ACWA POWER COMPANY
and its subsidiaries
(Saudi Listed Joint Stock Company)

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

FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2022

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821

Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730

ey.ksa@sa.ey.com
ey.com

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

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of ACWA POWER Company (A Saudi Listed Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2022, the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and the interim condensed consolidated statements of cashflows and changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review:

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

Conclusion:

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

for Ernst & Young Professional Services

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

Riyadh: 12 Muharram 1444H
(10 August 2022)

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شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	**As at 30 Jun 2022**	As at 31 Dec 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	**11,940,457**	11,815,728
Intangible assets		**1,983,924**	1,997,430
Equity accounted investees	4	**11,166,310**	9,433,199
Net investment in finance lease		**11,723,798**	12,372,474
Deferred tax asset		**130,778**	165,004
Fair value of derivatives	19	**953,780**	45,540
Strategic fuel inventories		**29,933**	54,086
Other assets		**396,139**	156,923
TOTAL NON-CURRENT ASSETS		**38,325,119**	36,040,384
CURRENT ASSETS			
Inventories		**403,485**	425,299
Net investment in finance lease		**366,048**	375,821
Fair value of derivatives	19	**28,769**	-
Due from related parties	7	**874,631**	780,656
Accounts receivable, prepayments and other receivables		**2,697,078**	2,913,617
Cash and cash equivalents	5	**8,847,657**	5,172,921
TOTAL CURRENT ASSETS		**13,217,668**	9,668,314
TOTAL ASSETS		**51,542,787**	45,708,698

The attached notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	**As at 30 Jun 2022**	As at 31 Dec 2021
EQUITY AND LIABILITIES			
EQUITY			
Shareholders' equity			
Share capital		**7,134,143**	7,134,143
Share premium		**5,335,893**	5,335,893
Statutory reserve		**718,763**	718,763
Retained earnings		**1,846,599**	1,307,826
Proposed dividends		**-**	560,000
Equity attributable to owners of the Company before other reserves		**15,035,398**	15,056,625
Other reserves	8	**1,546,350**	(1,572,279)
Equity attributable to owners of the Company		**16,581,748**	13,484,346
Non-controlling interest		**1,182,052**	835,799
TOTAL EQUITY		**17,763,800**	14,320,145
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing and funding facilities	6	**25,573,857**	22,856,753
Due to related parties	7	**1,608,036**	1,594,852
Equity accounted investees	4	**11,593**	443,167
Fair value of derivatives	19	**6,245**	362,890
Deferred tax liability		**173,655**	120,404
Deferred revenue		**53,315**	54,331
Employee end of service benefits' liabilities		**181,207**	196,025
Other liabilities	9	**707,788**	674,248
TOTAL NON-CURRENT LIABILITIES		**28,315,696**	26,302,670
CURRENT LIABILITIES			
Accounts payable, accruals and other financial liabilities		**3,730,177**	3,597,981
Short-term financing facilities		**316,725**	186,381
Current portion of long-term financing and funding facilities	6	**1,108,568**	958,476
Due to related parties	7	**57,046**	83,485
Fair value of derivatives	19	**10,631**	44,058
Zakat and taxation		**240,144**	215,502
TOTAL CURRENT LIABILITIES		**5,463,291**	5,085,883
TOTAL LIABILITIES		**33,778,987**	31,388,553
TOTAL EQUITY AND LIABILITIES		**51,542,787**	45,708,698

The attached notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	**For the three months period ended 30 June**		**For the six months period ended 30 June**	
		2022	2021	**2022**	2021
CONTINUING OPERATIONS					
Revenue	11	**1,293,723**	1,251,756	**2,444,995**	2,494,511
Operating costs		**(622,656)**	(551,102)	**(1,168,862)**	(1,132,408)
GROSS PROFIT		**671,067**	700,654	**1,276,133**	1,362,103
Development cost, provision and write offs, net of reversals		**(11,018)**	(19,386)	**(34,734)**	(49,056)
General and administration expenses		**(215,994)**	(219,539)	**(435,163)**	(448,431)
Share in net results of equity accounted investees, net of tax	4, 16.2	**169,690**	142,537	**216,128**	146,363
Other operating income	12	**28,416**	24,908	**130,328**	50,685
OPERATING INCOME BEFORE IMPAIRMENT LOSS AND OTHER EXPENSES		**642,161**	629,174	**1,152,692**	1,061,664
Impairment loss and other expenses	13	**(35,819)**	(66,013)	**(57,382)**	(66,013)
OPERATING INCOME AFTER IMPAIRMENT LOSS AND OTHER EXPENSES		**606,342**	563,161	**1,095,310**	995,651
Other income		**95,489**	15,653	**169,058**	28,460
Exchange gain / (loss), net		**15,599**	7,432	**(1,639)**	6,691
Financial charges, net	14	**(255,813)**	(259,472)	**(537,280)**	(546,734)
PROFIT BEFORE ZAKAT AND INCOME TAX		**461,617**	326,774	**725,449**	484,068
Zakat and tax charge	10.1	**(83,789)**	(24,872)	**(182,997)**	(39,592)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**377,828**	301,902	**542,452**	444,476
DISCONTINUED OPERATIONS					
Profit / (loss) from discontinued operations	16.2	**-**	7,659	**(21,233)**	11,394
PROFIT FOR THE PERIOD		**377,828**	309,561	**521,219**	455,870
Profit / (loss) attributable to:					
Equity holders of the parent		**389,869**	307,847	**541,720**	446,885
Non-controlling interests		**(12,041)**	1,714	**(20,501)**	8,985
		377,828	309,561	**521,219**	455,870
Basic and diluted earnings per share to equity holders of the parent (in SR)	15.2	**0.53**	0.48	**0.74**	0.69
Basic and diluted earnings per share from continuing operations to equity holders of the parent (in SR)	15.2	**0.53**	0.46	**0.77**	0.67

