of 31 Dec 2024	As of 31 Dec 2023
Authorised and fully paid-up shares of SR 10 each	**7,310,998**	7,310,998
Issuance of bonus shares (note 14.4)	**14,622**	-
Transaction cost	**(176,855)**	(176,855)
Share capital	**7,148,765**	7,134,143

14.2 Capital management

The Board of Directors' policy is to maintain an efficient capital base to retain investors, creditors, market confidence and to sustain the future development of its business. The Board of Directors monitor the return on capital employed which is determined by the Group as a result of operating activities divided by total Shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and benefit its various stakeholders.

14 SHARE CAPITAL AND RESERVES (CONTINUED)

14.2 Capital management (continued)

There were no changes in the Group's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

14.3 Dividends

On 28 February 2024, the Board of Directors approved a dividend payment of SR 329.0 million (SR 0.45 per share) for the year 2023, payable during 2024. The proposed dividends were approved by the shareholders at the extraordinary general assembly meeting held on 29 April 2024. The dividend was paid on 13 May 2024.

Furthermore during 2024, certain subsidiaries of the Group distributed dividends of SR 121.3 million (31 December 2023: SR 99.2 million) to the non-controlling interest ("NCI") shareholders.

14.4 Bonus shares and right issuance

The Board of Directors, through circulation on 28 February 2024, recommended to increase the Company's capital by granting bonus shares to the Company's shareholders through capitalisation of SR 14.6 million from the retained earnings by granting 1 share for every 500 shares owned. The bonus share issuance was approved by the shareholders at the extraordinary general assembly meeting held on 29 April 2024. Consequently, the share capital increased from SR 7,310,997,290 to SR 7,325,619,280 due to the issuance of bonus shares through the transfer from retained earnings to share capital.

The Board of Directors, through circulation on 10 June 2024, recommended to increase the Company's capital by SR 7,125 million through the offering of a Rights Issue ("Rights Issue"). The Board of Director's recommendation is subject to the approval of the relevant regulatory authorities and ACWA Power's shareholders at the extraordinary general assembly. The Company is in the process of completing its application with the regulatory agency for the rights issue.

(All amounts in Saudi Riyals thousands unless otherwise stated)

14 SHARE CAPITAL AND RESERVES (CONTINUED)

14.5 Other reserves

Movement in other reserve is given below:

	Cash flow hedge reserve	Currency translation reserve	Share in OCI of equity accounted investees (note 7.1)	Re-measurement of defined benefit liability	Equity-settled share-based payment	Other	Total
Balance as of 1 January 2023	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	157,731	-	(685,121)	-	-	-	(527,390)
Cash flow hedge reserve recycled to profit or loss upon termination of hedge relationships	-	-	(6,769)	-	-	-	(6,769)
Other changes	-	(12,039)	(3,713)	(6,919)	-	-	(22,671)
Balance as of 31 December 2023	938,841	(17,471)	1,209,393	(30,994)	-	(27,180)	2,072,589
Change in fair value of cash flow hedge reserve net of settlements	677,143	-	1,126,075	-	-	-	1,803,218
Cash flow hedge reserve recycled to profit or loss upon termination of hedge relationships	(15,491)	-	-	-	-	-	(15,491)
Cash flow hedge reserve recycled to profit or loss upon loss of control of subsidiaries (note 34)	(508,538)	-	-	-	-	-	(508,538)
Settlement of treasury shares (note 24.3)	-	-	-	-	(18,284)	-	(18,284)
Other changes		24,269	(34,046)	(10,560)	80,958	-	60,621
Balance as of 31 December 2024	1,091,955	6,798	2,301,422	(41,554)	62,674	(27,180)	3,394,115

Cash flow hedge reserve
The cash flow hedge reserve represents movements in Group's share in mark to market valuation of hedging instruments net of deferred taxes in relation to the Group's subsidiaries. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss. Under the terms of the long-term loan and funding facilities, the hedges are required to be held until maturity. Changes in the fair value of the undesignated portion of the hedged item, if any, are recognised in the consolidated statement of profit or loss.

14 SHARE CAPITAL AND RESERVES (CONTINUED)

14.5 Other reserves (continued)

Currency translation reserve
On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates prevailing during the reporting period of related transactions. The exchange differences arising on translation from consolidation are recognised as currency translation reserve in equity. On disposal of a foreign operation, the component of currency translation reserve (CTR) relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

The group has an equity accounted investee operating in a hyper inflationary economy. In line with accounting requirement CTR for this investee in recognised in the share of profit / loss from the investee.

Share in other comprehensive income of equity accounted investees
Under the equity method of accounting the Group has also taken its share in other comprehensive income of the equity accounted investees which includes movement in cash flow hedge reserves, deferred tax on cash flow hedge reserve and actuarial gains or losses in relation to employee end of service benefit obligation of equity accounted investees.

Other
This represents amount initially recognised for the put options written by the Group in respect of shares held by non-controlling interests in a consolidated subsidiary.

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15 NON-CONTROLLING INTEREST ("NCI")

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI. Where necessary, assets and liabilities of subsidiaries are adjusted to account for group consolidation adjustments.

Information on statement of financial position

	Central Electricity Generating Company ("CEGCO")	Barka Water and Power Company SAOG ("Barka")	ACWA Power Ouarzazate S.A. ("APO I")	ACWA Power Ouarzazate II S.A. ("APO II")	ACWA Power Ouarzazate III S.A. ("APO III")	Al Zarqa Plant for Energy Generation ("ZARQA")	Rabigh Three Company ("Rabigh 3")	Sakaka Solar Energy Company ("Sakaka")	Rabigh operation and maintenance Company ("ROMCO")	ACWA Power Solar CSP Holding Limited ("Solar CSP")	ACWA Power Redstone Holdings ("Redstone")	ACWA Power Harbin Holdings Limited ("Harbin")	Rabigh Arabian Water & Electricity Company ("RAWEC") (note 15.2)	Others* including adjustments ("Others")	Total
Place of business	**Jordan**	**Oman**	**Morocco**	**Morocco**	**Morocco**	**Jordan**	**KSA**	**KSA**	**KSA**	**UAE**	**South Africa**	**UAE**	**KSA**		
<u>As of 31 December 2024</u>															
NCI %	**59.07%**	**58.10%**	**26.88%**	**25.00%**	**25.00%**	**40.00%**	**30.00%**	**30.00%**	**40.00%**	**49.00%**	**28.00%**	**45.00%**	**31.00%**		
Non-current assets	**185,219**	**591,691**	**1,969,763**	**2,807,467**	**2,456,355**	**1,906,678**	**2,613,888**	**952,811**	**719**	**442,324**	**372,596**	**1,414,276**	**6,128,678**		
Current assets	**20,175**	**162,980**	**291,259**	**293,247**	**85,285**	**81,254**	**202,959**	**56,461**	**103,616**	**14,079**	**-**	**11,713**	**573,688**		
Non-current liabilities	**(47,716)**	**(308,766)**	**(1,354,707)**	**(2,014,736)**	**(1,732,986)**	**(1,242,171)**	**(1,765,024)**	**(721,395)**	**(5,810)**	**-**	**-**	**-**	**(3,592,922)**		
Current liabilities	**(44,040)**	**(130,033)**	**(256,542)**	**(1,106,628)**	**(1,239,252)**	**(93,449)**	**(725,500)**	**(193,341)**	**(46,695)**	**(14,855)**	**(137)**	**(10,634)**	**(630,899)**		
Net assets / (liabilities)	**113,638**	**315,872**	**649,773**	**(20,650)**	**(430,598)**	**652,312**	**326,323**	**94,536**	**51,830**	**441,548**	**372,459**	**1,415,355**	**2,478,545**		
Net assets / (liabilities) attributable to NCI	**67,126**	**183,522**	**174,659**	**(5,163)**	**(107,650)**	**260,925**	**97,897**	**28,361**	**20,732**	**216,359**	**104,289**	**636,910**	**768,349**	**811**	**2,447,127**
<u>As of 31 December 2023</u>															
NCI %	59.072%	58.10%	26.875%	25.00%	25.00%	40.00%	30.00%	30.00%	40.00%	49.00%	28.00%	45.00%	1.00%	-	
Non-current assets	261,694	299,037	2,132,573	3,002,893	2,566,800	1,959,277	2,604,902	1,017,951	540	442,324	255,081	1,405,451	6,339,314	-	
Current assets	32,175	80,884	240,355	322,980	176,255	154,933	216,476	92,585	112,543	13,814	-	37,470	558,972	-	
Non-current liabilities	(63,174)	(224,243)	(1,516,023)	(2,552,006)	(2,321,744)	(1,347,570)	(2,390,460)	(765,860)	(3,839)	-	-	-	(3,987,137)	-	
Current liabilities	(70,946)	(121,498)	(251,628)	(746,094)	(641,120)	(179,754)	(180,431)	(251,635)	(74,446)	(13,472)	(36)	(35,234)	(607,200)	-	
Net assets / (liabilities)	159,749	34,180	605,277	27,773	(219,809)	586,886	250,487	93,041	34,798	442,666	255,045	1,407,687	2,303,949	-	
Net assets / (liabilities) attributable to NCI	94,367	19,859	162,668	6,943	(54,952)	234,754	75,146	27,912	13,919	216,906	71,413	633,459	23,039	25,500	1,550,933

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15 NON-CONTROLLING INTEREST ("NCI") (CONTINUED)