The attached notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	**For the three months period ended 30 June**		**For the six months period ended 30 June**	
		2022	2021	**2022**	2021
PROFIT FOR THE PERIOD		**377,828**	309,561	**521,219**	455,870
OTHER COMPREHENSIVE INCOME / (LOSS)					
Items that are or may be reclassified subsequently to profit or loss					
Foreign operations – foreign currency translation differences		**(981)**	31	**(301)**	(345)
Equity accounted investees – share of OCI	8	**721,587**	(116,097)	**1,956,779**	698,873
Change in fair value of cash flow hedge reserve		**767,365**	(100,543)	**1,479,342**	258,084
Settlement of cash flow hedges transferred to profit or loss		**(4,987)**	(10,913)	**(25,998)**	(22,556)
Cash flow hedge reserve recycled to profit or loss on sale of an equity accounted investee	16.2	**-**	-	**(128,638)**	-
Items that will not be reclassified to profit or loss					
Re-measurement of defined benefit liability		**6,776**	(325)	**4,950**	(6,158)
TOTAL OTHER COMPREHENSIVE INCOME /(LOSS)		**1,489,760**	(227,847)	**3,286,134**	927,898
TOTAL COMPREHENSIVE INCOME		**1,867,588**	81,714	**3,807,353**	1,383,768
Total comprehensive income / (loss) attributable to:					
Equity holders of the parent		**1,804,979**	117,511	**3,660,349**	1,304,418
Non-controlling interests		**62,609**	(35,797)	**147,004**	79,350
		1,867,588	81,714	**3,807,353**	1,383,768

The attached notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

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

		For the six months period ended 30 Jun	
	Notes	**2022**	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and tax from continuing operations		**725,449**	484,068
(Loss) / profit before zakat and tax from discontinued operations		**(21,233)**	11,394
Adjustments for:			
Depreciation and amortisation		**230,294**	308,964
Financial charges	14, 16.2	**537,280**	553,976
Unrealised exchange gain		**(5,762)**	(10,882)
Share in net results of equity accounted investees, net of zakat and tax		**(208,530)**	(137,298)
Charge for employees' end of service benefits		**13,739**	24,547
Fair value of cash flows hedges recycled to consolidated statement of income		**2,487**	3,257
Provisions / (reversal) and write-offs, net		**(595)**	23,659
Provision for long term incentive plan		**10,890**	43,308
Development cost, provision and write offs, net of reversals		**34,734**	49,056
(Gain) / loss on disposal / write-off of property, plant and equipment		**(4,692)**	7,648
Finance income from shareholder loans and deposits		**(110,318)**	(22,482)
Net loss on disposal on an equity accounted investee and loss of control in a subsidiary	16	**17,179**	-
Impairment loss on goodwill		**-**	60,024
Fair value change in derivative liabilities	9.2	**(27,900)**	-
Changes in operating assets and liabilities:			
Accounts receivable, prepayments and other receivables		**147,456**	(40,424)
Inventories		**(16,896)**	(10,937)
Payables and accruals		**(259,297)**	(69,696)
Due from related parties		**(68,909)**	53,435
Net investment in finance lease		**212,006**	236,774
Strategic fuel inventories		**24,153**	17
Other assets		**(18,351)**	(2,877)
Other liabilities		**(5,185)**	(17,382)
Deferred revenue		**(1,016)**	14,187
Net cash from operations		**1,206,983**	1,562,336
Employees' terminal benefits paid		**(18,411)**	(13,787)
Zakat and tax paid		**(80,295)**	(167,400)
Dividends received from equity accounted investees		**97,629**	48,202
Net cash generated from operating activities		**1,205,906**	1,429,351
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets		**(693,683)**	(1,209,985)
Investments in equity accounted investees, net of repayments		**(445,409)**	(386,328)
Proceeds on disposal of equity accounted investee and disposal of subsidiaries	16	**391,440**	-
Proceeds on disposal of property, plant and equipment		**5,514**	21,924
Finance income from shareholder loans and deposits received		**84,454**	16,281
Cash deconsolidated on loss of control	16	**(469)**	-
Net cash used in investing activities		**(658,153)**	(1,558,108)

The attached notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

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

		For the six months period ended 30 Jun	
	Notes	**2022**	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from financing and funding facilities, net of transaction cost		**4,329,258**	5,018,802
Repayment of financing and funding facilities		**(879,513)**	(1,369,428)
Due to related parties		**(28,642)**	20,176
Financial charges paid		**(497,464)**	(555,625)
Dividends paid		**(46,998)**	(63,033)
Capital contributions from and other adjustments to non-controlling interest	20.2	**250,342**	3,991
Net cash generated from financing activities		**3,126,983**	3,054,883
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		**3,674,736**	2,926,126
Cash and cash equivalents at beginning of the period		**5,172,921**	832,668
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	**8,847,657**	3,758,794

The attached notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	*Share premium*	*Statutory reserve*	*Retained earnings*	*Proposed dividends*	*Other Reserves (note 8)*	*Equity attributable to owners of the Company*	*Non-controlling interest*	*Total equity*
Balance at 1 January 2021	6,429,344	1,410,398	642,883	1,184,908	-	(2,798,419)	6,869,114	531,041	7,400,155
Profit for the period	-	-	-	446,885	-	-	446,885	8,985	455,870
Other comprehensive income	-	-	-	-	-	857,533	857,533	70,365	927,898
Total comprehensive income	-	-	-	446,885	-	857,533	1,304,418	79,350	1,383,768
Changes to non-controlling interest (note 20.2)	-	-		-	-	-	-	3,991	3,991
Dividends (note 21)	-	-	-	-	-	-	-	(63,033)	(63,033)
Balance at 30 June 2021	6,429,344	1,410,398	642,883	1,631,793	-	(1,940,886)	8,173,532	551,349	8,724,881
Balance at 1 January 2022	**7,134,143**	**5,335,893**	**718,763**	**1,307,826**	**560,000**	**(1,572,279)**	**13,484,346**	**835,799**	**14,320,145**
Profit for the period	**-**	**-**	**-**	**541,720**	**-**	**-**	**541,720**	**(20,501)**	**521,219**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**3,118,629**	**3,118,629**	**167,505**	**3,286,134**
Total comprehensive income	**-**	**-**	**-**	**541,720**	**-**	**3,118,629**	**3,660,349**	**147,004**	**3,807,353**
Changes to non-controlling interests (note 20.2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**250,342**	**250,342**
Dividends (note 21)	**-**	**-**	**-**	**(2,947)**	**(560,000)**	**-**	**(562,947)**	**(51,093)**	**(614,040)**
Balance at 30 June 2022	**7,134,143**	**5,335,893**	**718,763**	**1,846,599**	**-**	**1,546,350**	**16,581,748**	**1,182,052**	**17,763,800**

The attached notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

1 ACTIVITIES

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

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

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

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

2 BASIS OF PREPARATION AND CHANGES TO GROUP ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

The interim condensed consolidated financial statements for the three and six months periods ended 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred as "IAS 34 as endorsed in KSA"). The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021. These interim condensed consolidated financial statements for the three and six months periods ended 30 June 2022 are not affected significantly by seasonality of results. The results shown in these interim condensed consolidated financial statements may not be indicative of the annual results of the Group's operations.

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

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021. There are no new standards issued, however, there are a number of amendments to standards which are effective from 1 January 2022 that have been explained in Group's annual consolidated financial statements, but they do not have a material effect on the interim condensed consolidated financial statements of the Group.

2.3 SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the interim condensed consolidated financial statements in conformity with IAS 34 as endorsed in KSA requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments used in the preparation of these interim condensed consolidated financial statements are consistent with those used in preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

(All amounts in Saudi Riyals thousands unless otherwise stated)

3 PROPERTY, PLANT AND EQUIPMENT

	Note	**30 Jun 2022**	31 Dec 2021
At the beginning of the period / year		**11,815,728**	12,732,340
Additions for the period / year		**343,255**	2,288,450
Depreciation charge for the period / year		**(216,337)**	(592,312)
Finance lease recognition for the period / year		**-**	(2,582,422)
Disposals / write-offs		**(822)**	(29,671)
Derecognition on loss of control	*16.1*	**(968)**	-
Foreign currency translation		**(399)**	(657)
At the end of the period / year		**11,940,457**	11,815,728

4 EQUITY-ACCOUNTED INVESTEES

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

	Notes	**30 Jun 2022**	31 Dec 2021
At the beginning of the period / year		**8,990,032**	3,879,889
Additions during the period / year, net	*4.1*	**225,643**	4,078,154
Share of results for the period / year		**208,530**	225,606
Share of other comprehensive income for the period / year	8	**1,828,141**	997,786
Dividends for the period / year		**(97,629)**	(191,403)
At the end of the period / year		**11,154,717**	8,990,032
Equity accounted investees shown under non-current assets		**11,166,310**	9,433,199
Equity accounted investees shown under non-current liabilities		**(11,593)**	(443,167)
		11,154,717	8,990,032

4.1 This includes additional investments and repayments of shareholder loans in certain equity accounted investees.

In addition, on 7 September 2021, the Group entered into a sale and purchase agreement (the “SPA”) with a third-party buyer with respect to sale of the following assets (the “Assets”):

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

The transaction was completed on 17 March 2022 (refer to note 16). The carrying amount of investment in Shuqaiq amounted to SR 378.9 million as of the transaction completion date.

5 CASH AND CASH EQUIVALENTS

	As at 30 Jun 2022	As at 31 Dec 2021
Cash at bank	**2,216,469**	1,728,067
Short-term deposits with original maturities of three months or less	**6,631,188**	3,444,854
	8,847,657	5,172,921

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 LONG-TERM FINANCING AND FUNDING FACILITIES

	Note	**As at 30 Jun 2022**	As at 31 Dec 2021
Recourse debt:			
Financing facilities in relation to projects		**3,300,747**	2,479,306
Corporate facilities		**1,129**	1,130
Corporate bond		**2,790,146**	2,789,269
Non-Recourse debt:			
Financing facilities in relation to projects	*6.1*	**16,978,376**	14,926,843
ACWA Power Management and Investments One Ltd ("APMI One")		**3,006,209**	3,004,460
ACWA Power Capital Management Ltd ("APCM")		**605,818**	614,221
Total financing and funding facilities		**26,682,425**	23,815,229
Less: Current portion of long-term financing and funding facilities		**(1,108,568)**	(958,476)
Non-current portion shown under non-current liabilities		**25,573,857**	22,856,753

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

6.1 During the period ended 30 June 2022, a subsidiary of the Group ("Rabigh Arabian Water and Electricity Company" or "RAWEC") concluded the phase 2 of its debt refinancing. A new facility amounting to SR 2,231.2 million was drawn down. The new facility was obtained in 2 Tranches as follows:

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

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 RELATED PARTY TRANSACTIONS AND BALANCES

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

	Note	***Relationships***	**For the three months period ended 30 Jun**		**For the six months period ended 30 Jun**	
			2022	2021	**2022**	2021
Transactions:						
Revenue		Affiliates	**486,764**	392,988	**927,911**	866,629
Service fees		Joint ventures	**28,416**	24,908	**64,444**	50,685
Finance income		Joint ventures	**36,197**	7,740	**70,594**	13,941
Financial charges on loan to related parties	14	Affiliates	**14,168**	14,505	**28,396**	28,327
Key management personnel compensation including director's remuneration			**9,856**	7,308	**22,295**	18,568