Information on statement of profit of loss and other comprehensive income

	CEGCO	Barka	APO I	APOII	APOIII	Zarqa	Rabigh 3	Sakaka	ROMCO	Solar CSP	Redstone	Harbin	RAWEC (note 15.2)	Others*	Total
31 December 2024															
NCI %	**59.07%**	**58.10%**	**26.88%**	**25.00%**	**25.00%**	**40.00%**	**30.00%**	**30.00%**	**40.00%**	**49.00%**	**28.00%**	**45.00%**	**31.00%**		
Revenue	**219,261**	**251,566**	**200,248**	**150,776**	**91,598**	**257,861**	**309,336**	**52,896**	**84,872**	**-**	**-**	**19,740**	**1,168,587**		
Profit / (loss)	**59,147**	**319,788**	**50,804**	**(48,523)**	**(211,326)**	**57,161**	**6,017**	**25,336**	**15,883**	**(1,118)**	**(102)**	**12,395**	**106,289**		
OCI	**-**	**-**	**-**	**-**	**-**	**10,950**	**71,767**	**(22,747)**	**-**	**-**	**-**	**-**	**(2,622)**		
Total comprehensive income / (loss)	**59,147**	**319,788**	**50,804**	**(48,523)**	**(211,326)**	**68,111**	**77,784**	**2,567**	**15,883**	**(1,118)**	**(102)**	**12,395**	**103,667**		
Profit / (loss) – NCI share	**34,938**	**185,797**	**13,656**	**(12,131)**	**(52,832)**	**22,864**	**1,805**	**7,601**	**6,353**	**(548)**	**(28)**	**5,578**	**32,950**	**(15,224)**	**230,779**
OCI – NCI share	**-**	**-**	**-**	**-**	**-**	**4,380**	**21,530**	**(6,824)**	**-**	**-**	**-**	**-**	**(813)**	**1,124**	**19,397**
31 December 2023															
NCI %	59.072%	58.10%	26.875%	25.00%	25.00%	40.00%	30.00%	30.00%	40.00%	49.00%	28.00%	45.00%	1.00%	-	-
Revenue	219,454	130,745	220,680	161,849	147,990	256,291	297,340	49,519	89,864	-	-	47,215	1,164,721	-	-
Profit / (loss)	65,480	13,369	121,397	(52,144)	27,512	55,537	7,070	(2,086)	20,999	1,531	(19)	7,795	358,633	-	-
OCI	-	-	-	-	-	(6,004)	(8,308)	(7,325)	-	-	-	-	(13,381)	-	-
Total comprehensive income / (loss)	65,480	13,369	121,397	(52,144)	27,512	49,533	(1,238)	(9,411)	20,999	1,531	(19)	7,795	345,252	-	-
Profit / (loss) – NCI share	38,680	7,767	32,625	(13,036)	6,878	22,215	2,121	(626)	8,400	750	(5)	3,508	3,586	(3,248)	109,615
OCI – NCI share	-	-	-	-	-	(2,402)	(2,492)	(2,198)	-	-	-	-	(134)	(2,993)	(10,219)

**Others mainly represents the non-controlling interest related to ACWA Power Ouarzazate IV S.A ("APO IV"), ACWA Power Laayoune ("APL"), and ACWA Power Boujdour ("APB").*

15.1 During 2024, minority shareholders of Solar CSP, Harbin and Redstone have provided additional capital contribution amounting to SR Nil (2023: SR 215.5), SR 9.56 (2023: SR 21.2 million) and SR 1.88 million (2023: SR 38.0 million) respectively. In addition, SR Nil (2023: SR 85.0) and SR Nil (2023: SR 7.6 million) capital was repaid by CEGCO and Zarqa respectively to the minority shareholders. The additional capital contribution and repayment is recorded directly within the equity.

15.2 Partial divestment of stake in RAWEC

During the year ended 31 December 2024, the Group divested 30% of its equity interest in RAWEC while retaining control over the entity. Following the transaction, the Group's ownership of RAWEC decreased from 99% to 69%. Despite the partial divestment, RAWEC remains a subsidiary and continues to be fully consolidated in the Group's financial statements. As per IFRS 10, the sale of a non-controlling interest without loss of control is accounted for as an equity transaction. No gain or loss is recognised in the consolidated statement of profit or loss. Instead, the difference between the consideration received and the proportionate reduction in the carrying amount of the subsidiary's net assets is recognised directly in equity as part of retained earnings.

- **Consideration received:** SR 835.1 million
- **Increase in Non-Controlling Interest (NCI):** SR 755 million
- **Impact on equity:** SR 51 million

This transaction resulted in an increase in equity attributable to owners of the parent by SR 51 million, recorded in retained earnings.

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16 LONG-TERM FINANCING AND FUNDING FACILITIES

	Note	**As of 31 Dec 2024**	As of 31 Dec 2023
Recourse debt:			
Financing facilities in relation to projects		**4,045,877**	3,348,583
Corporate facilities		**1,504**	1,504
Sukuks	*16.1*	**4,588,969**	4,586,313
Non-Recourse debt:			
Financing facilities in relation to projects		**15,310,869**	15,125,832
Corporate bond (“APMI One bond”)	*16.2*	**1,445,501**	1,518,506
Loan notes (“APCM bond”)	*16.3*	**565,251**	582,272
Total financing and funding facilities*		**25,957,971**	25,163,010
Less: Current portion of long-term financing and funding facilities		**(1,751,045)**	(1,613,301)
Long-term financing and funding facilities presented as non-current liabilities		**24,206,926**	23,549,709

**Total financing and funding facilities includes SR 10,033.8 million on account of Islamic facilities (31 December 2023: SR 9,362.8 million).*

Financing and funding facilities as reported on the Group’s consolidated statement of financial position are classified as ‘non-recourse debt’ or ‘recourse debt’ facilities. Non-recourse debt facilities are generally secured by the borrower (i.e., a subsidiary) with its own assets, contractual rights and cash flows and there is no recourse to the Company under any guarantee. The recourse debt facilities are direct borrowings or those guaranteed by the Company. The Group’s financial liabilities are either fixed special profit bearing or at a margin above the relevant reference rates. The Group seeks to hedge long-term floating exposures using derivatives (note 22).

The table below shows the current and non-current portion of long-term financing and funding facilities with a further allocation of debt between corporate and projects. Corporate debt represents borrowings by the Companies listed in note 1 and (or) by a fully owned corporate entity. Project financing includes direct borrowings by project companies and other holding companies (which are subsidiaries of the Group).

	Note	*Interest rate*	*Maturity*	*Non-current portion*		*Current portion*	
		Fixed / variable		**As of 31 Dec 2024**	As of 31 Dec 2023	**As of 31 Dec 2024**	As of 31 Dec 2023
Recourse Debt							
Financing facilities in relation to projects:	*16.4*						
ACWA Power Ouarzazate III S.A. (“APO III”)		Fixed	2039	**64,957**	82,881	-	-
ACWA Power Kom Ombo Project Holding Company (“Kom Ombo”)		Variable	2027	**215,679**	215,679	-	-
ACWA Power Conventional Energy Limited (“APCE”)		Variable	2024	**-**	725,685	-	-
ACWA Power for Energy		Variable	2028	**1,335,437**	793,906	-	-
ACWA Power Green Energy Africa Pty Ltd		Variable	2027	**214,447**	210,738	**284,999**	218,388
ACWA Power Global Services		Variable	2031	**670,460**	669,758	-	-
ACWA Power Wind Karatau FE LLC		Variable	2026	**221,094**	81,898	-	-
ACWA Power Azerbaijan Renewable Energy LLC		Variable	2026	**375,778**	349,650	-	-
ACWA Power Riverside Solar LLC		Variable	2030	**569,276**	-	-	-
ACWA Power UKS Green H2 Ltd.		Variable	2030	**93,749**	-	-	-
Total – Financing facilities in relation to projects				**3,760,877**	3,130,195	**284,999**	218,388

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16 LONG -TERM FINANCING AND FUNDING FACILITIES (CONTINUED)

	Note	Interest rate	Maturity	Non-current portion		Current portion	
		Fixed / variable		**As of 31 Dec 2024**	As of 31 Dec 2023	**As of 31 Dec 2024**	As of 31 Dec 2023
Corporate facilities:							
Revolving Corporate Murabaha Facility		Variable	2025	**1,504**	1,504	**-**	-
Sukuks	16.1	Variable	2030	**4,588,969**	4,586,313	**-**	-
Total – Recourse Debt				**8,351,350**	7,718,012	**284,999**	218,388
Non-Recourse Debt:							
Financing facilities in relation to projects:	16.4						
Barka Water and Power Projects SAOG ("Barka")		Fixed	2030	**201,663**	-	**49,595**	149,341
Central Electricity Generating Company ("CEGCO")		Fixed	2026	**6,372**	21,181	**12,745**	20,404
ACWA Power Ouarzazate S.A. ("APO I")		Fixed	2038	**1,306,298**	1,462,543	**92,654**	95,284
ACWA Power Ouarzazate II S.A. ("APO II")		Fixed	2039	**2,014,017**	2,153,375	**132,542**	113,309
ACWA Power Ouarzazate III S.A. ("APO III")		Fixed	2029	**1,544,197**	1,665,671	**132,157**	131,894
ACWA Power Ouarzazate IV S.A. ("APO IV")		Fixed	2035	**138,505**	149,151	**21,043**	14,310
Shuaibah Two Water Development Project ("Shuaibah II")		Variable	2040	**288,123**	301,235	**13,112**	12,551
ACWA Power Laayoune		Fixed	2035	**168,980**	199,010	**36,557**	30,736
ACWA Power Boujdour		Fixed	2035	**53,284**	64,639	**5,505**	4,150
Al Zarqa Plant for Energy Generation ("ZARQA")		Variable	2035	**883,733**	960,084	**76,351**	67,363
Sakaka Solar Energy Company ("Sakaka")	16.5	Variable	2044	**689,576**	716,191	**23,082**	12,747
Rabigh Three Company ("Rabigh 3")		Variable	2045	**1,700,047**	1,762,955	**62,575**	60,943
Rabigh Arabian Water and Electricity Company ("RAWEC")		Both	2034	**3,589,036**	3,985,018	**404,661**	393,380
Alia Water Company		Variable	2025	**-**	-	**181,826**	181,826
ACWA Power FEWA Project Holding Company		Variable	2028	**178,693**	178,565	**-**	-
ACWA Power Kom Ombo for Energy ("Kom Ombo Project")		Variable	2042	**387,628**	203,655	**17,930**	14,321
ACWA Power Luxor Project Holding Company Ltd		Variable	2029	**74,492**	-	**-**	-
Xinyang Mingxi new energy Co., Ltd	5.4	Variable	2040	**277,249**	-	**-**	-
ACWA Power Wind Karatau FE LLC		Variable	2025	**-**	-	**129,826**	-
ACWA Power Azerbaijan Renewable Energy LLC		Variable	2026	**416,816**	-	**-**	-
Total – Financing facilities in relation to projects				**13,918,709**	13,823,273	**1,392,161**	1,302,559
APMI One bond	16.2	Fixed	2039	**1,389,090**	1,443,172	**56,411**	75,334
APCM bond	16.3	Fixed	2044	**547,777**	565,252	**17,474**	17,020
Total – Non-Recourse Debt				**15,855,576**	15,831,697	**1,466,046**	1,394,913
Total financing and funding facilities				**24,206,926**	23,549,709	**1,751,045**	1,613,301

The Group has hedged its variable interest rate exposure through interest rate swaps. Refer note 38.3 for interest rate sensitivity on variable rate financial liabilities.

16 LONG-TERM FINANCING AND FUNDING FACILITIES (CONTINUED)

16.1 On 14 June 2021, the Group issued an Islamic bond (Sukuk) amounting to SR 2,800.0 million at par (sak) value of SR 1 million each, without discount or premium. Further, on 2 February 2023, the Group completed the issuance of SR 1,800 million Sukuk under its SR 4,600 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 (only on the second tranche) effective on or after 5 years from the issuance date.

16.2 In May 2017, the Group (through one of its subsidiaries, APMI One) issued bonds with an aggregate principal of USD 814.0 million (SR 3,052.5 million). The bonds carry a fixed rate of interest at 5.95% per annum due for settlement on a semi-annual basis. The bonds' principal is due to be repaid in semi-annual instalments which commenced from June 2021, with the final instalment due in December 2039. The bonds are collateralised by cash flows from certain equity accounted investees and subsidiaries of the Group. During the year ended 31 December 2022, ACWA Power has partially bought back bonds amounting to USD 400.7 million (equivalent to SR 1,502.7 million) at a discount. The Group recognised a gain of SR 74.8 million in the year ended 31 December 2022 on the buyback which was net of the proportionate share in the unamortised transaction cost in relation to the bond's issuance.

16.3 APCM bond ("the Notes") were issued during 2021 with an aggregate principal of USD 166.2 million. The Notes carry an interest at 3.7% per annum and the principal repayments in semi-annual instalments from 31 May 2021, with final instalment due on 27 May 2044. The Notes were issued to refinance an existing long-term facility of one of the Group's wholly owned subsidiary, Shuaibah Two Water Development Project ("Shuaibah II").

16.4 Borrowings by project companies are primarily secured against underlying assets (i.e., plant, machinery and equipment – note 5) of the respective project companies, except borrowings that are with recourse to the Group amounting to SR 4,045.9 million as of 31 December 2024 (31 December 2023: SR 3,348.6 million).

16.5 On 29 August 2024, one of the Group's subsidiaries entered into a refinancing agreement, where interest rates, counter party and terms of the facility were amended. Under the refinancing arrangement, the obligations to the lender were extinguished and new obligations under the revised refinancing structure were established. As a result of the refinancing and amendments thereon, liability associated to old facility prior to 29 August 2024 were derecognized and a new facility is recognized in line with the refinancing terms.

(All amounts in Saudi Riyals thousands unless otherwise stated)

17 EMPLOYEE END OF SERVICE BENEFITS' LIABILITIES

17.1 The movement of employee benefits (end of service) liability (unfunded) is as follows:

	31 Dec 2024	31 Dec 2023
Balance at beginning of the year	**211,298**	190,788
Charge for the year recorded in profit or loss	**71,119**	51,712
Loss on re-measurement of defined benefit liability (OCI)	**10,223**	7,118
Paid during the year	**(39,899)**	(38,320)
Balance at end of the year	**252,741**	211,298

17.2 Details of employees' end-of-service expense charge to profit or loss is as follows:

	2024	2023
Interest cost	**7,551**	5,589
Current service cost	**63,568**	46,123
Total	**71,119**	51,712

17.3 The principal actuarial assumptions used are as follows:

	2024	2023
Discount rate	**5.10%**	4.60%
Increments	**5.55% - 7.85%**	6.05% - 8.00%
Withdrawal rate		
From 19 – 25 years	**15%**	4% - 22.5%
from 26 – 54 years	**25%**	3% - 20%
from 55 – 70 years	**35%**	1% - 3.8%

17.4 Sensitivity analysis

	Change (bps)	*Increase (decrease)*	
		31 Dec 2024	31 Dec 2023
Discount rate	**+100**	**(6,117)**	(5,686)
	- 100	**6,600**	6,152
Increments	**+100**	**7,256**	5,605
	- 100	**(6,858)**	(5,863)

18 DEFERRED REVENUE

	Note	**2024**	2023
Balance as of 1 January		**390,057**	305,024
Deferred / transferred during the year		**584,013**	523,377
Recognised during the year		**(657,602)**	(438,344)
Balance as of 31 December		**316,468**	390,057
Less: current portion	19	**(146,402)**	(250,311)
Non-current portion at end of the year		**170,066**	139,746

Deferred revenue primarily represents advance received under long term maintenance contracts. Revenue will be recognised only upon the fulfilment of remaining performance obligations under the contract i.e., rendering of maintenance service during plant outages.

(All amounts in Saudi Riyals thousands unless otherwise stated)

19 ACCOUNTS PAYABLES, ACCRUALS AND OTHER FINANCIAL LIABILITIES

	Note	As of 31 Dec 2024	As of 31 Dec 2023
Accounts payable		**1,222,071**	1,265,877
Accrued expenses and other liabilities		**1,129,755**	827,177
Reinsurance liabilities and premiums payable	19.1	**373,669**	347,899
Salaries and benefits payable		**377,066**	290,186
Deferred revenues	18	**146,402**	250,311
Other financial liabilities	7.1.3	**109,905**	-
Value added tax payable		**36,404**	116,953
Accrued financial charges on letters of guarantee and loans		**38,518**	28,048
Lease liabilities		**12,692**	9,739
Dividend payable		**45,803**	712
Others		**8,970**	12,121
		3,501,255	3,149,023

19.1 The balance represents reinsurance liabilities and premiums payable of a fully owned subsidiary (ACWA Power Reinsurance) of the Group. Related insurance receivable is included in prepayments, insurance and other receivables (note 11.2).

20 SHORT-TERM FINANCING FACILITIES

This represents working capital facilities obtained and drawn by subsidiaries and outstanding at the reporting date amounting to SR 317.0 million (31 December 2023: SR 316.9 million). The facilities carry variable rate of interest between 3.5% - 7.1% (2023: 3.96% - 7.17%) per annum.

21 ZAKAT AND TAXATION

21.1 Amounts recognised in profit or loss

	Note	2024	2023
Zakat	21.2, 21.3	**(101,984)**	(103,320)
Current tax	21.2, 21.3	**(44,808)**	(37,519)
Deferred tax credit*	21.4	**87,833**	87,087
Zakat and tax charge		**(58,959)**	(53,752)
Less: Zakat and tax charge from discontinued operation	34.3	**-**	21
Zakat and tax charge reflected in profit or loss		**(58,959)**	(53,731)

**Deferred tax charge disclosed in note 21.4 does not include deferred tax charge or credit associated with assets held for sale.*

21.2 Significant zakat and tax assessments

The Company
The Company has filed zakat and tax returns for all the years up to 2023. 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 2023.

Subsidiaries and equity accounted investees:
With its multi-national operations, the Group is subject to taxation in multiple jurisdictions around the world with complex tax laws including KSA. The Company's subsidiaries / equity accounted investees in KSA and other jurisdictions submit their income tax and zakat returns separately. Certain subsidiaries / equity accounted investees have received assessments from ZATCA / tax authorities, which have led to additional liability totalling to SR 155 million (ACWA Power share is SR 81 million). As of 31 December 2024, the management has recognised provisions of SR 155 million (ACWA Power share is SR 81 million) against these assessments, where appropriate. Currently, these subsidiaries / equity accounted investees have lodged objections against these assessments. The objections are currently undergoing review by the ZATCA and the General Secretariat of Tax Committees ("GSTC") / Appellate authorities. Management is confident that adequate provisions been recognised and anticipates no further liabilities arising from these assessments once they are finalised.

21 ZAKAT AND TAXATION (CONTINUED)

Other aspects
On 22 March 2024, the ZATCA announced the issuance of a new Zakat Implementing Regulation, through the Ministerial Resolution (MR) No.1007 dated 29 February 2024, which was electronically published in the Official Gazette (Umm Al-Qura) on 21 March 2024. The new Zakat regulation has replaced the current regulation and is applicable to financial years starting 1 January 2024. Accordingly, the group has applied new Zakat Regulation for calculating its Zakat liability for the year ending 31 December 2024.

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 commenced from 1 January 2024, and the Group has applied UAE CT Law provisions for calculation of UAE tax liability, where applicable for the year ended 31 December 2024.

As mandated by G20 Group of countries, OECD launched Base Erosion Profit Shifting ("BEPS2.0") project. BEPS 2.0 has two parts or pillars, namely, Pillar One and Pillar Two. Pillar Two would establish a minimum effective tax at a proposed rate of 15 percent applied to cross-border profits of large multinational corporations that have a "significant economic footprint" across the world. The Group should be in the scope of Pillar Two based on the revenue threshold of EUR 750 million and conducting operations in multiple jurisdictions.

As of 31 December 2024, the Kingdom of Saudi Arabia, where the Parent Company is incorporated, has not (substantively) enacted Pillar Two income tax legislation.

On 2 August 2024, Presidency in Turkey approved Pillar Two legislation. Turkey implemented Qualified Domestic Minimum Top-up Tax (QDMTT) applicable from 1 January 2024 while Under- taxed Payments Rule (UTPR) be effective from FY 2025. The Company has done preliminary analysis and is of the view that there is no additional tax liability due to the implementation of the OECD Pillar Two initiative.

On 24 December 2024, South Africa's legislation implemented Pillar Two rules. The Global Minimum Tax Act, 2024 provides for an Income Inclusion Rule (IIR) and a Domestic Minimum Top-Up Tax (DMTT) applicable to fiscal years starting on or after 1 January 2024. The Company has done a preliminary analysis of the impact and is of the view that there is no additional tax liability due to implementation of OECD Pillar Two initiative.

On 1 September 2024, Bahrain's National Bureau for Revenue (NBR) announced the issuance of Decree-Law No.11 of 2024, introducing a DMTT to ensures that constituent entities in Bahrain of in-scope MNEs pay a global minimum tax of 15% on their "excess" profits, subject to exclusions and safe harbors. The legislation is substantively enacted but not yet in effect, effective date of legislation is 1 January 2025. The Company is evaluating the impact. Project company and O&M entity in Bahrain should be covered by 'Change in Law' clause under the PPA with the Off taker and hence there might be no material impact on the Parent entity.