	Notes	***Relationships***	***As at***	
			30 Jun 2022	31 Dec 2021
Due from related parties				
Current:				
Hajr for Electricity Production Company	(a)	Joint venture	**175,163**	166,859
Al Mourjan for Electricity Production Company	(a)	Joint venture	**111,548**	109,282
Hassyan Energy Phase 1 P.S.C	(a)	Joint venture	**36,897**	74,766
Noor Energy 1 P.S.C	(a)	Joint venture	**45,894**	15,054
Dhofar O&M Company	(a)	Joint venture	**64,867**	61,695
Jazan Integrated Gasification and Power Company	(f)	Joint venture	**25,864**	23,237
Shuaibah Water & Electricity Company	(a)	Joint venture	**33,561**	45,026
Rabigh Electricity Company	(a)	Joint venture	**38,217**	28,709
ACWA Power Solar reserve Redstone Solar TPP	(e)	Joint venture	**36,832**	39,873
ACWA Guc Isletme Ve Yonetim Sanayi Ve Ticaret	(a)	Joint venture	**20,301**	35,267
UPC Renewables S.A	(a)	Joint venture	**27,440**	26,952
Shuqaiq Services Company for Maintenance	(a)	Joint venture	**100,589**	-
ACWA Power Solafrica Bokpoort CSP Power Plant Ltd	(a)	Joint venture	**9,318**	8,604
Ad-Dhahirah Generating Company SAOC	(a)	Joint venture	**18,747**	14,048
Naqa Desalination Plant LLC	(a)	Joint venture	**12,308**	32,688
Shinas Generating Company SAOC	(a)	Joint venture	**23,163**	4,870
Shuaibah Expansion Project Company	(a)	Joint venture	**14,096**	11,363
Haya Power & Desalination Company	(a)	Joint venture	**21,454**	3,055
ACWA Power Oasis Three	(a)	Joint venture	**8,117**	8,022
Shams Ad-Dhahira Generating Company SAOC	(a)	Joint venture	**3,358**	3,200
Saudi Malaysia Water and Electricity Company	(d)	Joint venture	**3,130**	395
Risha for Solar Energy Projects	(a)	Joint venture	**213**	204
Shuqaiq Water and Electricity Company	(a)	Joint venture	**-**	27,001
Other related parties		Joint venture	**43,554**	40,486
			874,631	780,656

	Notes	***Relationships***	***As at***	
			30 Jun 2022	31 Dec 2021
Due to related parties				
Non-current:				
ACWA Power Renewable Energy Holding Company	(b)	Joint venture	**760,873**	760,873
Water and Electricity Holding Company CJSC	(g)	Shareholder's subsidiary	**723,109**	707,410
Loans from minority shareholders of subsidiaries	(c)	-	**124,054**	126,569
			1,608,036	1,594,852

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	Notes	*Relationships*	*As at*	
			30 Jun 2022	31 Dec 2021
Due to related parties				
Current:				
ACWA Guc Isletme Ve Yonetim Sanayi Ve Ticaret	(h)	Joint venture	**21,326**	44,746
Others	(i)	Joint venture	**35,720**	38,739
			57,046	83,485

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

(b) During 2018, ACWA Renewable Energy Holdings Limited ("APREH") entered into a convertible loan agreement whereby amounts drawn down under such agreement was advanced to the ACWA Power Global Services ("APGS"), a fully owned subsidiary of the Company, through an intra-group shareholder advance agreement ("the agreement"). An amount of SR 1,361.2 million was advanced to APGS and bore a commission rate of 4.3% per annum for first 18 months and 3.4% per annum thereafter on the principal outstanding. Effective interest rate is 3.67% per annum. On 31 December 2019, pursuant to the option available under the Agreement, a portion of loan amounting to SR 580.6 million was converted as sales consideration against the sale of 49% of the Group's shareholding in APREH. In addition, the Group has agreed an additional net consideration of SR 19.8 million as part of adjustments with respect to the sale of 49% of Group's shareholding in APREH.

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

(c) This includes:

i. Loan payable to non-controlling shareholders of ACF Renewable Energy Limited amounting to SR 38.8 million (2021: SR 41.4 million). The loans are due for repayment in 2024 and carry profit rate at 5.75% per annum; and

ii. Loan payable to non-controlling shareholders of Qara Solar Energy Company amounting to SR 85.2 million (2021: SR 85.2 million). The loans are due for repayment in 2024 and carry profit rate at London Interbank Offered Rate (LIBOR) + 1.3% per annum.

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

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

(f) The balance represents interest receivable from an equity accounted investee on account of shareholder loan.

(g) During 2020, the Group declared a one-off dividend of SR 2,701.0 million. A portion of such declared dividend, payable to the Public Investment Fund of Saudi Arabia (the "Shareholder"), was converted into a long-term non-interest-bearing loan amounting to SR 901.0 million through a wholly owned subsidiary of the Shareholder. This loan may be adjusted, on behalf of the subsidiary of the Shareholder, against future investments in renewable projects made by the Company, based on certain conditions. The loan will be repaid or settled by 31 December 2030 unless the repayment or settlement period is mutually extended by both parties. The Group recorded this loan at the present value of expected cash repayments discounted using an appropriate rate applicable for long-term loans of a similar nature. The difference between the nominal value of the loan and its discounted value was recognised as other contribution from shareholder within share premium. During the period ended 30 June 2022, SR 15.7 million (2021: SR 14.5 million) finance charge was amortised on the outstanding loan balance.

(h) This represents advance received from an equity accounted investee on account of operation and maintenance services to be rendered.

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

8 OTHER RESERVES

Movement in other reserve is given below:

	Cash flow hedge reserve (note 8.1)	*Currency translation reserve*	*Share in OCI of equity accounted investees (note 4)*	*Re-measurement of defined benefit liability*	*Other*	*Total*
Balance as at 1 January 2021	(591,116)	(6,171)	(2,163,341)	(10,611)	(27,180)	(2,798,419)
Changes during the year	247,149	(278)	997,786	(18,517)	-	1,226,140
Balance as at 31 December 2021	(343,967)	(6,449)	(1,165,555)	(29,128)	(27,180)	(1,572,279)
Balance as at 1 January 2022	**(343,967)**	**(6,449)**	**(1,165,555)**	**(29,128)**	**(27,180)**	**(1,572,279)**
Changes during the period	**1,285,494**	**528**	**1,956,779**	**4,466**	**-**	**3,247,267**
Recycled to profit or loss on sale of an equity accounted investee (note 16)	**-**	**-**	**(128,638)**	**-**	**-**	**(128,638)**
Balance as at 30 June 2022	**941,527**	**(5,921)**	**662,586**	**(24,662)**	**(27,180)**	**1,546,350**

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

9 OTHER LIABILITIES

	Notes	**As at 30 Jun 2022**	As at 31 Dec 2021
Financial liabilities assumed on loss of control	9.1	**222,507**	217,076
Coal derivative liabilities	9.2	**47,837**	43,044
Put options	9.3	**5,175**	5,175
Other liabilities		**432,269**	408,953
		707,788	674,248

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

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

As of 30 June 2022, the Group carries a liability of SR 155.2 million (SR 47.8 million non-current liabilities and SR 107.4 million current liabilities) in the interim condensed consolidated statement of financial position (31 December 2021: SR 171.4 million classified as SR 43.0 million non-current liabilities and SR 128.4 million current liabilities). During the six months period ended 30 June 2022, the Group recognised a gain on change in fair value of the Derivative amounting to SR 27.9 million (30 June 2021: nil).

(All amounts in Saudi Riyals thousands unless otherwise stated)

9 OTHER FINANCIAL LIABILITIES (CONTINUED)

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

+/-10% change in coal consumption quantity	SR 4.2 million / (SR 4.2 million)
+/-10% change in coal price	SR 4.2 million / (SR 4.2 million)
+/- 50 bps change in discount rate	(SR 2.1 million) / SR 2.1 million

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

10 ZAKAT AND TAX

10.1 Amounts recognized in profit or loss

	For the three months period ended 30 June		**For the six months period ended 30 June**	
	2022	2021	**2022**	2021
Zakat and current tax*	**59,483**	29,797	**104,937**	65,300
Deferred tax**	**24,306**	(4,925)	**78,060**	(25,708)
Zakat and tax charge reflected in profit or loss	**83,789**	24,872	**182,997**	39,592

***Zakat and current tax charge for the six months period ended 30 June 2022 includes nil (30 June 2021: SR 10.5 million) provision on prior year assessments.*

***Deferred tax expense for the six months period ended 30 June 2022 includes impact from foreign exchange rate movements of SR 89.6 million (30 June 2021: reversal of SR 35.5 million).*

10.2 Zakat and tax assessments

The Company

The Company has filed zakat and tax returns for all the years up to 2021. The company has closed its position with Zakat, Tax & Customs Authority (the "ZATCA") until year 2018. The ZATCA is yet to assess the years 2019-2021.

ACWA Power Projects ("APP")

APP has filed its zakat and tax returns for all the years up to 2021. APP had finalised its position with the ZATCA up to the year 2014.

During 2021, APP received an assessment from the ZATCA for the years 2015 to 2017 with an additional zakat liability of SR 39.7 million. An appeal has been filed by APP against these assessments. The assessments are now under review by the General Secretariat of Tax Committees ("GSTC").

NOMAC Saudi Arabia ("NOMAC")

NOMAC has filed its zakat returns for all the years up to 2021. The assessment for the period 2008-2012 has been closed in favour of NOMAC by the Tax Violations and Dispute Appeal Committee ("TVDAC"). For the years 2013-2016, ZATCA has assessed an additional zakat liability of SR 6.7 million. The case is currently under review by the TVDAC.

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 ZAKAT AND TAX (CONTINUED)

10.2 Zakat and tax assessments (continued)

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

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

During 2021, the ZATCA issued an assessment for the year 2015, claiming additional tax, zakat and delay penalties amounting to SR 15.3 million. RAWEC has registered the objection case with the GSTC in October 2021. The case is yet to be reviewed by the GSTC.

During April 2022, ZATCA issued an assessment for the year 2016, claiming additional tax and zakat liabilities amounting to SR 23.6 million, including a delay penalty. RAWEC has submitted an objection during June 2022 and is awaiting response.

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

11 REVENUE

	Notes	**For the three months period ended 30 June**		**For the six months period ended 30 June**	
		2022	2021	**2022**	2021
Services rendered					
Operation and maintenance		**464,816**	372,684	**866,449**	767,360
Development and construction management services		**147,714**	121,601	**295,427**	296,080
Others	11.1	**(18,362)**	4,296	**(10,480)**	5,762
Sale of electricity					
Capacity		**195,306**	250,077	**407,320**	507,751
Energy		**91,902**	107,384	**148,380**	182,972
Finance lease income	11.2	**72,281**	118,875	**71,833**	193,038
Sale of water					
Capacity	11.3	**233,907**	244,586	**461,838**	482,152
Output	11.3	**79,481**	32,253	**151,286**	59,396
Finance lease income	11.2	**26,678**	-	**52,942**	-
		1,293,723	1,251,756	**2,444,995**	2,494,511

(All amounts in Saudi Riyals thousands unless otherwise stated)

11 REVENUE (CONTINUED)

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

11.2 The finance lease income is presented net of energy generation shortfalls amounting to SR 144.2 million for the six months and SR 34.7 million for the three months periods ended 30 June 2022 (30 June 2021: six months SR 39.6 million and three months nil). 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 six months and three months periods ended 30 June 2022 is SR 178.8 million and SR 84.7 million respectively (30 June 2021: six months SR 163.4 million and three months SR 85.4 million).

11.3 Includes revenue from sale of steam amounting to SR 197.8 million for the six months and SR 101.2 million for the three months periods ended 30 June 2022 (30 June 2021: six months SR 198.3 million and three months SR 99.9 million).