On 29 November 2023, The Vietnam National Assembly approved the Resolution on Global Minimum Tax policy taking effect from 1 January 2024. Vietnam adopted QDMTT and IIR. The Company has done preliminary analysis and is of the view that there is no additional tax liability due to the implementation of the OECD Pillar Two initiative.

On 15 December 2023, the German Federal Council approved the law to implement the EU Minimum Tax Directive, which entered into force on 27 December 2023, applicable for fiscal years beginning after 30 December 2023. The rules implement IIR and DMTT from 1 January 2024, while UTPR will be implemented from 2025. The Company has done preliminary analysis and since this is non-revenue making entity, the Company is of the view that there is no additional tax liability due to implementation of the OECD Pillar Two initiative.

Other countries like Singapore and Thailand have substantively enacted the legislations effective from 1 January 2025 but not yet in effect. The Company has done a preliminary analysis and is of the view that there is no additional tax liability due to implementation of the OECD Pillar Two initiative.

Due to the uncertainties and on-going developments in respect to Pillar Two in other countries in the Middle East, the Group is not able to provide a reasonable estimate at the reporting date and is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

(All amounts in Saudi Riyals thousands unless otherwise stated)

21 ZAKAT AND TAXATION (CONTINUED)

21.3 Zakat and tax provision for the year

The movement in zakat and tax provision for the year is as follows:

	2024	2023
Balance as of 1 January	**194,095**	236,786
Charge - for the current year	**146,793**	140,839
Payments	**(152,611)**	(183,509)
Derecognised on loss of control	**-**	(21)
Balance as of the end of the year	**188,277**	194,095

21.4 Deferred tax - Movement in deferred tax balances

The deferred tax asset / (liability) and deferred tax credit / (charge) in the consolidated financial statements are attributable to the following items:

	Net balance at 1 Jan	**Recognised in profit or loss****	**Recognised in OCI including currency translation differences**	**As of 31 December: Net balance**	**As of 31 December: Deferred tax assets**	**As of 31 December: Deferred tax liabilities**
2024						
Property, plant and equipment	**(504,807)**	**(9,775)**	**-**	**(514,582)**	**-**	**(514,582)**
Unused tax losses*	**473,993**	**142,509**	**-**	**616,502**	**616,502**	**-**
Fair value of derivatives	**(13,110)**	**-**	**(1,899)**	**(15,009)**	**-**	**(15,009)**
End-of-service employee benefit liability	**3,557**	**(1,052)**	**-**	**2,505**	**2,505**	**-**
Accruals, provisions and others	**30,214**	**(43,849)**	**(4,069)**	**(17,704)**	**-**	**(17,704)**
	(10,153)	**87,833**	**(5,968)**	**71,712**	**619,007**	**(547,295)**
Deferred tax assets and liabilities off-set					**(380,013)**	**380,013**
Net deferred tax asset / (liability)					**238,994**	**(167,282)**

	Net balance at 1 Jan	**Recognised in profit or loss****	**Recognised in OCI including currency translation differences**	**As of 31 December: Net balance**	**As of 31 December: Deferred tax assets**	**As of 31 December: Deferred tax liabilities**
2023						
Property, plant and equipment	(456,853)	(47,954)	-	(504,807)	-	(504,807)
Unused tax losses*	347,917	126,076	-	473,993	473,993	-
Fair value of derivatives	(18,947)	-	5,837	(13,110)	-	(13,110)
End-of-service employee benefit liability	3,709	(152)	-	3,557	3,557	-
Accruals, provisions and others	29,852	9,117	(8,755)	30,214	30,214	-
	(94,322)	87,087	(2,918)	(10,153)	507,764	(517,917)
Deferred tax assets and liabilities off-set					(354,441)	354,441
Net deferred tax asset / (liability)					153,323	(163,476)

**Deferred tax asset on unused tax losses in relation to certain subsidiaries is recognised only to the extent of tax depreciation which can be realised against future taxable profits for an indefinite period.*

***Deferred tax expense for the year ended 31 December 2024 is net of positive impact from foreign exchange rate movements of SR 8.4 million (31 December 2023: includes positive impact of SR 36.3 million) on Group's subsidiaries in Morocco whereby foreign currency denominated assets and liabilities are carried in local currency for tax base purposes.*

(All amounts in Saudi Riyals thousands unless otherwise stated)

22 DERIVATIVES AND CASH FLOW HEDGES

As per the provisions of facility agreements, certain equity accounted investees and subsidiaries are required to hedge the interest rate risk on loans obtained by them. These equity accounted investees and subsidiaries use derivative financial instruments to hedge their interest rate risk and / or foreign currency risk, which qualify to be designated as cash flow hedges. The Group's share of changes in effective cash flow hedge reserves, subsequent to acquisition is recognised in its equity. The Group also uses interest rate swaps and foreign exchange forward contracts to manage its exposures from highly probable forecast transactions.

Also, under shareholders' agreement, the Group holds put and call options on the equity ownership of other shareholders in equity accounted investees or subsidiaries. These are measured as derivatives with changes in fair value recognised in profit or loss.

The tables below show a summary of the hedged items, the hedging instruments, trading derivatives and their notional amounts and fair values for the Company and its subsidiaries. The notional amounts indicate the volume of transactions outstanding at the reporting date and are neither indicative of market risk nor credit risk.

		Notional		*Positive fair value*		*Negative fair value*	
		31 Dec 2024	31 Dec 2023	**31 Dec 2024**	31 Dec 2023	**31 Dec 2024**	31 Dec 2023
Hedged items	***Hedging instruments***						
Interest payments on floating rate loans	Interest rate swaps	**9,826,334**	9,187,360	**1,353,100**	843,080	**(118,185)**	(43,837)
Highly probable forecast transactions	Forward foreign exchange contracts	**1,568,625**	1,418,625	**1,611**	-	**(63,568)**	(19,071)
				1,354,711	843,080	**(181,753)**	(62,908)
Less: Current portion				**305,693**	88,153	**(72,044)**	-
Non-current portion				**1,049,018**	754,927	**(109,709)**	(62,908)

Derivatives often involve at their inception only a mutual exchange of promises with no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate underlying a derivative contract may have a significant impact on the income or equity of the Group.

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23 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, the key management personnel, and other entities which are controlled by the Company's shareholders ("Affiliates"). Key management personnel represent directors, the Chief Executive Officer and his direct reports.

The Group transacts business with related parties which include transactions with entities which are either controlled or jointly controlled by 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:

Particulars	Note	***Relationships***	***For the year ended***	
			2024	2023
Transactions:*				
Revenue		Joint ventures	**2,778,425**	2,483,093
Group services fees	28.1	Joint ventures	**269,376**	236,974
Finance income from shareholders loans	28	Joint ventures	**199,734**	210,045
Financial charges on loan from related parties	32	Affiliates	**40,251**	44,354
Key management personnel compensation				
Long term incentive plan**		-	**82,302**	36,100
End of service benefits		-	**4,744**	6,249
Remuneration including director's remuneration		-	**57,550**	39,270

** Other transactions with the Group's equity accounted investees are disclosed in note 7.1.*

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

	Note	***Relationships***	***As of***	
			31 Dec 2024	31 Dec 2023
Due from related parties				
Current:				
Hajr for Electricity Production Co.	(a)	Joint venture	**208,011**	238,955
Naseem Energy Company	(b)	Joint venture	**144,825**	-
Remal Energy Company	(b)	Joint venture	**144,825**	-
Noor Energy 1 P.S.C.	(a)	Joint venture	**131,245**	41,147
Al-Mourjan for Electricity Production Co.	(a)	Joint venture	**115,999**	145,826
Dhofar O&M Company LLC	(a)	Joint venture	**113,935**	69,570
ACWA POWER SIRDARYA	(a)	Joint venture	**113,384**	79,985
Marafiq Red Sea for Energy	(d)	Joint venture	**78,515**	12,673
Hassyan Energy Phase 1 P.S.C	(a), (d)	Joint venture	**72,029**	87,837
NEOM Green Hydrogen Co. Ltd	(d)	Joint venture	**56,564**	3,773
Rabigh Electricity Co.	(a)	Joint venture	**56,021**	74,146
Shuqaiq Services Company for Maintenance	(a)	Joint venture	**54,076**	61,272
ACWA Power Dzhankeldy Wind LLC	(d)	Joint venture	**46,999**	-
ACWA Power Bash Wind LLC	(d)	Joint venture	**46,573**	-
ACWA Power Solarreserve Redstone Solar TPP	(d)	Joint venture	**44,671**	40,861
Sudair 1 Holding Company	(d)	Joint venture	**39,497**	1,246
Jazan Integrated Gasification and Power Company	(e)	Joint venture	**38,186**	41,498
ACWA Power Uzbekistan Wind Project Holding Company Ltd	(d)	Joint venture	**35,834**	-
ACWA Power Solafrica Bokpoort CSP Power Plant (Pty) Ltd.	(a)	Joint venture	**35,347**	12,826
Shinas Generating Company SAOC	(d)	Joint venture	**34,744**	8,012
Haya Power & Desalination Company B.S.C	(a)	Joint venture	**33,624**	52,224
Shuaibah Water & Electricity Co. Ltd	(a)	Joint venture	**30,972**	33,550
Shuaa Energy 3 P.S.C.	(a)	Joint venture	**25,001**	4,850
Ad-Dhahirah Generating Company SAOC	(a)	Joint venture	**21,109**	6,773

(All amounts in Saudi Riyals thousands unless otherwise stated)

23 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	Note	*Relationships*	*As of* 31 Dec 2024	31 Dec 2023
Due from related parties				
Current:				
Taweelah RO Desalination Company LLC	(a)	Joint venture	**17,447**	9,628
Ar Rass Solar Energy Company	(a)	Joint venture	**15,708**	1,268
Naqa'a Desalination Plant LLC	(a)	Joint venture	**13,967**	12,213
Jazlah Water Desalination company	(a)	Joint venture	**13,816**	3,499
ACWA Power Uzbekistan Project Holding Co	(d)	Joint venture	**13,746**	1,153
Layla Solar Energy Company	(a)	Joint venture	**12,408**	6,375
Shuaibah Expansion Project Co.	(a)	Joint venture	**11,544**	13,226
ACWA GUC Isletme Ve Yonetim Sanayi Ve Ticaret	(a), (f)	Joint venture	**9,030**	16,238
Hassyan Water Company A P.S.C	(a)	Joint venture	**2,614**	48,332
Sidra One Holding Company	(a)	Joint venture	**437**	68,608
Qudra One Holding Company	(a)	Joint venture	**370**	68,608
Other related parties		Joint venture	**119,153**	90,075
			1,952,226	1,356,247

	Note	*Relationships*	*As of* 31 Dec 2024	31 Dec 2023
Due to related parties				
Non-current:				
Water and Electricity Holding Company CJSC	(h)	Affiliate	**805,853**	771,602
Loans from minority shareholders of subsidiaries	(c)	-	**84,049**	83,336
			889,902	854,938
Current:				
Loans from minority shareholders of a subsidiary	(c)	-	**43,675**	44,189
ACWA Power Africa Holdings (Pty) Ltd	(g)	Joint venture	**11,978**	11,514
ACWA Power Renewable Energy Holding Limited		Joint venture	**-**	7,034
Others		Joint ventures	**24,097**	16,420
			79,750	79,157

(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.