12 OTHER OPERATING INCOME

	Note	**For the three months period ended 30 June**		**For the six months period ended 30 June**	
		2022	2021	**2022**	2021
Group services	12.1	**28,416**	24,908	**64,444**	50,685
Performance liquidated damages recovery		**-**	-	**65,884**	-
		28,416	24,908	**130,328**	50,685

12.1 This represents income in relation to management advisory services, and ancillary support services provided to equity accounted investees.

13 IMPAIRMENT LOSS AND OTHER EXPENSES, NET

	Notes	**For the three months period ended 30 June**		**For the six months period ended 30 June**	
		2022	2021	**2022**	2021
Impairment loss on goodwill	13.1	**-**	60,024	**-**	60,024
Arbitration claim and supplier settlement	13.2	**33,545**	-	**55,108**	-
Corporate social responsibility		**2,274**	5,989	**2,274**	5,989
		35,819	66,013	**57,382**	66,013

13.1 During the period ended 30 June 2021, the Group performed impairment testing for certain of its cash generating units namely ACWA Power Barka Services 1 and ACWA Power Barka Services 2 (“the Entities”). The Entities are considered as a single cash generating unit for impairment testing purposes and to determine the value in use. The Group used discounted cash flows to calculate the recoverable amount to which goodwill is allocated and estimated that the recoverable amount was lower than the carrying amount and accordingly an impairment loss of SR 60.0 million was recognised in these interim condensed consolidated financial statements. As of 30 June 2022, the Group does not carry any goodwill related to the Entities.

13.2 This represents expenses pertaining to an arbitration claim, recognised by a Group’s subsidiary based on the outcome from an Arbitration Tribunal and settlement with supplier on account of procurement cancellation.

14 FINANCIAL CHARGES, NET

	Note	For the three months period ended 30 June		For the six months period ended 30 June	
		2022	2021	**2022**	2021
Financial charges on borrowings		**199,063**	213,992	**451,137**	456,417
Financial charges on letters of guarantee		**25,174**	16,906	**34,243**	39,167
Financial charges on loans from related parties	7	**14,168**	14,505	**28,396**	28,327
Other financial charges		**17,408**	14,069	**23,504**	22,823
		255,813	259,472	**537,280**	546,734

15 EARNINGS PER SHARE

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

	For the three months period ended 30 June		For the six months period ended 30 June	
	2022	2021	**2022**	2021
Issued ordinary shares	**731,100**	645,763	**731,100**	645,763
Weighted average number of ordinary shares outstanding during the period	**731,100**	645,763	**731,100**	645,763

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

	For the three months period ended 30 June		For the six months period ended 30 June	
	2022	2021	**2022**	2021
Net profit for the period attributable to equity holders of the Parent	**389,869**	307,847	**541,720**	446,885
Profit for the period from continuing operations attributable to equity holders of the Parent	**389,869**	300,188	**562,953**	435,491
Basic and diluted earnings per share to equity holders of the Parent (in SR)	**0.53**	0.48	**0.74**	0.69
Basic and diluted earnings per share for continuing operations to equity holders of the Parent (in SR)	**0.53**	0.46	**0.77**	0.67

16 DISCONTINUED OPERATIONS

The Group sold its 32% effective shareholding (its entire shareholding) in Shuqaiq Water and Electricity Company (“Shuqaiq”), along with its related holding companies, and 32% interest (partial shareholding) in the related O&M contract (the “O&M entity” or “Shuqaiq Services Company for Maintenance”), which was previously with the Group’s wholly owned subsidiary, First National Operations and Maintenance Company (“NOMAC”), effective from 17 March 2022 (“the Closing Date”). On the Closing Date, the shares were transferred to the Buyer. The sale consideration of SR 391.4 million has been settled by the Buyer.

Consequently, the Group derecognised its entire investment in Shuqaiq and deconsolidated net assets related to the O&M entity. The Group’s remaining 68% interest in the O&M entity is retained at fair value and accounted for using the equity method effective from the Closing Date. The Group recognised a net loss of SR 17.2 million on the transaction as follows:

(All amounts in Saudi Riyals thousands unless otherwise stated)

16 DISCONTINUED OPERATIONS (CONTINUED)

	Note	**As at 17 March 2022**
Fair value of consideration received		**391,440**
Fair value of retained investment in the O&M entity		**159,859**
Derecognition of investment in Shuqaiq		**(378,925)**
Carrying amount of net assets derecognised related to the O&M entity	*16.1*	**(44,322)**
Goodwill allocated to Shuqaiq		**(12,600)**
Accumulated other reserves recycled to profit or loss from OCI		**(128,638)**
Transaction cost		**(3,993)**
Net loss on disposal		**(17,179)**

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

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

16.2 Results of discontinued operations

	For the period from 1 January 2022 to 17 March 2022	For the six months period ended 30 June 2021
<u>O&M Entity</u>		
Revenue	**22,360**	65,561
Operating costs	**(17,678)**	(42,600)
General and administration expenses	**(1,138)**	(4,087)
Other operating income	**-**	8,827
Financial charges, net	**-**	(7,242)
Net income	**3,544**	20,459
<u>Shuqaiq</u> – share in net results	**(7,598)**	(9,065)
	(4,054)	11,394
Loss on disposal	**(17,179)**	-
(Loss) / profit from discontinued operations	**(21,233)**	11,394

16.3 Cash flows of discontinued operations

<u>O&M Entity</u>		
Cash flows from operating activities	**4,165**	16,258

(All amounts in Saudi Riyals thousands unless otherwise stated)

17 COMMITMENTS AND CONTINGENCIES

As at 30 June 2022, the Group had outstanding contingent liabilities in the form of letters of guarantee, corporate guarantees issued in relation to bank facilities for project companies and performance guarantees amounting to SR 11.69 billion (31 December 2021: SR 13.67 billion). The amount also includes the Group's share of equity accounted investees' commitments.