(b) This represents shareholder advance against limited notice to proceed agreement signed between project company and EPC contractors to carry out certain works until notice to proceed is issued.

(c) This includes:

- Loan payable to non-controlling shareholders of ACF Renewable Energy Limited amounting to SR 43 million (2023: SR 44 million). The loans are due for repayment in 2025 and carry profit rate at 5.75% per annum; and
- Loan payable to non-controlling shareholders of Qara Solar Energy Company amounting to SR 79.9 million (2023: SR 83 million). The loans are due for repayment in 2026 and carry profit rate at SOFR + 1.3% per annum.

(d) These balances represent advances, receivables (on account of development services) or other fundings provided to related parties that has no specific repayment.

(e) The balance represents interest receivable from an equity accounted investee on account of shareholder loan. The shareholder loan is a long-term interest in the project and classified within investment in equity accounted investees.

(All amounts in Saudi Riyals thousands unless otherwise stated)

23 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(f) This represents amounts to be received by NOMAC for operation and maintenance services provided to the project company under operation and maintenance contracts. The balance as of 31 December 2024, represents the receivable related to O&M services provided during the year 2024.

(g) This represents amounts payable to an equity accounted investee in respect of project development cost.

(h) During 2020, the Group declared a one-off dividend of SR 2,701.0 million. A portion of such declared dividend, payable to the Public Investment Fund of Saudi Arabia (the "Shareholder"), was converted into a long-term non-interest-bearing loan amounting to SR 901.0 million through a wholly owned subsidiary of the Shareholder. This loan may be adjusted, on behalf of the subsidiary of the Shareholder, against future investments in renewable projects made by the Company, based on certain conditions. The loan will be repaid or settled by 31 December 2030 unless the repayment or settlement period is mutually extended by both parties. The Group recorded this loan at the present value of expected cash repayments discounted using an appropriate rate applicable for long-term loans of a similar nature. The difference between the nominal value of the loan and its discounted value was recognised as other contribution from shareholder within share premium. During the year 2024, SR 34.2 million (2023: SR 32.8 million) finance charge was amortised on the outstanding loan balance. Further the group has extended guarantee commitment to lenders on behalf of the Shareholder for certain projects that might be called in lieu of settlement of this loan.

24 OTHER LIABILITIES

Other liabilities as reported in the consolidated statement of financial position includes:

	Note	**As of 31 Dec 2024**	As of 31 Dec 2023
Financial liabilities assumed on loss of control	24.1	**-**	239,650
Asset retirement obligations (ARO)	24.2	**209,632**	231,012
Liabilities in relation to debt buy-out	7.1.3	**233,553**	-
Long term incentive plan	24.3	**80,152**	97,410
Liabilities in relation to long term spares agreement		**38,128**	128,601
Lease liabilities		**68,205**	67,407
Put options		**2,760**	2,760
Others		**-**	722
		632,430	767,562

24.1 This represents financial liabilities assumed on loss of control in a subsidiary during 2018 (note 7.1.2).

24.2 The movement of asset retirement obligations is as follows:

	2024	2023
Balance at beginning of the year	**231,012**	227,066
Recognised during the year, net	**(22,701)**	3,023
Unwinding of interest	**1,321**	923
Balance at end of the year	**209,632**	231,012

24.2.1 Sensitivity Analysis of ARO Provision to Key Assumptions:

During the year ended 31 December 2024, the group conducted a revaluation exercise for assessment of ARO for its subsidiary project entity. The ARO provision is sensitive to changes in the key assumptions used in its measurement. The table below shows the impact on the provision for asset retirement obligations of changes in these assumptions:

Assumption	**Change**	**Impact on ARO Liability**
Discount Rate	+1%	(18,796)
	-1%	22,849
Estimated Decommissioning Date	+1 year	1,599
	-1 year	(1,755)
Estimated Future costs	+5%	6,356
	-5%	(6,356)

(All amounts in Saudi Riyals thousands unless otherwise stated)

24 OTHER LIABILITIES (CONTINUED)

Discount Rate Sensitivity: 1% increase in the discount rate would reduce the ARO provision, as future cash flows would be discounted at a higher rate. Conversely, a 1% decrease in the discount rate would increase the provision, as the present value of future cash flows would rise.
Decommissioning Date Sensitivity: If the decommissioning date is delayed by one year, the provision would increase, as the future cash flows would be spread over a longer period. Conversely, advancing the decommissioning date by one year would decrease the provision.
Future Costs Sensitivity: A 5% increase in the estimated future decommissioning costs would result in a proportional increase in the provision. Similarly, a 5% decrease in the estimated future costs would reduce the provision.

24.3 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 covered a nine-year period in total effective from 1 January 2020 and comprises three separate performance periods of three years each. Cash awards will vest pursuant to the LTIP at the end of each performance period subject to the achievement of performance conditions. In this regard, during the year a provision of SR 82.3 million (2023: SR 36.1 million) has been recognised within general and administration expenses.

The Company has an equity-based incentive scheme for select key employees. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, select key employees of the Group may be granted shares.

Pursuant to LTIP as approved by the Board of Directors in 2023 and the shareholders of the Company during the year ended 31 December 2024, the Company purchased 391,200 shares amounting to SR 118.0 million at the prevailing market rates. The Group has recognised these shares within treasury shares in the consolidated statement of changes in equity.

The number of shares granted is calculated in accordance with the performance-based formula approved by shareholders at the previous annual general meeting and is subject to approval by the remuneration committee. The formula rewards employees to the extent of the Group's and the individual's achievement judged against both qualitative and quantitative criteria.

No amounts are paid or payable by the recipient on grant of shares and the vesting period is three years. Details of the share granted during the year are as follows:

	2024		2023	
	Number of shares	**Fair value of shares (SR)**	Number of shares	Fair value of shares (SR)
Granted during the year	**261,893**	**121,545,603**	-	-
Forfeited during the year	**(15,825)**	**(6,989,851)**	-	-
Vested during the year	**(37,779)**	**(17,533,387)**	-	-
	208,289	**97,022,365**		

The fair value of each share was SR 464.5. In 2024, 261,893 shares were granted on 23rd April 2024. The total fair value of the shares granted on those dates is SR 121.5 million.

During the year, Tranche 1 shares have vested, due to the selected employees completing the first year of service. Forfeited shares represent shares forfeited from the employees who left the organization before the granted shares were vested.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

The weighted average share price at the date of exercise for the shares exercised during the period was SR 465.42. The shares outstanding on 31 December 2024 had a weighted average price of SR 464.06, and a weighted average remaining contractual life of 1 year.

The Group recognised total expenses, net of SR 44.8 million related to equity-settled share-based payment transactions during the year.

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25 REVENUE

	Note	2024	2023
Services rendered			
Operation and maintenance		**2,630,755**	2,327,083
Development and construction management services		**735,562**	944,032
Other	25.1	**7,014**	5,078
Sale of electricity			
Capacity charges under the lease	25.3	**858,170**	781,002
Energy output services		**372,004**	296,210
Finance lease income	8.1	**327,700**	357,102
Sale of water			
Capacity charges under the lease	25.2, 25.3	**949,715**	965,019
Water output services	25.2	**316,450**	317,130
Finance lease income	8.1	**99,928**	102,354
		6,297,298	6,095,010

	2024	2023
Operating lease	**1,807,885**	1,746,021
Finance lease	**427,628**	459,456
Lease Component	**2,235,513**	2,205,477
Non-Lease Component	**4,061,785**	3,889,533
	6,297,298	6,095,010

Refer to note 36 for the geographical distribution of revenue.

25.1 This represents net underwriting insurance income from ACWA Power Reinsurance business (Captive Insurer).

25.2 Includes revenue from sale of steam of SR 398.6 million during the year (2023: SR 399.0 million).

25.3 This represents revenue in relation to the Group's lease assets.

26 OPERATING COSTS

	Note	2024	2023
Direct material cost and station operating cost		**1,001,203**	838,799
Staff cost		**627,101**	586,618
Depreciation	5.3	**481,351**	426,388
Operating and technical fee		**382,593**	375,640
Direct insurance cost		**75,756**	83,572
Natural gas and fuel cost		**242,002**	143,416
Other direct overheads		**156,702**	145,397
		2,966,708	2,599,830

27 GENERAL AND ADMINISTRATION EXPENSES

	Note	2024	2023
Salaries and other employee benefits		**1,023,054**	691,870
Professional and legal fees		**205,211**	186,828
Travel expenses		**75,313**	57,158
Impairment allowance	27.1	**156,844**	73,539
Communication, subscription, sponsorship and public relations costs		**54,984**	57,720
Provision for long term incentive plan	24.3	**82,302**	36,100
Depreciation expense	5.3	**32,611**	20,857
Amortisation of intangible assets	6.2	**8,996**	15,896
Utilities expenses		**20,178**	14,459
Directors' remuneration		**16,903**	13,473
Repairs and maintenance expenses		**2,364**	2,491
Others		**71,475**	66,301
		1,750,235	1,236,692

(All amounts in Saudi Riyals thousands unless otherwise stated)

27 GENERAL AND ADMINISTRATION EXPENSES (CONTINUED)

27.1 Impairment allowance charge for the year in relation to:

- Trade receivables and related party balances amounting to SR 145.6 million (2023: SR 58.3 million);
- Inventories amounting to SR 7.7 million (2023: SR 7.6 million); and
- Other assets amounting to SR 3.5 million (2023: SR 7.6 million)

28 OTHER OPERATING INCOME

	Note	**2024**	2023
Group services	28.1	**269,376**	236,974
Finance income from shareholder loans	23	**199,734**	210,045
Performance liquidated damages and insurance recovery	28.2	**60,505**	103,289
		529,615	550,308

28.1 Group services amounting to SR 269.3 million (2023: SR 237.0 million) relates to management advisory, and ancillary support provided by the Group to its various equity accounted investees.

28.2 This includes performance liquidated damages recovered from EPC contractors and business interruption insurance recoveries amounting to SR 60.5 (2023: SR 21.2 million) and SR Nil (2023: SR 82.1 million) respectively in relation to certain of the Group's subsidiaries in Morocco.

29 OTHER INCOME

	Note	**2024**	2023
Gain on change in fair value of the derivative		**-**	54,412
Income in relation to early settlement of long-term financing and funding facilities and termination of hedging instruments	29.1	**15,491**	6,769
Delayed liquidity damages recovery - Zarqa		**11,805**	-
Others		**35,996**	30,950
		63,292	92,131

29.1 The Group enters into derivative contracts to hedge the risks associated with interest rate fluctuations and foreign currency exposures. Initially, these derivative contracts were designated as cash flow hedges. Consequently, changes in the fair value of these derivatives were recorded in the Other Comprehensive Income (OCI) hedge reserve. Subsequently, when these hedge accounting relationships are discontinued, the cumulative balance recognised in OCI hedge reserve is recycled to the consolidated statement of income within Other Income, net. During the year ended 31 December 2024, the Group has recognised a net income amounting to SR 15.5 million (31 December 2023: SR 6.8 million). This includes the following:

29.1.1 Income of SR 343.4 million recognised in the year, (31 December 2023: Nil) resulting from release of cashflow hedge reserve, as the hedged highly probable forecast transaction is no longer expected to occur within the Group, due to partial divestment of the asset.

29.1.2 Owing to, significant uncertainties surrounding the progression of a development-stage asset of the Group. The underlying forecast transactions were no longer considered highly probable. As a result, the hedge relationship was terminated and the cumulative loss balance of SR 327.9 million previously recorded in the OCI hedge reserve has been reclassified to profit or loss.

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 IMPAIRMENT REVERSAL, NET AND OTHER EXPENSES

30.1 IMPAIRMENT REVERSAL, NET

	Note	**2024**	2023
Impairment reversal, net	30.1.1	**91,073**	-

30.1.1 Morocco CSP:
During the year, a CSP asset within the Group's Morocco portfolio experienced an extended outage due to leakage in its molten salt tank. According to the asset's inspection report, the plant may remain non-operational until the end of first quarter of 2025 ("Outage Period") while repair work is undertaken. This event triggered an assessment of recoverability of finance lease receivables, and the management has recognised an impairment loss of SR 191.6 million, representing the expected loss of generation during the Outage Period.

The Group has recognised the loss in the Group's consolidated statement of profit or loss within impairment reversal, net. The management will continue to review the performance of the plant and has recognised the related remedial cost pertaining to the existing molten salt tank in the consolidated financial statements. The ongoing repairs work will result in the revision of project IRR. The plant was initially expected to achieve Final Commercial Operation Date ("FCOD") by 20 October 2021. However, due to unforeseen delays, the plant has not yet officially reached the FCOD. Consequently, a standstill agreement was executed and remains in effect to date.

Barka:
One of the group's subsidiary, Barka SAOG (Barka) has entered into Power and Water Purchase Agreement (PWPA) with the off taker which includes power plant for 8 years and 9 months and multi-stage flash evaporator (MSF) water plant for 3 years term with extension option at Oman Power and Water Procurement (OPWP) discretion for a further term of 3 years and another term of 2 years and 9 months (total 8 years and 9 months term). Accordingly, Barka has identified these as indicators for impairment reversals on Power Plant and MSF. The Company has internally estimated the recoverable amount for the Power Plant, MSF Plant based on value-in-use computation.

The Company has assessed its future cash flows from each cash generating unit and carried out an impairment exercise as at 31 December 2024 as required by IAS 36 Impairment of Assets. Future cash flows were discounted and impairment testing was performed. Recoverable value i.e. SR 571.5 million was estimated based on value-in-use method as it reflects more accurately the manner in which the economic benefits embodied in the asset expected to be realised by the Company. Power plant and MSF operations for 8 years and 9 months and 6 years respectively have been considered to determine their recoverable values as per management best estimates. All future cash flows were based on management's best estimate discounted at a post-tax rate of 8.1% (2023: 8.2%) in assessing the Net Present Value (NPV) of future cash flows. Based on the conditions and the assessment, the Company has recognised a reversal of SR 282 million on power plant and MSF.

30.2 OTHER EXPENSES, NET

	Note	**2024**	2023
Arbitration / legal claim and supplier settlement expense / (reversal)	30.2.1	**15,998**	(10,200)
Corporate social responsibility	30.2.2	**46,164**	10,413
		62,162	213

30.2.1 This includes provisions / expenses / (reversals) pertaining to potential legal claims; arbitration settlements; and supplier's settlements on account of procurement cancellation.

30.2.2 During the year 2024, the Group contributed SR 46.2 million (2023: SR 10.4 million) in various countries including Saudi Arabia primarily to support education and related infrastructure. In addition to this, the Group has a commitment to contribute SR 66.0 million towards corporate social responsibility initiatives in Uzbekistan.

31 EXCHANGE (LOSS) / GAIN, NET

	2024	2023
Realised exchange gain / (loss)	**2,742**	(12,736)
Unrealised exchange (loss) / gain	**(3,302)**	15,510
	(560)	2,774

32 FINANCIAL CHARGES

	Note	2024	2023
Financial charges on borrowings		**1,175,227**	1,342,124
Financial charges on letters of guarantee		**54,842**	69,215
Financial charges on loans from related parties	32.1	**40,251**	44,354
Other financial charges		**74,789**	19,210
	32.2	**1,345,109**	1,474,903

32.1 This includes discount unwinding, on long-term related party balances amounting to SR 34.2 million (2023: SR 32.8 million).

32.2 Total financial charges includes SR 679.0 million (2023: SR 744.0 million) in relation to Islamic financing facilities.

33 EARNINGS PER SHARE

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

	31 Dec 2024	31 Dec 2023
Issued ordinary shares as at	**731,100**	731,100
Impact of treasury shares	**(267)**	-
Impact of bonus shares	**1,462**	1,462
Weighted average number of ordinary shares outstanding during the year ended	**732,295**	732,562
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**732,562**	732,562

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

Net profit for the year attributable to equity holders of the Parent	**1,757,057**	1,661,714
Profit for the year from continuing operations attributable to equity holders of the Parent	**1,757,057**	1,668,762
Earnings per share to equity holders of the Parent (in SR)		
- Basic	**2.40**	2.27
- Diluted	**2.40**	2.28

34 ASSETS AND LIABILITIES HELD FOR SALE

34.1 *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 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"). Due to prolonged delays in securing approvals from the counter parties, the management reassessed the classification and decided to reclassify the investment amounting to SR 52.6 million to continuing operations as at 31 December 2024. In conformity with IFRS 5, prior year figures have been reclassified in the Consolidated Statement of Comprehensive Income.

(All amounts in Saudi Riyals thousands unless otherwise stated)

34 ASSETS AND LIABILITIES HELD FOR SALE (CONTINUED)

34.2 Bash Wind and Dzhankeldy

On 7 July 2023, ACWA Power (through its wholly owned subsidiary) entered into a Sale Purchase Agreement 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"). This translates to divestment of 35% effective shareholding in Bash Wind and Dzhankeldy projects ("the Projects") respectively. All substantive condition precedents ("CPs") in relation to the transaction were completed before the issuance of these consolidated financial statements.

As a result of the transaction, ACWA Power will now jointly control the decisions for the relevant activities that most significantly affect the returns of the Investee Companies together with the Projects. Consequently, ACWA Power lost control and recognised the resulting gain of SR 401.7 million in the consolidated statement of profit or loss within gain from divestments. As of the date of loss of control, ACWA Power has started to account for the Investee Companies using the equity method of accounting in accordance with the requirements of IFRS 11 – Joint Arrangements.

Summary of the gain recognised on the partial divestment in the Projects is included below:

	31 Dec 2024
Fair value of consideration received including buyer's share in shareholder loan	**26,354**
Less: Derecognition of net assets of the subsidiaries	**(275,112)**
Payables to the Investee Companies and the Projects	**(1,054)**
Add: Fair value of retained equity accounted investment	**49,804**
Other reserves recycled to the profit or loss	**508,538**
Receivables from the Investee Companies and the Projects	**93,171**
Net gain from divestments	**401,701**

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

Assets	**30 June 2024**
Capital work in progress	**3,590,529**
Fair value of derivatives	**508,538**
Accounts receivable, prepayments and other receivables	**77,827**
Cash and cash equivalents	**413,331**
Liabilities	
Loans and borrowings	**(3,368,495)**
Accounts payable, accruals and other liabilities	**(946,618)**
Net assets	**275,112**

Assets	31 Dec 2023
Capital work in progress	2,197,230
Fair value of derivatives	391,136
Accounts receivable, prepayments and other receivables	62,038
Cash and cash equivalents	100,281
Assets held for sale	2,750,685
Liabilities	
Loans and borrowings	2,543,523
Accounts payable, accruals and other liabilities	40,682
Liabilities associated with assets held for sale	2,584,205
Other reserves associated with assets held for sale	391,136

Consolidated results of the Investee Companies together with the Project Companies are disclosed in note 34.3.

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34 DISCONTINUED OPERATIONS (CONTINUED)

34.3 Results of discontinued operations

For the year ended 31 December	2024						2023				
							Vinh Hao	Bash Wind and Dzhankeldy	Noor Al Shuaibah	Others	Total
	-	-	-	-	-	-					
Revenue	-	-	-	-	-	-	-	-	-	-	-
Operating costs	-	-	-	-	-	-	-	-	-	-	-
General and administration expenses	-	-	-	-	-	-	-	(885)	-	(462)	(1,347)
Other operating income	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	3,606	-	-	3,606
Financial charges, net	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange loss	-	-	-	-	-	-	-	(189)	-	-	(189)
Zakat and tax charge	-	-	-	-	-	-	-	-	-	(21)	(21)
Net income / (loss)	-	-	-	-	-	-	-	2,532	-	(483)	2,049
Share in net results	-	-	-	-	-	-	(3,867)	-	-	-	(3,867)
	-	-	-	-	-	-	(3,867)	2,532	-	(483)	(1,818)
Gain on divestment	-	-	-	-	-	-	532	-	1,815	1,583	3,930
Goodwill allocation	-	-	-	-	-	-	(9,160)	-	-	-	(9,160)
Loss from discontinued operations	-	-	-	-	-	-	(12,495)	2,532	1,815	1,100	(7,048)

34.4 Contingencies and commitments

Contingencies and commitments in relation to discontinued operations are disclosed in note 35.