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

	As at 30 Jun 2022	As at 31 Dec 2021
Performance/development securities and completion support Letters of Credit ("LCs")	**3,711,661**	5,440,657
Guarantees in relation to bridge loans and equity LCs	**4,732,462**	4,988,118
Guarantees on behalf of joint ventures and subsidiaries	**1,830,898**	1,915,977
Debt service reserve account ("DSRA") standby LCs	**1,220,030**	1,193,726
Bid bonds for projects under development stage	**198,269**	136,018
	11,693,320	13,674,496

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

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

In one of the Group's subsidiaries, Central Electricity Generating Company ("CEGCO"), the fuel supplier Jordan Petrol Refinery PLC ("the Supplier") has claimed an amount of SR 610.0 million (31 Dec 2021: SR 610.0 million) as interest on late payment of the monthly fuel invoices. The Fuel Supply Agreement ("FSA") with the Supplier stipulates that the Supplier shall be entitled to receive interest on late payment of the unpaid invoices after 45 days from invoice date. However, the FSA in Article 13.3 further provides that CEGCO shall not be liable for non-performance under the FSA and shall not be in default to the extent such non-performance or default is caused by the off-taker ("NEPCO"). Given that the delay in making the fuel payments to the Supplier are caused by the delay in receipt of the fuel revenues from NEPCO, contractually the Supplier has no basis to claim for any delay interest from CEGCO. Hence, the management and its independent legal counsel are of the view that as per the terms of the FSA signed between the Supplier and CEGCO, the Supplier has no contractual basis to claim these amounts. Accordingly, no provision has been made in these interim condensed consolidated financial statements.

The Group has assessed the potential impact of the Russia-Ukraine war on its projects under construction, which has included consideration of potential impact on supply chain, logistics, material costs, construction timelines and other factors. As of the reporting date of these interim condensed consolidated financial statements, the Group has determined there has been no significant adverse impact. The Group will continue to monitor the situation and will take mitigating actions as necessary. All of the Group's under construction projects include contingencies for unexpected developments and insurance coverage.

During the next 12 months, the Group has a commitment to contribute SR 75.0 million towards corporate social responsibility initiatives in Uzbekistan.

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

18 OPERATING SEGMENTS

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

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

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

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

Key indicators by reportable segments

	For the three months period ended 30 June		For the six months period ended 30 June	
Revenue	**2022**	2021	**2022**	2021
(i) Thermal and Water Desalination	**1,042,921**	944,684	**2,015,334**	1,985,058
(ii) Renewables	**269,368**	302,776	**440,141**	503,691
(iii) Others	**(18,566)**	4,296	**(10,480)**	5,762
Total revenue	**1,293,723**	1,251,756	**2,444,995**	2,494,511
Operating income before impairment loss and other expenses				
(i) Thermal and Water Desalination	**670,517**	588,009	**1,198,287**	1,090,414
(ii) Renewables	**144,665**	207,370	**250,110**	285,181
(iii) Others	**(18,687)**	4,754	**(10,784)**	5,829
Total*	**796,495**	800,133	**1,437,613**	1,381,424
Unallocated corporate operating income / (expenses)				
General and administration expenses	**(176,929)**	(167,412)	**(312,411)**	(287,097)
Depreciation and amortisation	**(6,131)**	(7,402)	**(14,804)**	(14,652)
Provision for long term incentive plan	**(5,697)**	(8,672)	**(10,890)**	(43,308)
Provision on due from related party	**14,591**	(1,900)	**11,501**	(3,600)
Other operating income	**19,832**	14,427	**41,683**	28,897
Total operating income before impairment loss and other expenses	**642,161**	629,174	**1,152,692**	1,061,664

(All amounts in Saudi Riyals thousands unless otherwise stated)

18 OPERATING SEGMENTS (CONTINUED)

Segment profit	For the three months period ended 30 June		For the six months period ended 30 June	
	2022	2021	**2022**	2021
(i) Thermal and Water Desalination	**564,881**	417,097	**946,058**	695,805
(ii) Renewables	**41,866**	105,886	**(4,379)**	113,344
(iii) Others	**(18,677)**	4,732	**(10,795)**	5,807
Total	**588,070**	527,715	**930,884**	814,956
Reconciliation to profit for the period from continuing operations				
General and administration expenses	**(176,929)**	(167,412)	**(312,411)**	(287,097)
Arbitration claim and supplier settlement	**(33,545)**	-	**(55,108)**	-
Impairment of goodwill in subsidiaries	**-**	(60,024)	**-**	(60,024)
Impairment reversal in relation to equity accounted investees	**-**	-	**-**	30,000
Provision for long term incentive plan	**(5,697)**	(8,672)	**(10,890)**	(43,308)
Corporate social responsibility contribution	**(2,274)**	(5,989)	**(2,274)**	(5,989)
Provision for zakat and tax on prior year assessments	**-**	(10,500)	**-**	(10,500)
Provision / discounting on due from related party	**14,591**	(1,900)	**11,501**	(3,600)
Discounting impact on loan from shareholder subsidiary	**(7,565)**	(7,553)	**(15,081)**	(14,450)
Depreciation and amortisation	**(6,131)**	(7,402)	**(14,804)**	(14,652)
Other operating income	**19,832**	14,427	**41,683**	28,897
Other income	**35,256**	35,681	**51,572**	41,892
Financial charges and exchange loss, net	**(14,637)**	(3,134)	**(22,720)**	(15,046)
Zakat and tax charge	**(33,143)**	(3,335)	**(59,900)**	(16,603)
Profit for the period from continuing operations	**377,828**	301,902	**542,452**	444,476

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

Geographical concentration

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

	Revenue		Non-current assets	
	30 Jun 2022	30 Jun 2021	**30 Jun 2022**	31 Dec 2021
Kingdom of Saudi Arabia	**1,179,626**	1,082,236	**20,789,734**	20,253,954
Middle East and Asia	**1,107,291**	1,083,927	**8,567,338**	6,382,012
Africa	**158,078**	328,348	**8,968,047**	9,404,418
	2,444,995	2,494,511	**38,325,119**	36,040,384