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35 CONTINGENCIES AND COMMITMENTS

As of 31 December 2024 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 22.13 billion (31 December 2023: SR 17.46 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 31 Dec 2024	As of 31 Dec 2023
Guarantees in relation to equity bridge loans and equity LCs *	**10,600,307**	7,270,560
Guarantees on behalf of joint ventures	**233,537**	822,061
Debt service reserve account ("DSRA") standby LCs	**1,469,206**	1,290,429
Financial Obligations	**12,303,050**	9,383,050
Performance / development securities and completion support Letters of Credit ("LCs")	**6,447,535**	5,430,090
Guarantees on behalf of joint ventures	**3,186,016**	2,419,675
Bid bonds for projects under development stage	**189,795**	223,163
Performance Obligations	**9,823,346**	8,072,928
Total Contingencies and Commitments	**22,126,396**	17,455,978

** This primarily represents the Group's equity commitments towards joint ventures (the "Investees"). In addition to this the Group's other future equity commitments towards the Investees amounts to SR 4.37 billion (2023: SR 4.20 billion).*

The group has issued performance and development bonds besides completion support letters of credit. These commitments are customary in the industry and are primarily issued to the off-takers to backstop the project development and execution obligations.

This risk is mitigated with the project companies being the beneficiary of various bonds and parent company guarantees from the EPC contractors. The value of these performance bonds is generally in excess of the amount of the securities and letters of credit issued by the group, thus ensuring adequate risk protection.

The Group also has a loan commitment amounting to SR 598.2 million in relation to mezzanine debt facilities ("the Facilities") taken by certain of the Group's equity accounted investees. This loan commitment arises due to symmetrical call and put options entered in by the Group with the lenders of the facilities.

In 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 Group has adequately provided for all such claims, where appropriate.

Close to the year-end, the Group entered into Share Purchase Agreements (SPAs) to acquire 80% to 100% equity interests in certain entities in China that own solar and wind assets. The total purchase consideration under these agreements amounts to SR 154 million. As of the reporting date, these transactions have not been recognised in the consolidated financial statements, as the SPAs are subject to the fulfilment of certain conditions precedent including acknowledge of full grid connection before the acquisitions of control becomes effective, and both parties currently have a unilateral right to walk away from the transaction.

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36 OPERATING SEGMENTS

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

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

The accounting policies of the operating segments are the same as the Group's accounting policies. All intercompany transactions within the reportable segments have been appropriately eliminated. There were no inter-segment sales in the period presented below. Details of the Group's operating and reportable segments are as follows:

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

Key indicators by reportable segment

Revenue

	2024	2023
(i) Thermal and Water Desalination	**4,857,386**	4,518,621
(ii) Renewables	**1,433,634**	1,571,312
(iii) Other	**6,278**	5,077
Total revenue	**6,297,298**	6,095,010

Operating income before impairment and other expenses

	2024	2023
(i) Thermal and Water Desalination	**2,924,811**	2,685,427
(ii) Renewables	**1,166,565**	1,050,362
(iii) Others	**4,808**	3,989
Total	**4,096,184**	3,739,778
Unallocated corporate operating income / (expenses)		
General and administration expenses	**(1,181,270)**	(868,051)
Depreciation and amortization	**(28,414)**	(35,267)
Provision for long term incentive plan	**(82,302)**	(36,100)
Provision reversal on due from related party	**12,593**	5,839
Other operating income	**166,199**	177,586
Total operating income before impairment and other expenses	**2,982,990**	2,983,785

(All amounts in Saudi Riyals thousands unless otherwise stated)

36 OPERATING SEGMENTS (CONTINUED)

Key indicators by reportable segment (continued)

Segment profit

	Note	2024	2023
(i) Thermal and Water Desalination		**2,518,357**	1,806,842
(ii) Renewables		**893,582**	693,810
(iii) Others		**7,358**	5,024
Total		**3,419,297**	2,505,676
Reconciliation to profit for the year from continuing operations			
General and administration expenses		**(1,181,270)**	(868,051)
Arbitration claim (expenses) / reversals and others	30.2	**(15,998)**	10,200
Impairments in relation to subsidiaries	30.1	**(191,662)**	-
Provision for long term incentive plan	24.3	**(82,302)**	(36,100)
Corporate social responsibility contribution	30.2.2	**(46,164)**	(10,413)
Provision reversal on due from related party		**12,593**	5,839
Discounting impact on loan from shareholder subsidiary	23 (h)	**(34,251)**	(32,794)
Depreciation and amortization		**(28,414)**	(35,267)
Other operating income		**166,199**	177,586
Other income		**(116,970)**	164,778
Income in relation to discontinuation of hedging instruments		**15,491**	-
Financial charges and exchange loss, net		**109,928**	(19,425)
Zakat and tax charge		**(38,641)**	(83,652)
Profit for the year from continuing operations		**1,987,836**	1,778,377

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	
	2024	2023	**2024**	2023
Kingdom of Saudi Arabia	**3,332,754**	3,086,557	**24,638,922**	23,255,954
Middle East and Asia	**2,348,875**	2,358,099	**12,104,577**	8,440,835
Africa	**615,669**	650,354	**8,755,050**	9,039,047
	6,297,298	6,095,010	**45,498,549**	40,735,836

Information about major customers
During the period, two customers (2023: 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	
	2024	2023
Customer A	**1,168,587**	1,164,721
Customer B	**449,916**	447,463

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

37 FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risks and other price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by senior management. The most important types of risk are summarised below.

37.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

The table below shows the Group's maximum exposure to credit risk for components of the consolidated statement of financial position.

	Note	**As of 31 Dec 2024**	As of 31 Dec 2023
Balances with banks	12,13	**4,082,381**	5,957,971
Fair value of derivatives	22	**1,354,711**	843,080
Net investment in finance lease	8	**11,125,001**	11,818,892
Trade accounts receivable	11	**2,313,200**	1,692,851
Due from related parties	23	**1,952,226**	1,356,247
Insurance receivables	11.2	**345,859**	325,206
Other financial assets		**58,494**	40,946
		21,231,872	22,035,193

Balances with banks
Credit risk on bank balances is considered to be limited as these are primarily held with banks with sound credit ratings which ranges from BBB- and above.

Net investment in finance lease
Finance lease receivable represent receivable of Group's subsidiaries in Morocco and Kingdom of Saudi Arabia from the off-taker in accordance with the Power or Water Purchase Agreements ("PPA" or "WPA"). Credit risk attached to the finance lease receivable is limited due to the strength of government letter of support, government guarantee or appropriate credit rating of off-taker ranges from BB+ and above.

Trade accounts receivables
a. The Group's exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer. Below is the concentration of credit risk by different geographies.

	As of 31 Dec 2024	As of 31 Dec 2023
Kingdom of Saudi Arabia ("KSA")	**1,135,005**	409,870
United Arab Emirates ("UAE") and other countries	**696,178**	768,723
Morocco (covered by government letter of support)	**269,689**	331,208
Hashemite Kingdom of Jordan (covered by government guarantee)	**99,372**	168,356
Sultanate of Oman (covered by government guarantee)	**99,262**	14,694
Others	**13,694**	-
	2,313,200	1,692,851

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37 FINANCIAL RISK MANAGEMENT (CONTINUED)

37.1 Credit risk (continued)

The customers in KSA, UAE and other countries are transacting with the Group for a few years and historically, the Group has suffered no material write-offs on these receivables. Accordingly, the balances due from these customers are assessed to have a strong credit quality and limited credit risk.

b. As of reporting date, the ageing of trade accounts receivables that were not impaired was as follows:

	As of 31 Dec 2024	As of 31 Dec 2023
Neither past due nor impaired	**248,339**	317,841
Past due 1-90 Days	**1,435,092**	538,711
Past due 91-180 Days	**19,919**	74,087
Past due 181-360 Days	**37,604**	328,988
More than 360 Days	**572,246**	433,224
	2,313,200	1,692,851

The Group considers a trade receivable to be in default when:

- The debtors are unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The trade receivable is due for more than two years from achieving the Final Commercial Operational Date (FCOD) of the project.

Management believes that the unimpaired amounts that are past due by more than 90 days are still collectible in full, based on past history. Further, expected credit loss model involves extensive analysis of credit risk, including customers' credit ratings if they are available, hence the impairment allowance considers and reflects the probability of default and loss given default impact of these receivables.

c. The movement in allowance for impairment, in respect of trade receivables during the year was as follows:

	2024	2023
Opening balance at 1 January	**144,513**	86,204
Impairment charge	**147,054**	58,309
Closing balance at 31 December	**291,567**	144,513

Derivatives
The derivatives are designated as hedging instruments and reflects positive change in fair value of foreign exchange forward ('Forward') and interest rate swap (IRS) contracts. These are entered into with banks or financial institutions with sound credit ratings hence credit risk is expected to be low.

Insurance receivables
These represents amounts recoverable from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

In common with other reinsurance companies, in order to minimise financial exposure arising from large reinsurance claims, ACWA Power Reinsurance Co. Limited ("ACWA-Re", a 100% owned subsidiary of the Group) in the normal course of business, enters into arrangements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. The reinsurance is effected under facultative arrangements. Between 31 July 2019 and 30 July 2020, ACWA Power retained an element of risk within its property reinsurance program with a maximum cap of USD 1.5 million per project for each and every event and in the aggregate for the relevant policy period for certain projects.

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37 FINANCIAL RISK MANAGEMENT (CONTINUED)

37.1 Credit risk (continued)

From 31 July 2021, ACWA-Re retained risk on certain reinsurance programs (operational property program), with a total combined maximum exposure of up to SR 37.5 million during the policy period until 30 July 2022, with a sublimit of

SR 9.4 million per incident or claim. Effective 31 July 2022, the total combined maximum exposure on the operational property program has increased to SR 61.9 million representing 27.5% of USD 60.0 million for the period of 18 month until 31 January 2024, with a sublimit of SR 10.3 million (27.5% of USD 10.0 million) per incident or claim.

To minimise its exposure to significant losses from reinsurer insolvencies, ACWA-Re evaluates the financial condition of its reinsurers. ACWA-Re only deals with reinsurers of a minimum rating of Standard and Poor's ("S&P") A- ("A minus") or equivalent from other rating agencies.

Due from related parties and other financial assets
Credit risk attached to related party balances is limited due to sound financial position of the related parties. Credit risk attached to other financial assets is not considered significant and the Group expects to recover them fully at their stated carrying amounts.

Credit concentration
Except as disclosed, no significant concentrations of credit risk were identified by the management as at the reporting date.

37.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Group's reputation. Accordingly, the Group ensures that sufficient bank facilities are always available.

As of 31 December 2024, the Group had SR 2,061.0 million (31 December 2023: SR 2,061.0 million) remaining undrawn from its Revolving Corporate Murabaha Facility and other corporate revolver facilities.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

				Contractual cash flows		
As of 31 December 2024	**Carrying Amount**	**Total**	**No fixed maturity**	**0-12 months**	**1-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Short-term facilities	**317,054**	**332,082**	**-**	**332,082**	**-**	**-**
Term financing and funding facilities	**25,957,971**	**34,467,264**	**-**	**3,284,773**	**16,419,789**	**14,762,702**
Due to related parties	**969,652**	**1,071,583**	**79,750**	**7,497**	**83,336**	**901,000**
Other financial liabilities	**3,124,189**	**3,124,189**	**3,124,189**	**-**	**-**	**-**
	30,368,866	**38,995,118**	**3,203,939**	**3,624,352**	**16,503,125**	**15,663,702**
Derivative financial liabilities						
Interest rate swaps and currency forwards used for hedging	**181,753**	**220,433**	**-**	**72,394**	**102,800**	**45,239**

(All amounts in Saudi Riyals thousands unless otherwise stated)

37 FINANCIAL RISK MANAGEMENT (CONTINUED)

37.2 Liquidity risk (continued)

As of 31 December 2023	Carrying Amount	Total	No fixed maturity	*Contractual cash flows* 0-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Short-term facilities	316,876	334,510	-	334,510	-	-
Term financing and funding facilities	25,163,010	37,162,243	-	2,730,475	17,200,102	17,231,666
Due to related parties	934,095	1,076,764	34,968	52,095	88,701	901,000
Other financial liabilities	2,858,837	2,858,837	2,858,837	-	-	-
	29,272,818	41,432,354	2,893,805	3,117,080	17,288,803	18,132,666
Derivative financial liabilities						
Interest rate swaps and currency forwards used for hedging	62,908	95,475	-	(55,276)	904,453	(753,702)

The cash flows relating to derivatives disclosed in the above table represent contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rate changes.

Changes in liabilities arising from financing activities

Change in liabilities arising from financing activities can be broken down as follows:

	As of 1 Jan	Cashflows	Exchange loss / unwinding of interest	Deconsolidation on loss of control	Held for sale	Other movements	As of 31 Dec
2024							
Financing and funding facilities	**25,479,886**	**1,136,790**	**206,072**	**(824,972)**	**-**	**277,249**	**26,275,025**
Dividends payable	**712**	**(450,307)**	**-**	**-**	**-**	**495,398**	**45,803**
Due to related parties	**854,938**	**-**	**34,251**	**-**	**-**	**713**	**889,902**
Other financial liabilities	**242,410**	**-**	**-**	**-**	**-**	**(239,650)**	**2,760**
Fair value of derivatives	**62,908**	**-**	**-**	**-**	**-**	**118,845**	**181,753**
2023							
Financing and funding facilities	23,647,634	5,857,216	194,281	(1,675,722)	(2,543,523)	-	25,479,886
Dividends payable	1,087	(705,992)	-	-	-	705,617	712
Due to related parties	862,887	-	32,794	-	-	(40,743)	854,938
Other financial liabilities	310,899	-	-	-	-	(68,489)	242,410
Fair value of derivatives	1,669	-	-	-	-	61,239	62,908

37.3 Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates, will affect the Group's income or cash flows. To some extent the project companies consolidated in the Group gets protection in relation to variability in exchange and interest rates within power and water purchase agreements (PWPAs) as the tariffs are usually denominated in functional currencies. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The Group uses derivatives to manage market risks. All such transactions are carried out in accordance with Group's policies and practices. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

37 FINANCIAL RISK MANAGEMENT (CONTINUED)

37.3 Market risk (continued)

Foreign currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of companies within the Group. For most of the transactions denominated in US Dollars (USD), the currency risk is limited as exchange rate of USD and respective functional currency is usually pegged. Currency risk arises primarily on certain revenues and borrowings in Euro (EUR), Moroccan Dirhams (MAD), US Dollars (USD) and Japanese Yen (JPY) where the functional currency is different to the currency of financial instrument and is also not pegged. The Group hedges certain foreign currency exposures through hedge strategies, including use of derivative financial instruments.

Some of the Group's subsidiaries and joint ventures in Egypt are facing risk of converting local currency (EGP) to USD due to local restrictions. However, the restrictions have no material impact on the Group's consolidated financial statements.

Quantitative data regarding the Group's exposure to significant currency risk are as follows:

Equivalent to thousands of Saudi Riyals	EUR	MAD	ZAR	JPY
As of 31 December 2024				
Borrowings and other financial liabilities	**2,702,454**	**1,901,675**	**499,446**	**18,778**
Net investment in finance lease	**(2,799,085)**	**(2,147,376)**	**-**	**-**
Net position	**(96,631)**	**(245,701)**	**499,446**	**18,778**
Net exposure	**(96,631)**	**(245,701)**	**499,446**	**18,778**
As of 31 December 2023				
Borrowings and other financial liabilities	3,010,958	1,838,810	429,126	38,367
Net investment in finance lease	(3,111,537)	(2,420,046)	-	-
Net position	(100,579)	(581,236)	429,126	38,367
Net exposure	(100,579)	(581,236)	429,126	38,367

Sensitivity analysis
A reasonably possible strengthening (weakening) of respective currencies against Saudi Riyal unless otherwise specified at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss as shown below. The analysis assumes that all other variables, in particular interest rates and tax, remain constant and ignores any impact of forecast sales and purchases.

	Impact - (Profit) or loss		Impact - OCI	
	Strengthening	Weakening	Strengthening	Weakening
For the year ended 31 December 2024				
EUR (5% movement)	**(4,832)**	**4,832**	**-**	**-**
MAD (5% movement)	**(12,285)**	**12,285**	**-**	**-**
JPY (5% movement)	**939**	**(939)**	**-**	**-**
ZAR (5% movement)	**-**	**-**	**24,972**	**(24,972)**
For the year ended 31 December 2023				
EUR (5% movement)	(5,029)	5,029	-	-
MAD (5% movement)	(29,062)	29,062	-	-
JPY (5% movement)	1,918	(1,918)	-	-
ZAR (5% movement)	-	-	21,456	(21,456)

(All amounts in Saudi Riyals thousands unless otherwise stated)

37 FINANCIAL RISK MANAGEMENT (CONTINUED)

37.3 Market risk (continued)

Interest rate risk:
Interest rate risk is the risk that the fair value of financial instruments will fluctuate due to changes in the market interest rates. The Group is subject to interest rate risk on future cash flow of its interest-bearing assets and liabilities, including bank deposits, finance lease receivables, bank overdrafts, term loans and amounts due from / to related parties. The Group hedges long term interest rate sensitivities through hedge strategies, including use of derivative financial instruments and regularly monitors market interest rates.

The interest rate profile of the Group's interest-bearing long-term financing and funding facilities are as follows:

	As of 31 Dec 2024	As of 31 Dec 2023
Financial liabilities		
Fixed rate	**10,011,908**	10,891,125
Floating rate	**15,946,064**	14,271,885

The Group uses debt and equity to finance capital-intensive projects, with a significant portion of its debt being non-recourse. It actively manages floating interest rate exposure through hedging, with a policy to keep unhedged exposure below 30%.

The Group does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore, in case of fixed interest rate financial instruments, change in interest rates at the reporting date would not affect profit or loss.

In case of variable interest rate financial instruments, a reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts (pre-tax) shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		**Equity**	
	+ 100 bps	**- 100 bps**	**+ 100 bps**	**- 100 bps**
31 December 2024				
Variable rate financial liabilities	**(159,461)**	**159,461**	**(159,461)**	**159,461**
Interest rate swaps	**112,450**	**(112,450)**	**117,809**	**(117,809)**
Net impact	**(47,011)**	**47,011**	**(41,652)**	**41,652**
31 December 2023				
Variable rate financial liabilities	(142,719)	142,719	(142,719)	142,719
Interest rate swaps	91,874	(91,874)	92,390	(92,390)
Net impact	(50,845)	50,845	(50,329)	50,329

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship. The amendments did not result in any hedge ineffectiveness.

When the interest rate benchmark reform on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

(All amounts in Saudi Riyals thousands unless otherwise stated)

38 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.

		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
As of 31 December 2024					
Financial liabilities / (asset)					
Fair value of derivatives used for hedging	**(1,172,959)**	**-**	**(1,172,959)**	**-**	**(1,172,959)**
Long-term financing and funding facilities	**25,957,971**	**1,466,775**	**24,512,470**	**-**	**25,979,245**
As of 31 December 2023					
Financial liabilities					
Fair value of derivatives used for hedging	(780,172)	-	(780,172)	-	(780,172)
Long-term financing and funding facilities	25,163,010	1,508,697	23,635,206	-	25,143,903

Valuation technique and significant unobservable inputs

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.

Type	**Valuation technique**	**Significant unobservable input**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Derivatives used for hedging* Bank borrowings **	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

** The instruments were measured at fair value in consolidated statement of financial position.*
*** The fair value of these instruments were measured for disclosure purpose only.*

39 SUBSEQUENT EVENTS

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

40 COMPARATIVE FIGURES

Certain figures for the prior year have been reclassified or adjusted to conform to the presentation in the current year Summary of reclassifications/adjustments are as follows:

- Reclassification from discontinued operation to continuing operations of SR 2.9 million.
- Reclassification from Property, plant and equipment to net investment in finance lease of SR 202 million.

41 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 25 Sha'ban 1446H, corresponding to 24 February 2025.

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