Information about major customers

During the period, two customers (2021: two) individually accounted for more than 10% of the Group's revenues. The related revenue figures for these major customers, the identity of which may vary by period, were as follows:

	For the six months period ended	
	30 Jun 2022	30 Jun 2021
Customer A	**579,402**	576,491
Customer B	**295,044**	297,275

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)

19 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
<u>As at 30 Jun 2022</u>					
<u>Financial (assets) / liabilities</u>					
Fair value of derivatives used for hedging	**(965,673)**	**-**	**(965,673)**	**-**	**(965,673)**
Long-term financing and funding facilities	**26,682,425**	**3,037,238**	**23,676,216**	**-**	**26,713,454**
Other financial liabilities	**382,852**	**-**	**-**	**382,852**	**382,852**
<u>As at 31 Dec 2021</u>					
<u>Financial (assets) / liabilities</u>					
Fair value of derivatives used for hedging	361,408	-	361,408	-	361,408
Long-term financing and funding facilities	23,815,229	3,619,044	20,810,769	-	24,429,813
Other financial liabilities	393,654	-	-	393,654	393,654

The fair value of other financial instruments has been assessed as approximately equal to the carrying amounts due to frequent re-pricing or their short term nature. Management believes that the fair value of net investment in finance lease is approximately equal to its carrying amount because the lease relates to a specialised nature of asset whereby the carrying amount of net investment in finance lease is the best proxy of its fair value.

20 OTHER SIGNIFICANT DEVELOPMENTS DURING THE PERIOD

20.1 On 20 June 2022, the Group and the off taker of Shuaibah Water and Electricity Company ("Shuaibah 3 IWPP") signed an agreement to amend and restructure the Power and Water Purchase Agreement ("PWPA") of Shuaibah 3 IWPP, to replace it with a new reverse osmosis seawater desalination plant ("RO plant") and corresponding independent water plant ("Shuaibah 3 IWP").

The RO plant will be developed under a 25 year agreement, with commercial operations date ("COD") for the plant scheduled for the second quarter of 2025. Shuaibah 3 IWPP shall continue to operate until the COD of the RO plant. Upon achieving COD of the RO plant, Shuaibah 3 IWPP shall be decommissioned. The project company which is an equity accounted investee, Shuaibah 3 IWPP, will continue to receive the capacity payments until the expiry of the original PWPA term in 2030.

As of 30 June 2022, the project company has accounted for the above restructuring under IFRS 16 for lease modifications. The restructuring has no impact on the interim condensed statement of profit or loss or the interim condensed statement of financial position as of and for the period ended 30 June 2022.

20.2 During the period ended 30 June 2022, the minority shareholders of ACWA Power Harbin Holdings Limited and ACWA Power Redstone Holding have provided an additional capital contribution amounting to SR 249.7 million and SR 0.6 million respectively (30 June 2021: SR 3.9 million, minority shareholders of ACWA Power Redstone Holding).

21 DIVIDENDS

The Board of Directors approved a cash dividend payment of SR 562.9 million (SR 0.77 per share) for the year 2021. The proposed dividends were approved by the shareholders at the ordinary general assembly meeting held on 30 June 2022 and accrued as a payable in the interim condensed consolidated statement of financial position. The dividend was subsequently paid on 21 July 2022.

Furthermore, during the period ended 30 June 2022, certain subsidiaries of the Group distributed dividends of SR 51.1 million (30 June 2021: SR 63.0 million) to the non-controlling interest shareholders.

22 SUBSEQUENT EVENTS

Subsequent to the period ended 30 June 2022, the Group in accordance with the nature of its business, has entered into or is negotiating various agreements. Management does not expect these to have any material impact on the interim condensed consolidated financial position and results as of the reporting date.

(All amounts in Saudi Riyals thousands unless otherwise stated)

23 COMPARATIVE FIGURES

Certain figures for the prior periods have been reclassified to conform to the presentation in the current period, and as per the requirements of IFRS 5 – Non-current assets held for sale and discontinued operations (refer to note 16.2). A summary of reclassifications is as follows:

Six months period ended 30 June 2021	As previously Reported	Reclassifications due to discontinued operations (refer to note 16.2)	Reclassification due to conform to the presentation in the current period	As reported in these financial statements
Continuing operations				
Revenue	2,560,072	(65,561)	-	2,494,511
Operating costs	(1,175,008)	42,600	-	(1,132,408)
General and administration expenses	(458,507)	4,087	5,989	(448,431)
Share in net results of equity accounted investees, net of tax	137,298	9,065	-	146,363
Other operating income	59,512	(8,827)	-	50,685
Impairment loss and other expenses	(60,024)	-	(5,989)	(66,013)
Financial charges, net	(553,976)	7,242	-	(546,734)
Discontinued operations				
Profit from discontinued operations	-	11,394	-	11,394

Three months period ended 30 June 2021	As previously Reported	Reclassifications due to discontinued operations	Reclassification due to conform to the presentation in the current period	As reported in these financial statements
Continuing operations				
Revenue	1,283,440	(31,684)	-	1,251,756
Operating costs	(568,099)	16,997	-	(551,102)
General and administration expenses	(227,901)	2,373	5,989	(219,539)
Share in net results of equity accounted investees, net of tax	136,209	6,328	-	142,537
Other operating income	33,735	(8,827)	-	24,908
Impairment loss and other expenses	(60,024)	-	(5,989)	(66,013)
Financial charges, net	(266,626)	7,154	-	(259,472)
Discontinued operations				
Profit from discontinued operations	-	7,659	-	7,659

As at 31 December 2021	As previously Reported	Reclassification due to conform to the presentation in the current period	As reported in these financial statements
Non-current liabilities			
Other financial liabilities	265,295	(265,295)	-
Other liabilities	408,953	265,295	674,248

24 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 12 Muharram 1444H, corresponding to 10 August 2022G.